

HMS Networks

Interim report 2022
January - March



First quarter

- Net sales for the first quarter reached SEK 517 m [455], corresponding to an increase of 14%. Currency translations had a positive effect of SEK 22 m on net sales
- Order intake was SEK 857 m [565], corresponding to an increase of 52%
- Operating profit reached SEK 139 m [114], equal to a 26.9% [25.0] operating margin. Adjusted operating profit reached SEK 112 m, equal to a 21.7% adjusted operating margin
- Profit after taxes totalled SEK 112 m [94] and earnings per share was SEK 2.41 [1.93]. Adjusted profit after taxes totalled SEK 86 m and adjusted earnings per share was SEK 1.84
- Cash flow from operating activities amounted to SEK 80 m [132]

Last twelve months

- Net sales for the last twelve months reached SEK 2,034 m [1,560], corresponding to a 30% increase. Currency translations had a negative effect of SEK 25 m on net sales
- Order intake was SEK 2,830 m [1,611], corresponding to an increase of 76%
- Operating profit reached SEK 471 m [335], equal to a 23.1% [21.4] operating margin. Adjusted operating profit reached SEK 444 m, equal to a 21.8% adjusted operating margin
- Profit after taxes totalled SEK 381 m [266] and earnings per share was SEK 8.09 [5.70]. Adjusted profit after taxes totalled SEK 354 m and adjusted earnings per share was SEK 7.52
- Cash flow from operating activities amounted to SEK 456 m [447]

Subsequent events

- Acquisition of the remaining 30% of the shares in Procentec B.V.

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

”*Despite the uncertain macro situation, demand for HMS products continues to be high in all markets. We can conclude another quarter with a record order intake and an operating profit that exceeds our target.*



Staffan Dahlström, CEO,
HMS Networks AB



Comment from the CEO

Strong demand but continued component shortage

The strong demand and order intake from recent quarters continued during the first quarter of 2022. Order intake increased by 52% and amounted to the new record level SEK 857 m (565). However, the global shortage of electronic components continues to be challenging for us as for many other companies. Despite this challenge, our efforts have resulted in increased invoicing for the first quarter, which increased sales by 14% compared to the corresponding quarter 2021 and amounted to SEK 517 m (455).

During the quarter, we have been affected by, and further notified of, increased costs for electronic components. We have also increased our component purchases via the “spot market” to maintain delivery capacity. With price increases to customers and increased internal efficiency, we succeed in reaching a gross margin of 61.8% (64.0%) during the quarter, which is a decrease compared to Q1, 2021 but an improvement compared with the fourth quarter 2021. Given the challenging sourcing situation, we are satisfied that we continue to achieve a relatively good gross margin.

The strong market situation in combination with longer lead times and challenges in component supply means that customers continue to place orders for delivery further out in the future than normal. We continue to build order book that now amounts to SEK 1,194 m, strengthened by approximately SEK 250 m from stocking orders in the first quarter.

Good performance in all markets

Order intake continues to be strong in all markets and we see that customers tackle the uncertainty in the global supply chain, in a similar way. They continue to place orders to increase their safety stock, which contributes to a 30% increase in order intake on all markets – this is in addition to normal demand.

Europe, our largest market, continues to develop well and customers continue to show a high willingness to invest. The increase in sales is greatest in Asia, and especially in Japan, where we see very good demand from our large customers delivering to the automotive and electronics industries.

We can also see that our offering for building automation under the Intesis brand, which primarily works towards air conditioning, shows a solid growth of 32% and thus new record levels.

Acquisition of the remaining 30% of the shares in Procentec

After the end of the quarter, we reached an agreement to acquire the remaining 30% in Procentec. Since we acquired 70% of the company during the fourth quarter of 2020, the business has developed very well. As owners of the entire company, we see further synergies, especially in expanding in North America and Asia via our sales organization. The acquisition gives us a positive non-recurring effect on our operating profit of SEK 27 m from revaluation of the option liability related to Procentec.

Profit and cash flow

We deliver an operating profit of SEK 139 m, including above men-

tioned non-recurring effect of SEK 27 m. Adjusted operating profit amounts to SEK 112 m (114), which is in line with the corresponding quarter in 2021. However, the conditions are different compared to last year — the market is stronger, and we see major cost increases on components. We have increased our investments in sales and marketing after the pandemic when activity was lower. This also means that we have 17% higher operating costs compared to the corresponding period last year. Despite this, we manage to reach an adjusted operating margin of 21.7%, which exceeds our long-term target of a 20% operating margin.

Cash flow from operations amounted to SEK 80 m (130), after an increase in working capital of SEK 50 m.

Positive HMS sustainability efforts

We have recently published the HMS Annual Report 2021 where an important part is our Sustainability Report. We have continued to work intensively to map and reduce our carbon dioxide emissions, with the ambition of becoming CO₂ net positive by 2025. For 2021, we achieved a reduction of -21% for our own emissions in relation to our sales. In Scopes 1 and 2, emission totals were relatively low, 285 tons, for 2021, something we are working on to further reduce. But even more important from a global perspective is that our products have helped our customers to save over 1 million tons of CO₂ in 2021, through reduced energy consumption and reduced service trips.

The war in Ukraine

Russia and Belarus accounted for less than half a percent of our sales in 2021. All business has been made through distributors and we do not have our own staff in these countries. We have stopped and cancelled all existing orders to Russia and Belarus and will not take up any business in these markets until sanctions against Russia have ended. We support the Ukrainian people through donations to the Red Cross and we work actively at our units in Sweden and Romania to offer help and work to Ukrainian refugees.

Positive future outlook – despite an uncertain macro situation

We foresee continued challenges when it comes to supply of electronics components for a few more quarters, but we believe in a gradual improvement in the second half of the year. Lockdowns in China due to the corona virus and major political uncertainties make the market difficult to assess in the short term. At present, we see continued investments in increased automation and digitalization, partly driven by companies in Europe and North America who are moving their production closer to their main markets. We also see that high energy prices are accelerating electrification, the conversion to renewable energy and energy storage, areas where we are gaining more and more customers.

In the long term, we continue to believe that the market for Industrial ICT (Information & Communication Technology) will be an interesting area, both in terms of organic growth and acquisitions.

+52%

Order intake
Q1

+14%

Net sales
Q1

27%

Operating margin
Q1

Order intake, net sales and earnings

First quarter

Order intake increased during the first quarter by 52% to SEK 857 m (565), of which currency translations amounted to SEK 37 m (-51). The organic increase in order intake was 41%.

Net sales increased by 14% to SEK 517 m (455), of which currency translation effects were SEK 22 m (-29). The organic increase in net sales was 5%.

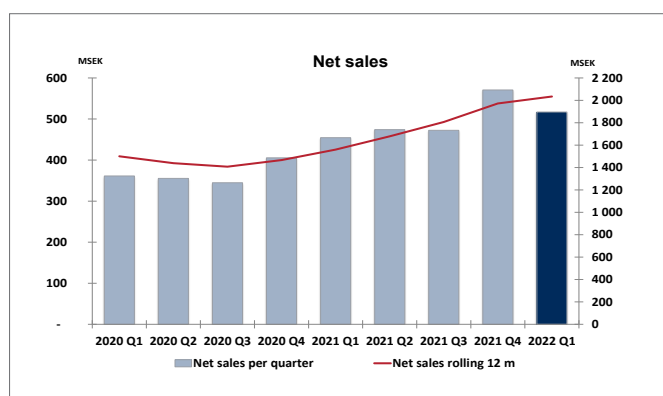
Gross profit reached SEK 319 m (219), corresponding to a gross margin of 61.8% (64.0). Operating expenses amounted to SEK 208 m (177). The organic increase in operating expenses was 11%, corresponding to SEK 20 m, mostly related to increased marketing initiatives.

Operating profit before depreciation/amortization and write-downs amounted to SEK 165 m (141), corresponding to a margin of 31.9% (31.0). Depreciations/amortizations and write-downs

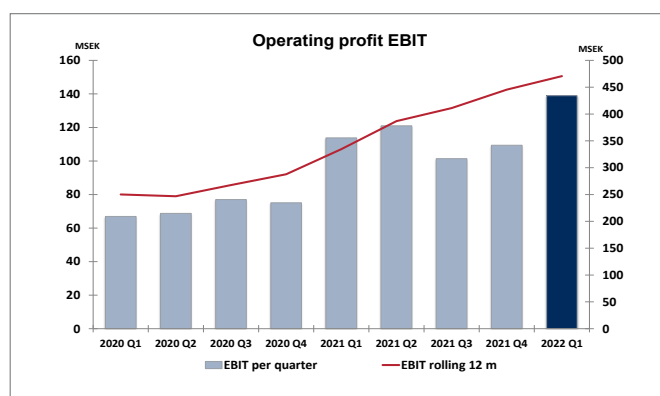
amounted to SEK 26 m (27). Operating profit amounted to SEK 139 m (114), corresponding to a margin of 26.9% (25.0). Operating profit includes a non-recurring item of SEK 27 m, related to the revaluation of option debt for Procentec. Adjusted operating profit amounted to SEK 112 m, corresponding to an adjusted margin of 21.7%. Currency translations affected the Group's operating profit by SEK 6 m (-12).

Net financials were SEK -4 m (1), which gave a profit before tax of SEK 135 m (115).

Profit after tax amounted to SEK 112 m (94) and earnings per share before and after dilution was SEK 2.41 (1.93) and SEK 2.40 (1.92) respectively. Adjusted profit after tax amounted to SEK 86 m and adjusted earnings per share to SEK 1.84.



The graph shows net sales per quarter on the bars referring to the scale on the left axis. The line shows net sales for the latest 12 month period referring to the scale on the axis to the right.



The graph shows operating result EBIT per quarter. The bars refer to the scale on the left axis. The line shows operating result for the last 12 month period referring to the scale on the axis to the right.

Quarterly data	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Order intake (SEK m)	857	699	669	606	565	408	336	302
Net sales (SEK m)	517	571	472	474	455	405	345	355
Gross margin (%)	61.8	60.8	61.4	63.7	64.0	61.6	61.9	62.0
EBITDA (SEK m)	165	133	126	147	141	99	102	111
EBITDA (%)	31.9	23.4	26.6	31.1	31.0	24.3	29.4	31.2
EBIT (SEK m)	139	109	101	121	114	75	77	69
EBIT (%)	26.9	19.2	21.5	25.5	25.0	18.5	22.3	19.4
Cash flow from operating activities per share (SEK)	1.71	2.22	3.16	2.69	2.83	1.79	2.49	2.47
Earnings per share before dilution (SEK) ¹	2.41	1.85	1.81	2.02	1.93	1.21	1.33	1.24
Earnings per share after dilution (SEK) ¹	2.40	1.84	1.80	2.01	1.92	1.20	1.32	1.24
Equity per share (SEK)	26.27	24.32	25.67	27.98	27.08	25.75	24.62	23.60

¹ Attributed to parent company shareholders.

Cash flow, investments and financial position

First quarter

Cash flow from operating activities before changes in working capital amounted to SEK 130 m (151) for the first quarter of the year. Changes in working capital were SEK -50 m (-19), which mainly corresponds to increased inventory. Cash flow from operating activities was thereby SEK 80 m (132).

Cash flow from investing activities was SEK -11 m (-9), which corresponds to investments in intangible and tangible assets of SEK -11 m (-6).

Cash flow from financing activities was SEK -44 m (-126) which is mainly explained by repurchase of own shares of SEK -34 m (-15). Amortizations of lease liabilities has been made by SEK -9 m (-9). No amortizations of external loans has been made during the quarter (-102). This means that cash flow for the quarter was SEK 25 m (-3).

Cash and cash equivalents and net debt

Cash and cash equivalents amounted to SEK 197 m (80) and unused credit facilities to SEK 495 m (419). Net debt amounted to SEK 299 m (96) and mainly consists of a debt corresponding to the expected exercise price for the remaining shares of Procentec B.V. and Owasy S.L., in total SEK 365 m (-). SEK 80 m (96) of net debt corresponds to lease liabilities.

Net debt to EBITDA ratio for the last twelve months was 0.52 (0.21). Net debt/Equity ratio was 23% (7) and Equity/Assets ratio was 57% (71).

The HMS Networks AB share

HMS Networks AB (publ) is listed on the Nasdaq OMX Stockholm Large Cap list, in the Information Technology sector. By the end of the period the total number of shares amounted to 46,818,868 of which 176,320 shares are held by the company.

A list of the company's ownership structure can be found on the company's website (www.hms-networks.com).

Annual General Meeting and dividend

The Annual General Meeting will be held at the Company's premises on Thursday, April 21, 2022 at 10.30 CET. The Board proposes to the Annual General Meeting 2022 that an ordinary dividend of SEK 3.00 (2.00) per share will be paid for the 2021 fiscal year. Excluding shares held by the Company, this corresponds to a total of SEK 140 m (93). The dividend is proposed to be paid on one occasion with record date April 25, 2022.

Share savings program

The company has four ongoing share savings programs. Based on a decision by the Annual General Meetings, permanent employees are offered to save in HMS shares in an annual share savings program. Between 41% and 53% of the employees opted to participate in the respective program. If certain criteria are met the company is committed to distribute a maximum of two HMS shares for every share saved by the employee, to the participant. As of March 31, 2022, the total number of saved shares amounted to 65,456 (87,770) within ongoing programs.

On December 31, 2021 the share savings program from 2018 was finalized. During the first quarter of 2022, 62,251 shares, of which 31,228 performance shares, were distributed free of charge to the participants. Shares used for the allocation were own shares held by the company.

The Parent Company

The parent company's operations are primarily focused on Group wide management and financing. Apart from the Group's CEO, the parent company has no employees. The operating profit for the year amounted to SEK 0 m (0). The profit after tax for the year was SEK 0 m (0). Cash and cash equivalents amounted to SEK 3 m (2) and external borrowing does not exist.

Related party transactions

No material transactions with related parties have occurred during the period.

Contingent liabilities

There have been no changes in the Group's contingent liabilities, described on page 109 in Note 37 of the Annual Report for 2021.

Significant events

As a part of the work towards achieving the Group's objectives for 2025, two changes have been made in Group Management which was effective from January 1, 2022. Joakim Nideborn, the current CFO, was appointed CFO and Deputy CEO and Alexander Hess, the current General Manager of HMS' Business Unit Ixxat, was also appointed Vice President Information Centric and is part of HMS' Group Management from 2022.

HMS Networks AB was moved to the Nasdaq Large Cap list as of January 3, 2022.

Subsequent events

HMS acquires the remaining 30% of the shares in the subsidiary Procentec B.V. by exercising the existing option. The acquisition is financed through use of the existing credit facility.

There are no other events that are to be considered significant after the end of the period until the signing of this interim report.

Outlook

HMS foresee continued challenges when it comes to supply of electronics components for a few more quarters, but believe in a gradual improvement in the second half of the year. Lockdowns in China due to the corona virus and major political uncertainties mainly related to the war in Ukraine makes the market difficult to assess in the short term. At present, we see continued investments in increased automation and digitalization, partly driven by companies in Europe and North America who are moving their production closer to their main markets. We also see that high energy prices are accelerating electrification, the conversion to renewable energy and energy storage, areas where we are gaining more and more customers.

The HMS Group's long-term growth is supported by a continued inflow of Design-Wins, a broader product offering especially within the Industrial ICT, supplementary technology platforms from earlier acquisitions, and expansion of the HMS sales channels according to the existing strategy.

Risk management

The HMS Group is exposed to business and financial risks through its operations. These risks have been described at length in the Company's Annual Report 2021. In addition, no significant risks are considered to have arisen.

Audit review

This report has not been reviewed by the Company's auditors.

Accounting policies

HMS Group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), adopted by the EU. The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The parent company applies Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for Legal Entities, and the Swedish Annual Accounts Act.

Other new or revised IFRS standards or other IFRIC-interpretations that came into effect after January 1, 2022 have not had any significant impact on the Group's financial reports as of March 31, 2022.

The accounting principles applied conform to those described in the 2021 Annual Report.

HMS applies the European Securities and Market Authority's (ESMA) guidelines on alternative key indicators (measures that are not defined in accordance with IFRS).

HMS in short

Strategies

GROWTH STRATEGY – HMS' growth strategy is a combination of organic growth and acquisitions. Expansion in existing markets is

done through a continuously improved and expanded product offering. This is combined with a high level of service and active investments in new sales channels globally. New markets are addressed with innovative and targeted solutions.

DEVELOPMENT STRATEGY – HMS' core competence is the broad and deep knowledge of industrial communication and IIoT, Industrial Internet of Things. A clear platform strategy ensures that all development centers within HMS are using core HMS technology.

PRODUCT STRATEGY – HMS offers solutions for industrial ICT (Information and Communication Technology) under the brands Anybus®, Ewon®, Ixxat® and Intesis®.

- Anybus – connecting automation products and machines to industrial networks and IIoT applications, through embedded network cards, gateways and wireless solutions
- Ewon – remote access, data collection, monitoring and control of machines as well as other industrial applications
- Ixxat – communication within machines and smart grids, solutions for functional safety as well as automotive testing
- Intesis – communication solutions for building automation, primarily within HVAC (heating, ventilation and air conditioning)

HMS also offers products and services for diagnostics, monitoring and troubleshooting of industrial networks via Procentec, software solutions for intuitive visualization of data from industrial applications through WEBfactory, as well as solutions for wireless communication in mobile industrial applications through Owasys.

PRODUCTION STRATEGY – Flexible low volume production in own factories in Halmstad, Nivelles and Igualada is combined with high volume production in Europe and Asia in close collaboration with carefully selected subcontractors.

MARKETING STRATEGY – HMS' markets its solutions to several customer segment in the industrial value chain. Device manufacturers and machine builders are offered solutions that are tightly integrated into the customer's application. System integrators and end users are offered flexible infrastructure products that solve all kinds of communication problems in industrial systems and IIoT applications. HMS' most important market is factory automation, but other important markets are energy and infrastructure, transport and logistics, and building automation.

SALES STRATEGY – HMS combines direct sales from own sales offices with sales through distribution. HMS has sales offices in key markets in 16 countries, complemented by a network of distributors and solution partners in more than 50 countries.

Business model

HMS has developed its business models by packaging technology into targeted solutions for each targeted customer group. With device manufacturers and machine builders, HMS signs long-term framework agreements, so-called Design-Wins. This model is characterized by a relatively long sales cycle and design phase during which HMS' solutions are integrated into the customer's application, ensuring long-term revenue. The close collaboration gives HMS clear insight into the customer's future needs.

The business model towards system integrators is more traditional

with a short sales cycle and manufacturing against customer orders or short-term forecasts. This sale is often handled by local distributors who are supported by HMS' sales and marketing organization.

Financial calendar

- Annual General Meeting will be held on April 21, 2022
- Half-year report 2022 will be published on July 14, 2022
- Third quarter report will be published on October 19, 2022
- Year-end report 2022 will be published on January 26, 2023

Halmstad April 14, 2022

Staffan Dahlström
Chief Executive Officer

Further information can be obtained by:
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Joakim Nideborn, CFO, +46 (0)35 710 6983

This information is such that HMS Networks AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the contact persons set out above, at 07.30 CET on April 14, 2022

Income statements

SEK millions	Q1 2022	Q1 2021	R12 2022	Q1-Q4 2021
Net sales	517	455	2,034	1,972
Cost of goods and services sold	-198	-163	-775	-741
GROSS PROFIT	319	291	1,259	1,230
Selling expenses	-97	-81	-389	-372
Administrative expenses	-41	-36	-179	-174
Research and development expenses	-61	-60	-236	-235
Other operating income ¹	27	-	29	2
Other operating expenses	-8	0	-13	-6
OPERATING PROFIT	139	114	471	446
Financial income and expenses	-4	1	-2	3
Results from associated companies	0	-	0	0
Profit before tax	135	115	469	448
Tax	-23	-21	-88	-86
PROFIT FOR THE PERIOD	112	94	381	362
Attributed to:				
Parent company shareholders	112	90	377	355
Non-controlling interests	-	4	4	8
Earnings per share regarding profit attributed to parent company shareholders:				
Before dilution (SEK)	2.41	1.93	8.09	7.61
After dilution (SEK)	2.40	1.92	8.06	7.57

¹ During the first quarter, the Group reports non-taxable operating income of SEK 27 m, regarding revaluation of option debt related to Procentec.

Statement of comprehensive income

SEK millions	Q1 2022	Q1 2021	R12 2022	Q1-Q4 2021
Profit for the period	112	94	381	362
Other comprehensive income:				
Items that may be reclassified subsequently to income statement				
Cash flow hedges	3	-15	-10	-28
Hedging of net investments	-	-3	0	-3
Translation differences	13	20	12	19
Income tax relating to components of other comprehensive income	0	4	2	6
Other comprehensive income for the period, net of tax	15	6	5	-5
Total comprehensive income for the period	128	99	386	357
Attributed to:				
Parent company shareholders	128	95	383	349
Non-controlling interests	-	4	3	8

Balance sheets

SEK millions	Mar 31 2022	Mar 31 2021	Dec 31 2021
ASSETS			
Goodwill	1,043	915	1,034
Other intangible assets	278	271	281
Property, plant and equipment	43	40	45
Right-of-use assets	84	97	81
Deferred tax assets	20	4	19
Shares in associated companies	15	-	15
Other long-term receivables	14	14	12
Total fixed assets	1,496	1,342	1,486
Inventories	223	150	195
Accounts receivable - trade	269	221	286
Other current receivables	67	39	63
Cash and cash equivalents	197	80	172
Total current assets	757	491	717
TOTAL ASSETS	2,253	1,833	2,204
EQUITY AND LIABILITIES			
Equity attributed to parent company shareholders	1,273	1,286	1,177
Non-controlling interests	-	21	-
Total Equity	1,273	1,307	1,177
Liabilities			
Interest-bearing liabilities	13	78	13
Non interest-bearing liabilities ¹	119	1	419
Lease liabilities	47	64	50
Deferred income tax liabilities	83	79	84
Total non-current liabilities	263	222	566
Interest-bearing liabilities	1	2	3
Non interest-bearing liabilities ¹	282	-	7
Lease liabilities	33	33	28
Accounts payable - trade	152	97	165
Other current liabilities	248	171	257
Total current liabilities	717	304	461
TOTAL EQUITY AND LIABILITIES	2,253	1,833	2,204

¹ SEK 365 m corresponds to the expected purchase price for the remaining shares in Procentec B.V. and Owasy S.L.

Cash flow statements

SEK millions	Q1 2022	Q1 2021	R12 2022	Q1-Q4 2021
Cash flow from operating activities before changes in working capital	130	151	515	536
Cash flow from changes in working capital	-50	-19	-58	-28
Cash flow from operating activities	80	132	456	508
Cash flow from investing activities ¹	-11	-9	-102	-100
Cash flow from financing activities	-44	-126	-238	-321
Cash flow for the period	25	-3	116	87
Cash and cash equivalents at beginning of the period	172	82	80	82
Translation differences in cash and cash equivalents	0	2	1	3
Cash and cash equivalents at end of period	197	80	197	172
Interest-bearing and Non-interest-bearing liabilities ²	496	176	496	519
Net debt	299	96	299	347

¹ The acquisition of Owasy's impact on the Group's cash and cash equivalents, after deduction of Owasy's cash and cash equivalents, was SEK -45 m in Q3 2021.

² Non-interest-bearing liabilities refers to additional purchase price and option liabilities related to Procentec and Owasy from Q3 2021.

Equity

Change in Group Equity, SEK millions	Mar 31 2022	Mar 31 2021	Dec 31 2021
Opening balance at January 1	1,177	1,204	1,204
Total comprehensive income for the period	128	95	349
Share-related payment	2	3	9
Repurchase of own shares	-34	-15	-19
Dividend	-	-	-93
Transactions with non-controlling interests ¹	-	-	-273
Closing balance attributed to parent company shareholders	1,273	1,286	1,177
Opening non-controlling interest at January 1	-	17	17
Total comprehensive income for the period	-	4	8
Transactions with non-controlling interests ¹	-	-	-25
Closing non-controlling interests	-	21	-
Closing balance	1,273	1,307	1,177

¹ HMS holds a put/call-option related to the remaining ownership interests in Procentec B.V. and Owasy S.L. respectively, which is not held by the majority owner. The design of these options is such that it is considered likely that the option will be exercised. As a result, the acquisitions are reported at 100% and no holding of non-controlling interests are reported in the Group's equity. Previous non-controlling interest in Procentec B.V. has been adjusted in connection with this judgement and instead fair value of the option is recognized as a financial liability. The difference between the option's estimated fair value and the reported minority interest is recognized against the majority's equity.

Financial accounts

	Q1 2022	Q1 2021	R12 2022	Q1-Q4 2021
Net increase in net sales (%)	13.8	25.8	30.4	34.4
Gross margin (%)	61.8	64.0	61.9	62.4
EBITDA (SEK m)	165	141	572	548
EBITDA (%)	31.9	31.0	28.1	27.8
EBIT excl acquisition-related costs (SEK m)	144	118	493	467
EBIT excl acquisition-related costs (%)	27.9	26.0	24.2	23.7
EBIT (SEK m)	139	114	471	446
EBIT (%)	26.9	25.0	23.1	22.6
Return on capital employed (%)	-	-	29.6	29.3
Return on Shareholder's equity (%)	-	-	30.7	29.1
Working capital in relation to sales (%)	-	-	6.6	6.8
Capital turnover rate	-	-	1.00	1.01
Net debt/equity ratio	0.23	0.07	0.23	0.30
Equity/assets ratio (%)	56.5	71.3	56.5	53.4
Investments in tangible fixed assets (SEK m)	1	1	15	15
Investments in right-of-use assets (SEK m)	3	3	9	9
Investments in intangible fixed assets (SEK m)	10	5	28	24
Depreciation of tangible fixed assets (SEK m)	-3	-3	-14	-13
Depreciation of right-of-use assets (SEK m)	-8	-9	-33	-33
Amortization of intangible fixed assets (SEK m)	-12	-11	-48	-47
<i>of which amortization of overvalues acquired</i>	-5	-5	-21	-20
<i>of which amortization of capitalized development costs</i>	-6	-7	-27	-27
Impairment of intangible fixed assets (SEK m)	-2	-4	-6	-9
Number of employees (average)	716	661	697	684
Net sales per employees (SEK m)	0.72	0.69	2.9	2.9
Equity per share (SEK)	26.27	27.08	26.39	26.15
Cash flow from operations per share (SEK)	1.71	2.83	9.78	10.90
Total number of share average (thousands)	46,819	46,819	46,819	46,819
Holding of own shares average (thousands)	170	156	163	158
Total outstanding shares average (thousands)	46,649	46,663	46,656	46,660

Quarterly data

Division of net sales per brand SEK millions	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Anybus	257	249	220	231	214	191	184	212
Ixxat	46	51	53	41	47	42	43	40
Ewon	98	116	73	97	93	84	74	67
Intesis	41	34	34	34	31	33	33	27
Other ¹	75	122	92	71	69	55	11	9
Total	517	571	472	474	455	405	345	355

All brands are based on a common technology platform and are marketed and sold in common sales channels. Therefore, no complete segment follow-up is reported.

¹Net sales in "Other" includes Procentec from Q4 2020 and Owasys from Q3 2021.

Net sales per region SEK millions	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
EMEA	320	349	296	285	280	250	208	198
Americas	100	136	96	107	96	82	80	84
APAC	97	86	80	82	79	73	57	73
Total	517	571	472	474	455	405	345	355

Income statement SEK millions	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net sales	517	571	472	474	455	405	345	355
Gross profit	319	347	290	302	291	250	213	220
<i>Gross margin (%)</i>	<i>61.8</i>	<i>60.8</i>	<i>61.4</i>	<i>63.7</i>	<i>64.0</i>	<i>61.6</i>	<i>61.9</i>	<i>62.0</i>
Operating profit	139	109	101	121	114	75	77	69
<i>Operating margin (%)</i>	<i>26.9</i>	<i>19.2</i>	<i>21.5</i>	<i>25.5</i>	<i>25.0</i>	<i>18.5</i>	<i>22.3</i>	<i>19.4</i>
Profit before tax	135	114	102	117	115	70	73	69

Parent company's income statement

SEK millions	Q1 2022	Q1 2021	R12 2022	Q1-Q4 2021
Net sales	4	3	21	21
Gross profit	4	3	21	21
Administrative expenses	-4	-3	-21	-21
Operating profit	-	-	-	-
Profit from participations in subsidiaries	-	-	423	423
Interest income/ expenses and similar items	0	-	0	0
Profit before tax	0	-	423	423
Tax	0	0	0	0
Profit for the period	0	0	423	423

Parent company's balance sheet

SEK millions	Mar 31 2022	Mar 31 2021	Dec 31 2021
ASSETS			
Financial assets	337	337	337
Total financial assets	337	337	337
Receivables from Group companies	268	-	309
Other receivables	2	1	-
Cash and cash equivalents	3	2	2
Total current assets	273	3	311
TOTAL ASSETS	610	340	648
EQUITY AND LIABILITIES			
Equity	601	310	636
Current liabilities			
Accounts payable - trade	0	0	0
Liabilities to Group companies	0	25	-
Other current liabilities	9	6	13
Total current liabilities	9	31	13
TOTAL EQUITY AND LIABILITIES	610	340	648

Economic Definitions

ADJUSTED EARNINGS PER SHARE

Share of the adjusted profit after tax attributable to the parent company shareholders in relation to the average number of outstanding shares.

ADJUSTED OPERATING MARGIN

Adjusted operating profit in relation to net sales.

ADJUSTED OPERATING PROFIT

Operating profit excluding significant non-recurring items such as revaluation of option debt.

ADJUSTED PROFIT AFTER TAX

Profit excluding significant non-recurring items such as revaluation of option debt and tax effects on these items.

AVERAGE NUMBER OF OUTSTANDING SHARES

The average number of registered shares less repurchased own shares that are held as treasury shares.

CAPITAL EMPLOYED

Total assets less non-interest-bearing current liabilities, provisions, and total deferred tax liabilities.

CAPITAL TURNOVER

Net sales in relation to average balance sheet total.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

Cash flow from operating activities in relation to the average number of outstanding shares.

EARNINGS PER SHARE, UNDILUTED

Share of the profit after tax attributable to the parent company shareholders in relation to the average number of outstanding shares.

EARNINGS PER SHARE, DILUTED

Share of the profit after tax attributable to the parent company shareholders in relation to the average number of outstanding shares plus an adjustment for the average number of shares that are added when converting the outstanding number of convertibles and options.

EBIT

Operating income according to income statement.

EBIT EXCL ACQUISITION-RELATED COSTS

Operating income excluding amortization and impairment of acquired overvalues and goodwill as well as acquisition-related transaction costs.

EBITDA

Operating profit excluding depreciation, amortization and impairment of tangible and intangible assets.

EQUITY PER SHARE

Average equity attributable to the parent company's shareholders di-

vided by the number of outstanding shares at the end of the period.

EQUITY/ASSETS RATIO

Shareholders' equity in relation to total assets.

FINANCIAL ASSETS

Long-term and short-term financial receivables plus cash and cash equivalents.

NET DEBT

Long-and short-term interest-bearing financial liabilities, additional purchase price and option liability, reduced with financial interest-bearing assets and cash and cash equivalents.

NET DEBT/EQUITY RATIO

Net debt in relation to Shareholders' equity.

NUMBER OF OUTSTANDING SHARES

The number of registered shares, less repurchased own shares that are held as treasury shares.

OPERATING MARGIN

Operating profit in relation to net sales.

ORGANIC CHANGE

Change in order intake, net sales and operating expenses excluding increase attributable to acquisitions, converted to the previous year's exchange rates and calculated as a percentage of the previous year's figures. Amounts from acquired companies are included in the calculation of organic change from the first turn of the month, which falls 12 months after the acquisition date.

RETURN ON CAPITAL EMPLOYED

Profit after financial income in relation to the average capital employed.

RETURN ON SHAREHOLDER'S EQUITY

Share of the profit after tax attributable to the parent company shareholders in relation to the average of Shareholder's equity.

WORKING CAPITAL

Current assets less cash and cash equivalents and current liabilities calculated on average values.

Alternative key ratios

HMS presents certain financial measures in the interim report that has not been defined in accordance with IFRS. The company considers that these measures provide valuable additional information for investors and the company's management, as they enable the evaluation of relevant trends and the company's performance.

As not all companies calculate financial measures in the same way, these are not always comparable with the measures used by other companies. These financial measures should therefore not be viewed as substitutes for IFRS-defined measures, unless otherwise stated.

EBITDA

EBITDA is a measure of the underlying operational activities and an indicator of cash flow.

SEK millions	Q1 2022	Q1 2021	R12 2022	Q1-Q4 2021
Operating profit	139	114	471	446
Depreciation of tangible fixed assets (incl right-of-use assets)	12	12	47	47
Amortization of intangible fixed assets	12	11	48	47
Impairment of intangible fixed assets	2	4	6	9
EBITDA	165	141	572	548
Net sales	517	455	2,034	1,972
EBITDA (%)	31.9	31.0	28.1	27.8

EBIT excl acquisition-related costs

EBIT before amortization and impairment of acquired overvalues and goodwill and transaction costs is a value that the company uses to describe how the operating activities develop and perform without the impact of acquisition-related costs.

SEK millions	Q1 2022	Q1 2021	R12 2022	Q1-Q4 2021
Operating profit	139	114	471	446
Amortization of acquired overvalues	5	5	21	20
Acquisition-related transaction costs	-	-	1	1
EBIT excl acquisition-related costs	144	118	493	467
Net sales	517	455	2,034	1,972
EBIT excl acquisition-related costs (%)	27.9	26.0	24.2	23.7

HMS Networks AB (publ) is a market-leading provider of solutions in industrial information and communication technology (Industrial ICT). HMS develops and manufactures products under the Anybus®, Ixxat®, Ewon® and Intesis® brands. Development takes place at the headquarter in Halmstad and also in Ravensburg, Nivelles, Igualada, Wetzlar, Buchen, Delft and Bilbao. Local sales and support are handled by branch offices in Germany, USA, Japan, China, Singapore, Italy, France, Spain, the Netherlands, India, UK, Sweden, South Korea and UAE, as well as through a worldwide network of distributors and partners. HMS employs over 750 people and reported sales of SEK 1,972 million in 2021. HMS is listed on the NASDAQ OMX in Stockholm, category Large Cap, Information Technology.



Our vision

To become the World's greatest industrial ICT company.
(ICT = Information & Communication Technology.)

Our mission

We enable valuable data and insights from industrial equipment allowing our customers to increase productivity and sustainability.