HMS Networks

Interim report 2022
January - September

Third quarter

- Net sales for the third quarter reached SEK 624 m (472), corresponding to an increase of 32%. Currency translations had a positive effect of SEK 41 m on net sales
- Order intake was SEK 675 m (669), corresponding to an increase of 1%
- Operating profit reached SEK 179 m (101), equal to a 28.7% (21.5) operating margin
- Profit after taxes totalled SEK 135 m (84) and earnings per share was SEK 2.90 (1.81)
- Cash flow from operating activities amounted to SEK 118 m (148)
- Acquisition has been made of all shares in the Australian company Global M2M Pty Ltd

First nine months

- Net sales for the first nine months reached SEK 1,742 m (1,401), corresponding to a 24% increase. Currency translations had a positive effect of SEK 92 m on net sales
- Order intake was SEK 2,346 m (1,839), corresponding to an increase of 28%
- Operating profit reached SEK 461 m (336), equal to a 26.5% (24.0) operating margin. Adjusted operating profit reached SEK 434 m, equal to a 24.9% adjusted operating margin
- Profit after taxes totalled SEK 356 m (276) and earnings per share was SEK 7.64 (5.75). Adjusted profit after taxes totalled SEK 330 m and adjusted earnings per share was SEK 7.07
- Cash flow from operating activities amounted to SEK 254 m (405)

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.

Hardware Meets Software™

Comment from the CEO

Continued stable demand
We continue to see a stable demand for our solutions. Order intake amounted to SEK 675 million corresponding to a 1% growth. Adjusted for currency effects, this corresponds to -11% organic growth. Compared to previous quarters, we now see fewer orders for customers' inventory build-up, partly due to a better supply situation but also due to larger safety stocks at our customers.

In total, we estimate the pre-purchase effect for the quarter to be approximately SEK 50 million. Just as in the second quarter of 2022, we see a significant currency revaluation of our backlog, as the Swedish krona has further weakened. This resulted in a SEK 50 million positive effect on our order intake in the quarter. All in all, we see a stable underlying development, in line with recent quarters, as the previous advance order effect is now beginning to wear off as expected. The Americas stand out positively in the quarter, where we still see organic growth and advance orders in line with previous levels.

The turnover for the quarter reached a new record level – SEK 624 million, a growth of 32%. The increase is due to three factors: the continually improved availability of electronic components, stable demand, and a favourable currency situation. Organic sales growth in the quarter amounted to 23%.

Record results, price increases and fewer spot purchases of components
As expected, we are starting to see the effects of our price increases and with a reduction in additional costs for component purchases, we see an improved gross margin amounting to almost 64%. We are now back at a gross margin in line with the levels we saw at the beginning of last year.

Despite increased costs for expansion, a return to physical meetings and travel, as well as continued investments in product development, our strong turnover together with stable gross margins, results in a record result of SEK 179 million – an increase of 77% compared to the corresponding quarter last year. The operating margin of 29% is strong and considerably above our long-term target.

Acquisition of Australian distributor Global M2M
As we communicated in the interim report for the second quarter, we acquired our distributor in Australia, Global M2M, on July 1st. The company consists of four employees and already work with most of the HMS brands. Australia is now HMS's 17th country with its own sales organization.

Pre-release of HMS's 5G router
During the quarter, we completed a successful pre-release of a new 5G router with built-in support for industrial protocols. The product has attracted great interest at the trade shows where we have presented the solution. The 5G router is aimed at manufacturers of industrial equipment to offer a reliable and robust connection in an industrial environment. 5G is a technology with great potential for industrial applications. However, we estimate that it will take a few more years before 5G has a wider commercial impact in industrial applications.

Still positive outlook despite a challenging macro situation
In the short term, the future for HMS is assessed to be stable. We have a large order backlog and we do not yet see any slowdown, although many customers are concerned about how the industry will be affected by weaker consumer purchasing power, increasing energy costs and the uncertain geopolitical situation. At the same time, our customers continue to invest in digitalization, productivity improvements and sustainability. We estimate that our order intake will be somewhat weaker in the coming quarters as we already have a large order backlog where customers have placed orders earlier to build their own stock due to the long delivery times.

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.

> *We are very pleased with a good quarter with stable demand, improved delivery capacity and record profit.*
> *Staffan Dahlström, CEO*

Karin Karltorp, Concepts and Solutions Engineer and Staffan Dahlström, CEO with the company's 5G router

+1%
Order intake
Q3

+32%
Net sales
Q3

29%
Operating margin
Q3

Order intake, net sales and earnings

Third quarter

Order intake increased during the third quarter by 1% to SEK 675 m (669), of which currency translations amounted to SEK 82 m (-16). The organic increase in order intake was 11%.

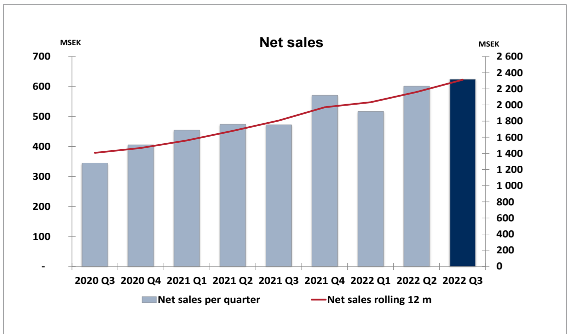
Net sales increased by 32% to SEK 624 m (472), of which currency translation effects were SEK 41 m (-7). The organic increase in net sales was 23%.

Gross profit reached SEK 397 m (290), corresponding to a gross margin of 63.6% (61.4). Operating expenses amounted to SEK 225 m (189). The organic increase in operating expenses was 12%, corresponding to SEK 23 m, mostly related to increased sales and marketing initiatives.

Operating profit before depreciation/amortization and write-downs amounted to SEK 204 m (126), corresponding to a margin of 32.7% (26.6). Depreciations/amortizations and write-downs amounted to SEK 25 m (24). Operating profit amounted to SEK 179 m (101), corresponding to a margin of 28.7% (21.5). Currency translations affected the Group's operating profit by SEK 10 m (-2).

Net financials were SEK -11 m (1) mainly related to weakening of the Swedish Krona which gave negative translation differences mainly on option debt, additional purchase price and internal loans. Profit before tax was therefore of SEK 168 m (102).

Profit after tax amounted to SEK 135 m (84) and earnings per share before and after dilution was SEK 2.90 (1.81) and SEK 2.89 (1.80) respectively.



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.

First nine months

Order intake increased during the first nine months by 28% to SEK 2,346 m (1,839), of which currency translations amounted to SEK 204 m (-90). The organic increase in order intake was 14%.

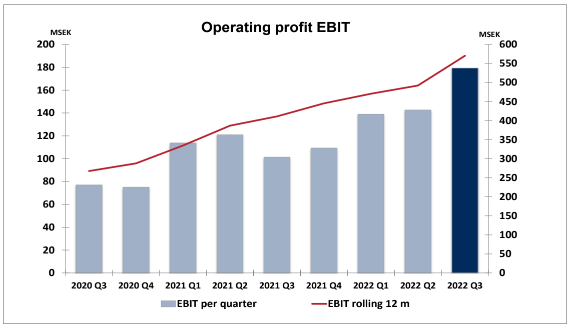
Net sales increased by 24% to SEK 1,742 m (1,401), of which currency translation effects were SEK 92 m (-69). The organic increase in net sales was 15%.

Gross profit reached SEK 1,091 m (883), corresponding to a gross margin of 62.6% (63.1). Operating expenses amounted to SEK 663 m (549). The organic increase in operating expenses was 15%, corresponding to SEK 82 m, mostly related to increased sales and marketing initiatives.

Operating profit before depreciation/amortization and write-downs amounted to SEK 535 m (414), corresponding to a margin of 30.7% (29.6). Depreciations/amortizations and write-downs amounted to SEK 75 m (78). Operating profit amounted to SEK 461 m (336), corresponding to a margin of 26.5% (24.0). Operating profit includes a non-recurring item of SEK 27 m, related to the revaluation of option debt for Procentec during the first quarter. Adjusted operating profit amounted to SEK 434 m, corresponding to an adjusted margin of 24.9%. Currency translations affected the Group's operating profit by SEK 25 m (-27).

Net financials were SEK -18 m (-2), mainly related to weakening of the Swedish Krona which gave negative translation differences mainly on option debt, additional purchase price and internal loans. Profit before tax was therefore SEK 443 m (334).

Profit after tax amounted to SEK 356 m (276) and earnings per share before and after dilution was SEK 7.64 (5.75) and SEK 7.62 (5.73) respectively. Adjusted profit after tax amounted to SEK 330 m and adjusted earnings per share to SEK 7.07.



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	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Order intake (SEK m)	675	815	857	699	669	606	565	408
Net sales (SEK m)	624	601	517	571	472	474	455	405
Gross margin (%)	63.6	62,2	61.8	60.8	61.4	63.7	64.0	61.6
EBITDA (SEK m)	204	167	165	133	126	147	141	99
EBITDA (%)	32.7	27.7	31.9	23.4	26.6	31.1	31.0	24.3
EBIT (SEK m)	179	143	139	109	101	121	114	75
EBIT (%)	28.7	23.7	26.9	19.2	21.5	25.5	25.0	18.5
Cash flow from operating activities per share (SEK)	2.52	1.21	1.71	2.22	3.16	2.69	2.83	1.79
Earnings per share before dilution (SEK)[1]	2.90	2.33	2.41	1.85	1.81	2.02	1.93	1.21
Earnings per share after dilution (SEK)[1]	2.89	2.33	2.40	1.84	1.80	2.01	1.92	1.20
Equity per share (SEK)	28.91	27.27	26.27	24.32	25.67	27.98	27.08	25.75

[1] Attributed to parent company shareholders.

Cash flow, investments and financial position

Third quarter

Cash flow from operating activities before changes in working capital amounted to SEK 170 m (127) for the third quarter of the year. During the quarter we have continued to increase our inventory of components to ensure a good delivery capacity. Therefore changes in working capital were SEK -52 m (20). Cash flow from operating activities was thereby SEK 118 m (148).

Cash flow from investing activities was SEK -24 m (-56) of which the majority corresponds to acquisition of subsidiaries with SEK -10 m (-45) and investments in intangible and tangible assets of SEK -14 m (-12).

Cash flow from financing activities was SEK -32 m (-81) which is mainly explained by changes in external loans of SEK -22 m (-72) and amortizations of lease liabilities by SEK -10 m (-9). This means that cash flow for the quarter was SEK 62 m (10).

First nine months

Cash flow from operating activities before changes in working capital amounted to SEK 439 m (409) for the first nine months. Increase in component inventory has been made during the year to ensure a good delivery capacity. Therefore changes in working capital were SEK -186 m (-4). Cash flow from operating activities was thereby SEK 254 m (405).

Cash flow from investing activities was SEK -315 m (-76) of which the majority corresponds to the acquisition of subsidiaries of SEK -276 m (-45). Moreover investments in intangible and tangible assets was SEK -39 m (-29).

Cash flow from financing activities was SEK 26 m (-310) which is mainly explained by changes in external loans of SEK 228 m (-175) made during the second quarter for acquiring subsidiaries. Dividend was disbursed of SEK -140 m (-93). Repurchase of own shares has been made by SEK -34 m (-15). Amortizations of lease liabilities has been made by SEK -28 m (-27). This means that cash flow for the first nine months was SEK -36 m (19).

Cash and cash equivalents and net debt

Cash and cash equivalents amounted to SEK 138 m (103) and unused credit facilities to SEK 282 m (489). Net debt amounted to SEK 415 m (416) and mainly consists of external loans of SEK 248 m (71) and a debt corresponding to expected exercise price, in total SEK 97 m (390). SEK 163 m (84) of net debt corresponds to lease liabilities.

Net debt to EBITDA ratio for the last twelve months was 0.62 (0.81). Net debt/Equity ratio was 29% (38) and Equity/Assets ratio was 55% (54).

The HMS Networks AB share

HMS Networks AB (publ) is listed on the Nasdaq OMX Stockholm Large Cap list, in the sector Telecommunications. 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).

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 September 30, 2022, the total number of saved shares amounted to 71,713 (93,078) 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 first nine months amounted to SEK 0 m (0). Dividends from subsidiaries amounted to SEK 229 m (423). The profit after tax for the first nine months was SEK 232 m (423). Cash and cash equivalents amounted to SEK 2 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

Aquisition analysis Owasys Advanced Wireless Devices S.L.

The acquisition analysis from the acquisition of 60% of the shares in Owasys Advanced Wireless Devices S.L. became definitive in the third quarter 2022, as one year has passed since the acquisition on July 1, 2021. Final acquisition analysis was presented in HMS'annual report 2021.

HMS aquires Global M2M Pty Ltd

On July 1, 2022 HMS acquired all shares in the Australian company Global M2M Pty Ltd. For several years, Global M2M has been HMS' primary distributor of products in Oceania. Global M2M is expected to realize a turnover of 2 MEUR in 2022, out of which more than 90% is HMS products. HMS will continue the business of Global M2M under the name HMS Industrial Networks Pty Ltd to build a foundation with local presence for increased HMS sales and marketing activities in Australia which is expected to be an interesting market going forward.

The acquisition generated a SEK 10 m excess value in the Group. The acquired company is consolidated in the HMS Group account as of July 1, 2022 and will have a limited impact on HMS' sales and earnings per share in 2022.

According to preliminary acquisition analysis, the purchase price, acquired net assets and goodwill amount to:

Purchase sum:	SEK m
Cash and cash equivalents	18
Total purchase sum	18

The assets and liabilities recognized in conjuction with the acquisition are as follows:	SEK m
Intangible fixed assets	-
Tangible fixed assets	0
Deferred tax assets	-
Current assets	4
Cash and cash equivalents	5
Deferred tax liabilities	-
Non-current liabilities	0
Current liabilites	-1
Total identifiable net assets	8
Goodwill*	10
Acquired net assets	18

*Goodwill is attributable to the company's market position within wireless communication and expected synergies with existing operations. No part of the recognized goodwill is expected to be tax deductable.

Subsequent events

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

Outlook

In the short term, the future for HMS is assessed to be stable. HMS has a large order backlog and do not yet see any slowdown, although many customers are concerned about how the industry will be affected by weaker consumer purchasing power, increasing energy costs and the uncertain geopolitical situation. At the same time, the customers continue to invest in digitalization, productivity improvements and sustainability. HMS estimate that the order intake will be somewhat weaker in the coming quarters as HMS already has a large order backlog where customers have placed orders earlier to build their own stock due to the long delivery times.

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.

Nomination committee

In accordance with principles adopted at a prior HMS' Annual General Meeting, the following persons have been assigned to be a part of the Nomination Committee: Johan Menckel, Investment AB Latour, representing 26% of the shares, Staffan Dahlström representing 13% of the shares, Tomas Risbecker, AMF Fonder representing 8% of the shares, Patrik Jönsson, SEB Fonder representing 8% of the shares, and Charlotte Brogren, Chairman of the Board. The Nomination Committee has appointed Johan Menckel as its Chairman.

Shareholders who wish to present proposals to HMS' Nomination Committee may do so by e-mail to: valberedningen@hms.se or in writing to: HMS Networks AB, Att: Nomination Committee, Box 4126, SE 300 04 Halmstad, Sweden no later than January 10, 2023.

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 September 30, 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 centres 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 17 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

- Year-end report 2022 will be published on January 26, 2023
- First quarter report will be published on April 18, 2023
- Annual General Meeting will be held on April 25, 2023
- Half-year report will be published on July 14, 2023

Conference call

October 19, 2022 (09.00 CET)

President and CEO Staffan Dahlström and CFO Joakim Nideborn present the third quarter report 2022.

Phone number to the conference:
SE: +46 8 505 163 86
UK: +44 20 319 84884
US: +1 412 317 6300

For link to the webcast, go to:
https://www.hms-networks.com/sv/aktieagare

Halmstad October 19, 2022

Staffan Dahlström
Chief Executive Officer

Further information can be obtained by:
Staffan Dahlström, CEO, +46 (0)35 17 2901
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 October 19, 2022.

Report of Review of Interim Financial Information

Introduction

We have reviewed the condensed interim financial information (interim report) of HMS Networks AB (publ) as of September 30, 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do notenable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Halmstad October 19, 2022
Öhrlings PricewaterhouseCoopers AB

Johan Palmgren
Authorized Public Accountant

Income statement

SEK millions	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	R12 2022	Q1-Q4 2021
Net sales	624	472	1,742	1,401	2,313	1,972
Cost of goods and services sold	-227	-182	-652	-518	-875	-741
GROSS PROFIT	**397**	**290**	**1,091**	**883**	**1,438**	**1,230**
Selling expenses	-109	-92	-319	-255	-436	-372
Administrative expenses	-55	-41	-145	-121	-198	-174
Research and development expenses	-61	-55	-184	-171	-248	-235
Other operating income[1]	7	-	34[1]	1	34[1]	2
Other operating expenses	-	-1	-16	-2	-20	-6
OPERATING PROFIT	**179**	**101**	**461**	**336**	**570**	**446**
Financial income and expenses	-11	1	-17	-2	-12	3
Results from associated companies	0	-	-1	-	-1	0
Profit before tax	**168**	**102**	**443**	**334**	**557**	**448**
Tax	-33	-18	-87	-59	-114	-86
PROFIT FOR THE PERIOD	**135**	**84**	**356**	**276**	**443**	**362**
Attributed to:						
Parent company shareholders	135	84	356	268	443	355
Non-controlling interests	-	-	-	8	-	8
Earnings per share regarding profit attributed to parent company shareholders:						
Before dilution (SEK)	2.90	1.81	7.64	5.75	9.49	7.61
After dilution (SEK)	2.89	1.80	7.62	5.73	9.46	7.57

[1] During the first quarter 2022, 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	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	R12 2022	Q1-Q4 2021
Profit for the period	135	84	356	276	443	362
Other comprehensive income:						
Items that may be reclassified subsequently to income statement						
Cash flow hedges	-8	-9	-15	-23	-20	-28
Hedging of net investments	-6	-1	-16	-3	-16	-3
Translation differences	29	7	84	16	87	19
Income tax relating to components of other comprehensive income	3	2	6	5	7	6
Other comprehensive income for the period, net of tax	**18**	**0**	**60**	**-5**	**59**	**-5**
Total comprehensive income for the period	**153**	**84**	**416**	**271**	**502**	**357**
Attributed to:						
Parent company shareholders	153	84	416	264	502	349
Non-controlling interests	-	-	-	8	-	8

Balance sheet

SEK millions	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
ASSETS			
Goodwill	1,098	1,032	1,034
Other intangible assets	284	286	281
Property, plant and equipment	47	44	45
Right-of-use assets[2]	167	86	81
Deferred tax assets	23	18	19
Shares in associated companies	14	-	15
Other long-term receivables	13	14	12
Total fixed assets	**1,646**	**1,480**	**1,486**
Inventories	328	182	195
Accounts receivable - trade	349	206	286
Other current receivables	135	59	63
Cash and cash equivalents	138	103	172
Total current assets	**951**	**550**	**717**
TOTAL ASSETS	**2,597**	**2,030**	**2,204**
EQUITY AND LIABILITIES			
Equity attributed to parent company shareholders	**1,426**	1,092	1 ,177
Total Equity	**1,426**	**1,092**	**1,177**
Liabilities			
Interest-bearing liabilities[3]	145	11	13
Non interest-bearing liabilities[1]	123	417	419
Lease liabilities	120	53	50
Deferred income tax liabilities	74	76	84
Total non-current liabilities	**463**	**556**	**566**
Interest-bearing liabilities[3]	114	1	3
Non interest-bearing liabilities	8	6	7
Lease liabilities	43	31	28
Accounts payable - trade	199	116	165
Other current liabilities	345	227	257
Total current liabilities	**709**	**382**	**461**
TOTAL EQUITY AND LIABILITIES	**2,597**	**2,030**	**2,204**

[1] On December 31, 2021, SEK 391 m is referred to the expected exercise price of options related to the remaining shares in Procentec B.V. and Owasys S.L. On September 30, 2022, the item only refers to Owasys of SEK 97 m.

[2] Increased Right-of-use assets refers to renegotiated rental agreement in Sweden.

[3] New bank loan during Q2 2022 for acquisition of subsidiaries.

Cash flow statement

SEK millions	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	R12 2022	Q1-Q4 2021
Cash flow from operating activities before changes in working capital	170	127	439	409	566	536
Cash flow from changes in working capital	-52	20	-186	-4	-209	-28
Cash flow from operating activities	**118**	**148**	**254**	**405**	**357**	**508**
Cash flow from investing activities[1]	-24	-56	-315	-76	-339	-100
Cash flow from financing activities	-32	-81	26	-310	15	-321
Cash flow for the period	**62**	**10**	**-36**	**19**	**33**	**87**
Cash and cash equivalents at beginning of the period	76	90	172	82	103	82
Translation differences in cash and cash equivalents	0	2	2	3	2	3
Cash and cash equivalents at end of period	**138**	**103**	**138**	**103**	**138**	**172**
Interest-bearing and Non-interest-bearing liabilities[2]	553	519	553	519	553	521
Net debt	**415**	**416**	**415**	**416**	**415**	**347**

[1] The acquisition of Owasys' impact on the Group's cash and cash equivalents, after deduction of Owasys' cash and cash equivalents, was SEK -45 m in Q3, 2021.
The acquisition of the remaining shares in Procentec's impact on the Group's cash and cash equivalents was SEK -266 m in Q2, 2022.
[2] Non-interest-bearing liabilities refers to additional purchase price and option liabilities related to Procentec and Owasys from Q3 2021. From Q2, 2022 the items only refers to Owasys.

Equity

Change in Group Equity, SEK millions	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Opening balance at January 1	1,177	1,204	1,204
Total comprehensive income for the period	416	264	349
Share-related payment	6	8	9
Repurchase of own shares	-34	-15	-19
Dividend	-140	-93	-93
Transactions with non-controlling interests[1]	-	-274	-273
Closing balance attributed to parent company shareholders	**1,426**	**1,092**	**1,177**
Opening non-controlling interest at January 1	-	17	17
Total comprehensive income for the period	-	8	8
Transactions with non-controlling interests[1]	-	-25	-25
Closing non-controlling interests	**-**	**-**	**-**
Closing balance	**1,426**	**1,092**	**1,177**

[1] On December 31,2021, HMS held a put/call-option related to the remaining ownership interests in Procentec B.V. and Owasys S.L. respectively, which was 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.

Key ratios

	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	R12 2022	Q1-Q4 2021
Net increase in net sales (%)	32.1	37.0	24.4	32.0	28.0	34.4
Gross margin (%)	63.6	61.4	62.6	63.1	62.2	62.4
EBITDA (SEK m)	204	126	535	414	669	548
EBITDA (%)	32.7	26.6	30.7	29.6	28.9	27.8
EBIT excl acquisition-related costs (SEK m)	185	106	478	352	592	467
EBIT excl acquisition-related costs (%)	29.7	22.5	27.4	25.1	25.6	23.7
EBIT (SEK m)	179	101	461	336	570	446
EBIT (%)	28.7	21.5	26.5	24.0	24.7	22.6
Return on capital employed (%)	-	-	-	-	32.7	29.3
Return on Shareholder's equity (%)	-	-	-	-	35.5	29.1
Working capital in relation to sales (%)	-	-	-	-	7.7	6.8
Capital turnover rate	-	-	-	-	1.01	1.01
Net debt/equity ratio	0.29	0.38	0.29	0.38	0.29	0.30
Equity/assets ratio (%)	54.9	53.8	54.9	53.8	54.9	53.4
Investments in tangible fixed assets (SEK m)	5	6	10	11	14	15
Investments in right-of-use assets (SEK m)	93	1	101	7	104	9
Investments in intangible fixed assets (SEK m)	9	5	29	18	35	24
Depreciation of tangible fixed assets (SEK m)	-3	-3	-10	-10	-13	-13
Depreciation of right-of-use assets (SEK m)	-10	-8	-28	-25	-36	-33
Amortization of intangible fixed assets (SEK m)	-12	-13	-35	-35	-47	-47
of which amortization of overvalues acquired	*-6*	*-5*	*-16*	*-15*	*-22*	*-20*
of which amortization of capitalized development costs	*-6*	*-7*	*-18*	*-20*	*-25*	*-27*
Impairment of intangible fixed assets (SEK m)	-	-	-2	-9	-2	-9
Number of employees (average)	727	698	655	631	720	684
Net sales per employees (SEK m)	0.9	0.7	2.7	2.2	3.2	2.9
Equity per share (SEK)	28.91	25.67	27.59	26.38	26.75	26.15
Cash flow from operations per share (SEK)	2.52	3.16	5.44	8.68	7.66	10.90
Total number of share average (thousands)	46,819	46,819	46,819	46,819	46,819	46,819
Holding of own shares average (thousands)	176	158	173	157	170	158
Total outstanding shares average (thousands)	46,643	46,661	46,646	46,662	46,649	46,660

Quarterly data

Division of net sales per brand SEK millions	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Anybus	324	276	257	249	220	231	214	191
Ixxat	61	67	46	51	53	41	47	42
Ewon	110	130	98	116	73	97	93	84
Intesis	39	49	41	34	34	34	31	33
Other[1]	90	79	75	122	92	71	69	55
Total	**624**	**601**	**517**	**571**	**472**	**474**	**455**	**405**

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.

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

Net sales per region SEK millions	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
EMEA	378	372	320	349	296	285	280	250
Americas	127	117	100	136	96	107	96	82
APAC	119	111	97	86	80	82	79	73
Total	**624**	**601**	**517**	**571**	**472**	**474**	**455**	**405**

Income statement SEK millions	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Net sales	**624**	**601**	**517**	**571**	**472**	**474**	**455**	**405**
Gross profit	**397**	**374**	**319**	**347**	**290**	**302**	**291**	**250**
Gross margin (%)	*63.6*	*62.2*	*61.8*	*60.8*	*61.4*	*63.7*	*64.0*	*61.6*
Operating profit	**179**	**143**	**139**	**109**	**101**	**121**	**114**	**75**
Operating margin (%)	*28.7*	*23.7*	*26.9*	*19.2*	*21.5*	*25.5*	*25.0*	*18.5*
Profit before tax	**168**	**140**	**135**	**114**	**102**	**117**	**115**	**70**

Parent company's income statement

SEK millions	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	R12 2022	Q1-Q4 2021
Net sales	4	4	13	11	23	21
Gross profit	**4**	**4**	**13**	**11**	**23**	**21**
Administrative expenses	-4	-4	-13	-11	-23	-21
Operating profit	**-**	**0**	**-**	**0**	**-**	**-**
Profit from participations in subsidiaries	-	-	229	423	229	423
Interest income/ expenses and similar items	-	-	2	-	2	0
Profit before tax	**-**	**0**	**232**	**423**	**232**	**423**
Tax	-	-	-	0	0	0
Profit for the period	**-**	**0**	**232**	**423**	**231**	**423**

Parent company's balance sheet

SEK millions	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
ASSETS			
Financial assets	337	337	337
Total financial assets	**337**	**337**	**337**
Receivables from Group companies	360	306	309
Other receivables	2	0	-
Cash and cash equivalents	2	2	2
Total current assets	**365**	**308**	**311**
TOTAL ASSETS	**703**	**645**	**648**
EQUITY AND LIABILITIES			
Equity	**693**	**639**	**636**
Current liabilities			
Accounts payable - trade	0	-	0
Other current liabilities	10	-	13
Total current liabilities	**10**	**7**	**13**
TOTAL EQUITY AND LIABILITIES	**703**	**645**	**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 divided 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	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	R12 2022	Q1-Q4 2021
Operating profit	179	101	461	336	570	446
Depreciation of tangible fixed assets (incl right-of-use assets)	13	12	38	35	50	47
Amortization of intangible fixed assets	12	13	35	35	47	47
Impairment of intangible fixed assets	-	-	2	9	2	9
EBITDA	**204**	**126**	**535**	**414**	**669**	**548**
Net sales	624	472	1,742	1,401	2,313	1,972
EBITDA (%)	32.7	26.6	30.7	29.6	28.9	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	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	R12 2022	Q1-Q4 2021
Operating profit	179	101	461	336	570	446
Amortization of acquired overvalues	6	5	16	15	22	20
Acquisition-related transaction costs	0	0	0	1	0	1
EBIT excl acquisition-related costs	**185**	**106**	478	**352**	592	**467**
Net sales	624	472	1,742	1,401	2,313	1,972
EBIT excl acquisition-related costs (%)	29.7	22.5	27.4	25.1	25.6	23.7

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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.

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