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Q&A
## Financial summary of Q2 2022 and YTD

### Q2
- Net sales 601 MSEK (474), +27%
- Order intake 815 MSEK (606), +35%
- EBIT 143 MSEK (121)
- EBIT margin 23.7% (25.5)
- Cash flow from ops. of 56 MSEK (126)
- EPS 2.33 (2.02)

### YTD
- Net sales 1,118 MSEK (929), +20%
- Order intake 1,671 MSEK (1,170), +43%
- EBIT 282 MSEK (235) (Adj. 255 MSEK)
- EBIT margin 25.2% (25.3) (Adj. 22.8%)
- Cash flow from ops. of 136 MSEK (257)
- EPS 4.74 (3.94) (Adj. 4.17)
HMS Playing Field – Customer groups

Makers of industrial equipment

Users of automation systems
HMS key customer groups and market channels

Makers of industrial equipment

- Device manufacturers
  - 43% of revenue
  - Design Wins
  - Direct Sales

Machine builders

- 35% of revenue
- Specified as standard or option in BOM
- Direct Sales & Distribution

Users of automation systems

- End users & System integrators
  - 22% of revenue
  - Project Sales
    - Product Sales
  - Traditional Distributors
  - E-Commerce Distributors

Business model

- Go-to-market
  - Revenue
    - 43% Direct Sales
    - 35% Specified standard or option
    - 22% Traditional / E-Commerce

Go-to-market

- Revenue

Makers of industrial equipment

Users of automation systems

- Go-to-market
- Revenue
To become the World’s Greatest Industrial ICT Company

Vision and mission

- **Vision**: The World’s Greatest Industrial ICT Company
- **Mission**: “HMS enables valuable data and insights allowing our customers to increase productivity and sustainability”

2025 Group objectives

- **Environment**: +0 Net Positive in CO₂ emissions
- **Staff & Customers**: +25 Staff NPS, Customer NPS
- **Financial**: π 3.14 BSEK, 20% EBIT
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• All markets are growing, business continues to be strong despite the macro situation
• Several mega trends supporting growth – increased automation, digitalization, energy monitoring, remote access and sustainability

• Continued component shortage → boosting order intake by ~150 MSEK in Q2
• Improvement on sourcing seen in the quarter – but still many uncertainties

• Remaining 30% of the shares in Procentec was acquired on April 12th
• HMS now owns 100% and will integrate Procentec further with commercial collaboration in North America and Asia
• Acquisition of HMS distributor Global M2M in Australia on July 1\textsuperscript{st}
• Global M2M had sales of ~20 MSEK in FY2022 with 90% HMS products

• New product releases of next generation Remote Access, Cosy+
• Key orders for newly released SNAP Analytics, our AI-based software for analyzing network failures

• Component inventory buildup to offset delivery issues going forward
• Negative impact on cash flow in the quarter but a temporary situation
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Q2 2022: Order intake 815 MSEK, +35%

ORDER INTAKE, MSEK

HIGHLIGHTS

- Q2 2022: 815 MSEK (606), +35% (organic +16%)
- YTD 2022: 1,671 MSEK (1,170), +43% (organic +28%)
- Continue boost orders of 150 MSEK in Q2, expected normalization of orders ahead
- Major FX effects in Q2, in total 85 MSEK out of which 50 MSEK is related to revaluation of existing order book
- Book-to-bill of 1.36 in Q2
Underlying demand estimated to 615 MSEK in Q2

Order Intake, MSEK

- **Q121**: 500
- **Q221**: 506
- **Q321**: 529
- **Q421**: 499
- **Q122**: 857
- **Q222**: 815

- **FX revaluation of already existing order book**: 565, 606, 669, 699, 250, 50
- **"Boost"**
- **Real demand**: 65, 100, 140, 200, 607, 150

Accumulated boost effect since Q1 2021 ~900 MSEK
Q2 2022: Net Sales 601 MSEK, +27%

**NET SALES, MSEK**

- Q2 2022: 601 MSEK (474), +27% (organic +17%)
- Net Sales YTD of 1,118 MSEK (929), +20% (organic +11%)
- Record quarter for all major brands
- Better component availability than expected giving a strong finish of the quarter
- Expected slow continued improvement of component availability with risk of short-term fluctuations

**HIGHLIGHTS**

- Q2 2022: 601 MSEK (474), +27% (organic +17%)
- Net Sales YTD of 1,118 MSEK (929), +20% (organic +11%)
- Record quarter for all major brands
- Better component availability than expected giving a strong finish of the quarter
- Expected slow continued improvement of component availability with risk of short-term fluctuations
Backlog continues to buildup by ~200 MSEK in Q2

ORDER BACKLOG, MSEK

ORDERS FOR DELIVERY > 3 MONTHS

Continued expected ~60% of order book for delivery more than one quarter out
Q2 2022: Sales per region

Sales per region Q2 2022, MSEK

**Americas**
- Net Sales 117 MSEK (107)
- 19% of Group sales (22%)
- USA represents 81%

**APAC**
- Net Sales 111 MSEK (82)
- 19% of Group sales (17%)
- Japan represents 39%
- China 37%

**EMEA**
- Net Sales 372 MSEK (285)
- 62% of Group sales (61%)
- Germany represents 37%
Q2 2022: EBIT 143 MSEK (23.7% margin)

• EBIT Q2: 143 MSEK (121), 23.7% (25.5) margin
• Q2 gross margin of 62.2% (63.7)
  • Cost increases of components still impacts gross margin negatively
  • Results as expected from price increases, will continue to improve gross margin coming quarters
  • Volume and FX effects helps to maintain gross margin
• Organic OPEX increase of +21%, majority related to Sales and Marketing initiatives
  • Strengthening of sales organization
  • Fairs, trade shows and customer events
  • Salary inflation
Q2 2022: EPS 2.33 SEK

Comments on Q2 EPS

- EPS of 2.33 SEK (2.02)
- Net financials of -3 MSEK (-4)
- Dividend of 3.00 SEK paid out in April

Comments on YTD EPS

- EPS of 4.74 (3.94)
- Net financials of -6 MSEK (-2)

*Adjusted EPS 0.68

• EPS R12
• Adj. EPS
• EPS
Q2 2022: Cash flow from operations of 56 MSEK

- Cash flow from operating activities of 56 MSEK
- Changes in NWC → -84 MSEK (-5)
  - Inventory buildup of ~50 MSEK
  - AR buildup of ~60 MSEK from a record month in June
- NWC in % of sales 7.1% (8.5)

Comments on YTD Cash Flow

- Cash flow from operating activities of 136 MSEK (257)
- Changes in NWC → cash flow of -134 MSEK (-24)
  - Inventory buildup of ~80 MSEK
  - AR buildup of ~50 MSEK
Q2 2022: Net Debt of 410 MSEK

- Net debt / EBITDA of 0.69 (0.16)
- Net debt / Equity: 0.32 (0.06)
- More normal structure of the debt profile after the acquisition of the remaining 30% of Procentec
- Still a relatively low leverage and strong balance sheet to support our M&A agenda