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Financial results

Q&A
## Financial summary of Q4 2021 and full year 2021

### Q4

- **Net sales** 571 MSEK (405), +41%
- **Order intake** 699 MSEK (408), +71%
- **EBIT** 109 MSEK (75)
- **EBIT margin** 19.2% (18.5%)
- **Cash flow from ops.** of 104 MSEK (83)
- **EPS** 1.85 (1.21)

### 2021

- **Net sales** 1,972 MSEK (1,467), +34%
- **Order intake** 2,538 MSEK (1,447), +75%
- **EBIT** 446 MSEK (288)
- **EBIT margin** 22.6% (19.6%)
- **Cash flow from ops.** of 508 MSEK (370)
- **EPS** 7.61 (4.79)
HMS Playing Field — Customer groups

Makers of industrial equipment
Users of automation systems
HMS Playing Field — Customer groups

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

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

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

Go-to-market
- Revenue
- Business model
- Makers of industrial equipment
- Users of automation systems
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

<table>
<thead>
<tr>
<th>Environment</th>
<th>0</th>
<th>Net Positive in CO₂ emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff &amp; Customers</td>
<td>+25</td>
<td>Staff NPS Customer NPS</td>
</tr>
<tr>
<td>Financial</td>
<td>π</td>
<td>3.14 BSEK 20% EBIT</td>
</tr>
</tbody>
</table>
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Business update – fourth quarter 2022

- Strong demand across all geographies – drivers from **increased automation, digitalization, energy monitoring, remote access and sustainability**
- **All brands have developed well** throughout the year
- Continental Europe and USA delivering record volumes in Q4

- Continued component shortage \(\rightarrow\) **boosting order intake by ~200 MSEK** in Q4
- More and more customers placing orders far out in 2022

- **Gross margin continues to be temporarily negatively impacted** by cost increases and spot-market purchases of components
- **Price increases initiated to recoup** and get back to 63%+ gross margins
- **Operating margin**, just below long-term target
Significant business events during the year

- Acquisition of 60% of the shares in Owasys on July 1st
- Cellular IoT platform for Utility Vehicles
- Strengthen HMS’ offer within Mobile Machines and Utility Vehicles

5G

- Successful 5G deployments in Automotive and Mining applications, moving from “Proof-of-concepts” to pilot installations

- Minority investment in Connectitude made on December 8th
- Alexander Hess promoted to VP Information Centric
## 174 new Design-Wins in 2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Terminated</th>
<th>New wins</th>
<th>Active base</th>
<th>Share of Group sales, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>979</td>
<td>1,061</td>
<td>1,241</td>
<td>76%</td>
</tr>
<tr>
<td>2013</td>
<td>979</td>
<td>1,061</td>
<td>1,241</td>
<td>75%</td>
</tr>
<tr>
<td>2014</td>
<td>1,241</td>
<td>1,381</td>
<td>1,95</td>
<td>61%</td>
</tr>
<tr>
<td>2015</td>
<td>1,381</td>
<td>1,508</td>
<td>203</td>
<td>68%</td>
</tr>
<tr>
<td>2016</td>
<td>1,508</td>
<td>1,591</td>
<td>217</td>
<td>67%</td>
</tr>
<tr>
<td>2017</td>
<td>1,591</td>
<td>1,693</td>
<td>177</td>
<td>54%</td>
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<tr>
<td>2018</td>
<td>1,693</td>
<td>1,797</td>
<td>199</td>
<td>54%</td>
</tr>
<tr>
<td>2019</td>
<td>1,797</td>
<td>1,820</td>
<td>165</td>
<td>51%</td>
</tr>
<tr>
<td>2020</td>
<td>1,820</td>
<td>1,790</td>
<td>174</td>
<td>49%</td>
</tr>
<tr>
<td>2021</td>
<td>1,790</td>
<td>1,820</td>
<td>174</td>
<td>43%</td>
</tr>
</tbody>
</table>

CAGR: +6.9%  

-49  -64  -55  -76  -134  -75  -95  -142  -204

-1.6%
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Q4 2021: Order intake 699 MSEK, +71%

ORDER INTAKE, MSEK

HIGHLIGHTS

- Q4 2021: 699 MSEK (408), +71% (organic +65%)
- YTD 2021: 2,538 MSEK (1,447), +75% (organic +66%)

- Adjusting for order intake boost:
  - 200 MSEK boost in Q4 2021 → 16% underlying order growth
  - 500 MSEK for 2021 → 31% underlying order growth

- Main growth driver Anybus with 80+% organic growth in Q4 & YTD
- Continental Europe doubled order intake in Q4

ORDERS (Q119-Q421) MSEK

- Organic: 699 (7) MSEK, +71% (organic +65%)
- FX: 699 (2) MSEK, +71% (organic +65%)
- Acquisitions: 699 (5) MSEK, +71% (organic +65%)

BRIDGE Q420-Q421, MSEK

- Organic: 265 (7) MSEK, +65% (organic +65%)
- FX: 265 (2) MSEK, +65% (organic +65%)
- Acquisitions: 100 (5) MSEK, +65% (organic +65%)
- Q4 2021: 699 MSEK, +71% (organic +65%)

BRIDGE 2020-2021, MSEK

- Organic: 1,447 (954) MSEK, +66% (organic +65%)
- FX: 1,447 (83) MSEK, +66% (organic +65%)
- Acquisitions: 220 (15) MSEK, +66% (organic +65%)
- 2021: 2,538 MSEK, +66% (organic +65%)
**Q4 2021: Net Sales 571 MSEK, +41%**

**NET SALES, MSEK**

- **Q4 2021:** 571 MSEK (405), +41% (organic +37%)
- **2021:** 1,972 MSEK (1,467), +34% (organic +26%)

**HIGHLIGHTS**

- Delivery capacity temporarily improved during Q4, built up Ewon demand was delivered (+39% vs Q4 2020 and 59% vs Q3 2021)
- Latest acquisitions Owasys and Procentec continued the good development and ended the year strong
Underlying demand ~500 MSEK per quarter

The volatility throughout the industry supply chain remains and we continue to see a large number of orders to offset longer lead-times and component uncertainties.
Growing backlog from component constraints

ORDER BACKLOG

ORDERS FOR DELIVERY > 3 MONTHS

+227%
### Q4 2021: Sales per region

#### Americas
- Net Sales 136 MSEK (82)
- 24% of Group sales (20%)
- USA represents 78%

#### APAC
- Net Sales 86 MSEK (73)
- 15% of Group sales (18%)
- Japan represents 34%
  - China 36%

#### EMEA
- Net Sales 349 MSEK (250)
- 61% of Group sales (62%)
- Germany represents 36%

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**Graph:**
- World map with regions highlighted:
  - **Americas:** 24%
  - **APAC:** 15%
  - **EMEA:** 61%
Q4 2021: EBIT 109 MSEK (19.2% margin)

- EBIT Q4: 109 MSEK (75), 19.2% (18.5%) margin
- EBIT YTD: 446 MSEK (288), 22.6% (19.6%) margin
- Q4 gross margin of 60.8% (61.6%)
  - Negative effects from price increases of components ~2%-points
  - Price increases are implemented, stepwise impact on gross margins until mid 2022
- 2021 Gross margin 62.4% (62.0%)
- OPEX amounted to 238 MSEK (175) corresponding to an organic increase of 63 MSEK (+36%)
- ~20 MSEK of non-recurring expenses mainly in sales and marketing and admin
- Organic OPEX increase of 19% in 2021 related to strategic growth initiatives and higher business activities in general
Q4 2021: EPS 1.85

**EPS, SEK**

- EPS of 1.85 SEK (1.21)
- Net financials of 5 MSEK (-5)

**Comments on Q4 EPS**
- EPS of 1.85 SEK (1.21)
- Net financials of 5 MSEK (-5)

**Comments on 2021 EPS**
- EPS of 7.61 (4.79)
- Net financials of 3 MSEK (-14)
- Dividend proposed to 3.00 SEK

*Adjusted EPS 0.68
Q4 2021: Cash flow from operations of 104 MSEK

- Cash flow from operating activities of 104 MSEK
- Changes in NWC → cash flow of -24 MSEK
- NWC in % of sales 6.8%

Comments on Q4 Cash Flow
- Cash flow from operating activities of 104 MSEK (83)
- Changes in NWC → cash flow of -24 MSEK (5)
- NWC in % of sales 6.8% (10.5)

Comments on 2021 Cash Flow
- Cash flow from operating activities of 508 MSEK (370)
- Changes in NWC → cash flow of -28 MSEK (13)
Q4 2021: Net debt of 347 MSEK

- Net debt / EBITDA of 0.63 (0.49)
- Net debt / Equity: 0.30 (0.16)
- Put/call option of Owasys and Procentec from Q3 2021 increasing Net Debt by 391 MSEK