



# HMS Networks

## Year-end report: January - December 2024

Hardware Meets Software™

### Fourth quarter

- Order intake for the fourth quarter increased by 110% to SEK 893 m (426). Organically, order intake increased by 2%, acquired growth was 92% and currency effects excluding translation effects of the order book impacted by 4%
- Net sales increased by 6% to SEK 807 m (760). Organically, net sales decreased by 33%. Acquired growth was 40% and currency translations did not have any significant impact
- Adjusted EBIT reached SEK 163 m (196), equal to a 20.2% (25.8) adjusted operating margin
- EBIT reached SEK 106 m (169), equal to a 13.2% (22.3) operating margin
- Adjusted profit after tax totaled SEK 131 m (137) and adjusted basic earnings per share was SEK 2.60 (2.94)
- Profit after tax totaled SEK 75 m (110) and basic earnings per share was SEK 1.49 (2.36)
- Cash flow from operating activities amounted to SEK 177 m (119)
- Acquisition of PEAK-System Technik GmbH completed
- Divestment of MB Connect Line completed

### Yearly

- Order intake for the year increased by 22% to SEK 2,812 m (2,303). Organically, order intake decreased by 19%, acquired growth was 39% and currency effects excluding translation effects of the order book did not have any significant impact
- Net sales increased by 1% to SEK 3,059 m (3,025). Organically, net sales decreased by 26%, acquired growth was 27% and currency translations did not have any significant impact
- Adjusted EBIT reached SEK 665 m (792), equal to a 21.8% (26.2) adjusted operating margin
- EBIT reached SEK 503 m (753), equal to a 16.4% (24.9) operating margin
- Adjusted profit after tax totaled SEK 472 m (610) and adjusted basic earnings per share was SEK 9.65 (13.07)
- Profit after tax totaled SEK 310 m (571) and basic earnings per share was SEK 6.35 (12.23)
- Cash flow from operating activities amounted to SEK 592 m (519)
- The Board of directors proposes no dividend (4.40), as two long-term value-adding acquisitions have been completed during the year

### Subsequent events

- New organizational structure from January 1, 2025 to strengthen customer focus and cross-selling

Order intake Q4

**+110%**

Net sales Q4

**+6%**

Adjusted EBIT-margin Q4

**20%**

# CEO Comments

## ORDER INTAKE ON THE REBOUND

The last quarter of the year shows a development in the right direction and gives us a first indication that we have not lost market share in 2024. The previously low order intake in 2024 is assessed to be, to a large extent, due to a wait-and-see market in combination with inventory adjustments among our customers who had previously built up large buffer stocks. Order intake is recovering, and we can show a new record level of SEK 893 million (426), corresponding to a growth of 110%. The good development of order intake is mainly attributable to Red Lion in North America. We estimate that inventory adjustments at our customers have negatively affected order intake by approximately SEK 50 million, mainly related to our business in Japan. Going forward, we see these inventory adjustments decreasing.

Revenue for the quarter amounted to SEK 807 million (760). Organically, this corresponds to a decrease of 33%. In the same period last year, we still delivered from a large order book, and now we are back to a more normal order book. It is also worth noting that during the quarter we have a book-to-bill of 1.07 excluding currency effects, and we are thus building an order book for the first time in over two years.

We continue to deliver a stable gross margin, 62.6% (65.3) where the organic development is at the same level as the previous year, despite lower volumes. The lower reported gross margin is attributable to Red Lion and PEAK, which both have a margin slightly lower than the rest of the group – although Red Lion's gross margin continues to develop well.

The good cost control continues and operating expenses are approximately 20% lower organically, both for the year and the quarter. The restructuring program from the second quarter, and the changes made during the fourth quarter in connection with the reorganization, have turned out well. The reorganization and restructuring program are described in more detail below.

The adjusted operating profit amounts to SEK 163 million (196), corresponding to a margin of 20.2%, which can be seen as very good, given that net sales are decreasing 33% organically. Cash flow continues to be good, and we delivered SEK 177 million (119) in cash flow from operations, strengthened by continued inventory reductions of SEK 35 million in the quarter.

## RED LION AND NORTH AMERICA DRIVE GROWTH

In North America, we see a clear recovery during the quarter, primarily driven by Red Lion and several good project wins. One example is a large order of N-Tron Ethernet switches for monitoring power supply systems at data centers, which was a nice Christmas present. The rest of North America also sees sequential improvement.

We see a slight improvement in order intake in Europe, but also see that the German market will most likely be challenging also in 2025. There is still a lot of uncertainty about how the German economy and the important automotive sector will develop.

In Asia, the Japanese market is still hesitant, partly due to continued high inventory levels at some of our main customers. China continues to show good development and delivers the strongest quarter of the year.

## NEW DIVISIONAL STRUCTURE AS OF 2025

During the fourth quarter, we announced that the group will be organized into three divisions as of January 1, 2025 – to create an even better customer focus. The divisions are Industrial Data Solutions (IDS), Industrial Network Technology (INT) and New Industries (NI).

The organizational change has gone according to plan and the business is now run in accordance with this divisional structure.

In connection with the organizational change, we previously announced that we estimated a reduction of 40 staff which would also result in full-year savings of SEK 40 million, and a restructuring cost of SEK 25 million. Now that the reorganization is complete, we can conclude that we save a run rate of SEK 44 million, at a restructuring cost of SEK 16 million.

## LAUNCH OF EWON EDGE AND EWON CLOUD

During December, we launched the new products Ewon Cloud and Ewon Edge. Ewon Cloud offers a robust platform for advanced remote management and data insights, while Ewon Edge connects industrial devices in a user-friendly and easy way. Together, these solutions enable our customers to optimize their operations, increase productivity and accelerate their digital transformation journeys.

## ACQUISITION OF PEAK COMPLETED

PEAK-System Technik, a German industrial communications company which produces hardware and software for industrial and vehicle communications, became part of HMS on November 1, 2024, and has developed as expected in its first two months with HMS.

The integration of PEAK, which is part of the New Industries division, has begun and is expected to continue throughout 2025.

## STABLE INCREASE OF NEW DESIGN-WINS

For our Design-Win business model, which corresponds to approximately one third of HMS's turnover, we see an increased inflow in 2024. In total, we received 152 (139) new Design-Wins during the year, and the total number of active Design-Wins now amounts to 1,820 (1,842), corresponding to a decrease of 1% compared to 2023, which is explained by the fact that a number of older Design-Wins have been phased out during the year.

## OUTLOOK

We believe that our customer's inventory adjustments, which we have reported over the past two years, are essentially over. At the same time, several markets continue to be characterized by uncertainty due to the macroeconomic situation, especially in Europe. We expect order intake and sales to improve during the second half of 2025.

We continue to focus on long-term growth based on a balanced view of our costs. 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 strongly believe in our new organization and how it creates a new platform for future growth and expansion for HMS," says Mira Jhaveri Winther (CHRO). Here together with CEO Staffan Dahlström.*

# Order intake, net sales and earnings

## FOURTH QUARTER

Order intake increased by 110% to SEK 893 m (426), of which currency translation effects amounted to SEK 70 m (-46), of which SEK 15 m are related to the fourth quarter order intake and SEK 55 m are related to currency translation effect of the order book. Organically, order intake increased by 2%, and acquired growth was 92%.

Net sales increased by 6% to SEK 807 m (760). Currency translation effects amounted to SEK -3 m (16). Organically, net sales decreased by 33%.

Gross profit amounted to SEK 505 m (496), corresponding to a gross margin of 62.6% (65.3). Gross margin excluding Red Lion was 64.7% (65.3). Operating expenses amounted to SEK 402 m (335). Operating expenses include restructuring costs of SEK 16 m, transaction and integration costs of SEK 10 m related to acquisitions and amortization of excess values of SEK 30 m. Organically, operating expenses decreased by 18%, corresponding to SEK 56 m.

Adjusted EBITDA amounted to SEK 200 m (225), corresponding to a margin of 24.8% (29.6). Depreciation and amortization amounted to SEK 67 m (32). The increase compared to the previous period is primarily due to amortization of excess values of SEK 27 m from the acquisition of Red Lion and PEAK. Adjusted EBIT amounted to SEK 163 m (196), corresponding to a margin of 20.2% (25.8). EBITDA amounted to SEK 174 m (201), corresponding to a margin of 21.5% (26.5). EBIT amounted to SEK 106 m (169), corresponding to a margin of 13.2% (22.3). Currency translation effects have affected operating profit by SEK-2 m (2).

Net financials were SEK-36 m (-27), burdened by interest expenses of SEK 36 m in respect of loans and lease liabilities, which gave a profit before tax of SEK 71 m (142).

Adjusted profit after tax amounted to SEK 131 m (137). Adjusted basic earnings per share were SEK 2.60 (2.94). Profit after tax amounted to SEK 75 m (110). Basic earnings per share was SEK 1.49 m (2.36).

## RED LION

Order intake for Red Lion amounted to SEK 348 m and net sales amounted to SEK 260 m. Adjusted for integration and restructuring costs, operating profit amounted to SEK 73 m, corresponding to a margin of 28.1%.

Quarterly data for the Group	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
<b>Order Intake (SEK m)</b>	<b>893</b>	<b>677</b>	<b>769</b>	<b>473</b>	<b>426</b>	<b>492</b>	<b>703</b>	<b>682</b>	<b>718</b>
Organic %	2	-8	-22	-36	-34	-25	-17	-20	-1
Acquisition %	92	50	36	0	0	0	1	0	0
Currency translation effects % <sup>1</sup>	16	-4	-5	5	-6	-2	2	-1	4
<b>Order backlog</b>	<b>703</b>	<b>605</b>	<b>713</b>	<b>641</b>	<b>778</b>	<b>1,106</b>	<b>1,316</b>	<b>1,316</b>	<b>1,407</b>
% of R12 Net sales	20	17	18	22	26	37	46	48	56
<b>Net Sales (SEK m)</b>	<b>807</b>	<b>792</b>	<b>845</b>	<b>616</b>	<b>760</b>	<b>789</b>	<b>703</b>	<b>773</b>	<b>764</b>
Organic %	-33	-30	-20	-20	-3	20	10	40	22
Acquisition %	40	31	40	0	0	0	1	1	0
Currency translation effects %	0	-1	0	0	2	6	6	8	11
Gross margin (%)	62.6	63.5	61.9	62.6	65.3	65.4	64.7	64.8	63.6
<b>Adjusted EBIT (SEK m)<sup>2</sup></b>	<b>163</b>	<b>194</b>	<b>172</b>	<b>137</b>	<b>196</b>	<b>226</b>	<b>154</b>	<b>216</b>	<b>197</b>
<b>Adjusted EBIT (%) <sup>2</sup></b>	<b>20.2</b>	<b>24.5</b>	<b>20.4</b>	<b>22.2</b>	<b>25.8</b>	<b>28.7</b>	<b>21.9</b>	<b>27.9</b>	<b>25.8</b>
EBIT (SEK m)	106	163	104	130	169	223	150	211	192
EBIT (%)	13.2	20.6	12.3	21.1	22.3	28.2	21.4	27.4	25.1
<b>Adjusted basic earnings per share (SEK) <sup>2</sup></b>	<b>2.60</b>	<b>2.51</b>	<b>2.12</b>	<b>2.43</b>	<b>2.94</b>	<b>3.77</b>	<b>2.56</b>	<b>3.79</b>	<b>3.37</b>
Basic earnings per share (SEK) <sup>2</sup>	1.49	1.89	0.70	2.28	2.36	3.69	2.48	3.70	3.25

<sup>1</sup> Related to currency effects for the period, and currency translation effect of the order book.

<sup>2</sup> Excluding items affecting comparability and amortization of excess values. Please see Adjusted EBIT in Economic Definitions on page 15.

## YEARLY

Order intake increased by 22% to SEK 2,812 m (2,303), of which currency translation effects amounted to SEK 54 m (-45) and is mainly related to the currency translation effect of the revaluation of the order book. Organically, order intake decreased by 19%, and acquired growth was 39%.

Net sales increased by 1% to SEK 3,059 m (3,025), of which currency translation effects amounted to SEK -11 m (134). Organically, sales decreased by 26%.

Gross profit amounted to SEK 1,916 m (1,967), corresponding to a gross margin of 62.6% (65.0). Gross margin excluding acquisitions amounted to 64.3% (65.0). Operating expenses amounted to SEK 1,423 m (1,223). Operating expenses include restructuring costs of SEK 43 m, transaction and integration costs of SEK 32 m, and amortization of excess values of SEK 87 m. Organically, operating expenses have decreased by 20%, corresponding to SEK 235 m.

Adjusted EBITDA amounted to SEK 796 m (877), corresponding to a margin of 26.0% (29.0). Depreciation and amortization amounted to SEK 218 m (124). The increase compared to the previous period is due to amortization of excess values of SEK 75 m from the acquisition of Red Lion and PEAK. Adjusted EBIT amounted to SEK 665 m (792), corresponding to a margin of 21.8% (26.2). EBITDA amounted to SEK 721 m (877), corresponding to a margin of 23.6% (29.0). EBIT amounted to SEK 503 m (753), corresponding to a margin of 16.4% (24.9). Currency translation effects have affected operating profit by SEK 1 m (25).

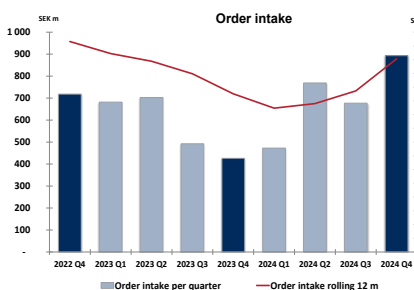
Net financials were SEK -138 m, (-35), burdened by interest expenses of SEK 120 m related to loans and lease liabilities, which gave a profit before tax of SEK 364 m (717).

Adjusted profit after tax amounted to SEK 472 m (610). Adjusted basic earnings per share were SEK 9.65 (13.07). Profit after tax amounted to SEK 310 m (571). Basic earnings per share was SEK 6.35 (12.23).

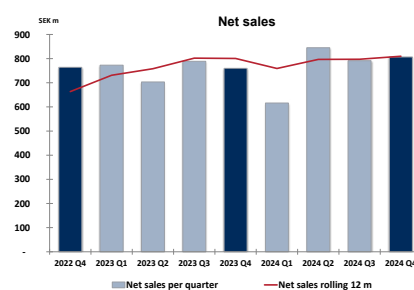
	Q4 2024		Total	Q1-Q4 2024		Total
	HMS excl Red Lion	Red Lion		HMS excl Red Lion	Red Lion <sup>1</sup>	
Order intake (SEK m)	546	348	893	1,967	845	2,812
Net sales (SEK m)	547	260	807	2,272	787	3,059
Adjusted EBIT (SEK m) <sup>2</sup>	90	73	163	485	180	665
Adjusted EBIT (%) <sup>2</sup>	16.5	28.1	20.2	21.3	22.8	21.8

<sup>1</sup> Amounts for Red Lion refer to Q2-Q4 2024

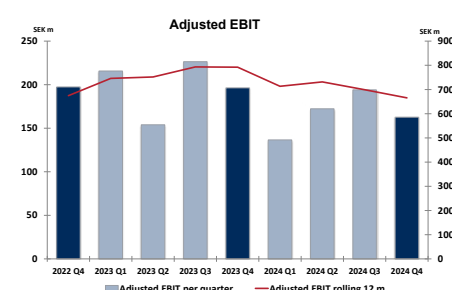
<sup>2</sup> Excluding items affecting comparability and amortization of excess values. Please see the section Adjusted EBIT in Economic Definitions on page 15.



The graph shows order intake per quarter in bars with the scale on the left axis. The line shows order intake for the most recent 12-month period with the scale on the right axis.



The graph shows quarterly net sales in the bars with the scale on the left axis. The line represents net sales for the latest 12-month period with the scale on the right axis.



The graph shows adjusted EBIT per quarter. The bars refer to the scale on the left axis. The line represents adjusted EBIT for the latest 12-month period, with the scale on the right axis.

# Cash flow, investments and financial position

## FOURTH QUARTER

Cash flow from operating activities before changes in working capital amounted to SEK 127 m (147) for the fourth quarter. Changes in working capital were SEK 49 m (-28). Cash flow from operating activities was thereby SEK 177 m (119).

Cash flow from investing activities amounted to SEK -551 m (-23) and corresponds to investments in subsidiaries of SEK -564 m (-) and divestment of subsidiary of SEK 41 m (-). Investments in intangible and tangible assets amounted to SEK -30 m (-20) mainly due to investments in the next generation Remote Access and Remote Data offering.

Cash flow from financing activities amounted to SEK 373 m (-121), primarily consisting of changes in bank loans with SEK 533 m (-106) corresponding to the acquisition of PEAK. Moreover, payments of SEK -144 m (-) have been made related to re-payments of external debt in conjunction of the acquisition of PEAK. Amortizations of lease liabilities were SEK -16 m (-15). This results in a cash flow of SEK -2 m (-26) for the fourth quarter.

## YEARLY

Cash flow from operating activities before changes in working capital amounted to SEK 528 m (751) for the year. Changes in working capital were SEK 64 m (-232). Cash flow from operating activities was thereby SEK 592 m (519).

Cash flow from investing activities amounted to SEK -4,449 m (-135) and mainly corresponds to investments in subsidiaries of SEK -4,375 m (-55) and divestment of subsidiary of SEK 41 m (-). Investments in intangible and tangible assets amounted to SEK -121 m (-74).

Cash flow from financing activities amounted to SEK 3,827 m (-400), primarily consisting of changes in bank loans with SEK 2,880 m (-140) related to the acquisitions of Red Lion and PEAK. A directed share issue was conducted with impact of SEK 1,390 million (-) and dividend was paid out with SEK -225 m (-187). Amortizations in lease liabilities amounted to SEK -62 m (-60). Moreover, SEK -145 m (-) relates to re-payment of other external debt in conjunction of the acquisition of PEAK and re-payment of other acquisition-related debt from previous acquisitions. Repurchase of own shares has been made by SEK -11 m (-13) This results in a cash flow of SEK -30 m (-16) for the year.

## Cash and cash equivalents and net debt

Cash and cash equivalents amounted to SEK 74 m (124), and unused credit facilities to SEK 490 m (529). Net debt amounted to SEK 3,293 m (289), primarily consisting of external loans with SEK 2,877 m (2). Furthermore, net debt consists of lease liabilities of SEK 276 m (261) and a debt corresponding to expected exercise price on option of SEK 114 m (127) and acquisition-related debt of SEK 83 m (8). Net debt also consists of pension liabilities of SEK 18 m (15).

The net debt to adjusted EBITDA (for the last twelve months) ratio was 3.41 (0.33) including proforma from acquisitions. The net debt to equity ratio was 94% (15), and the equity to asset ratio was 47% (64).

In connection with the acquisition of Red Lion in April 2024, a new loan agreement was signed with SEB together with Svensk Exportkredit. The agreement was amended in conjunction with the acquisition of PEAK in the fourth quarter and was expanded with another term loan. The agreement consists of a long-term loan facility and a revolving credit facility, equivalent in total to SEK 3,336 m as of December 31, 2024. Furthermore, a bridge loan facility of USD 120 m was engaged in the second quarter, which was repaid during the same quarter through a directed share issue.

Net debt, SEK m	2024-12-31	2023-12-31
Interest-bearing liabilities	2,894	17
Option debt	114	127
Debt related to acquisitions	83	8
Less: Cash and cash equivalents	-74	-124
<b>Net debt excl. IFRS 16</b>	<b>3,017</b>	<b>28</b>
Lease liabilities	276	261
<b>Net debt incl. IFRS 16</b>	<b>3,293</b>	<b>289</b>
Net debt excl. IFRS 16/adjusted EBITDA R12	3.37 <sup>1</sup>	0.03

<sup>1</sup> The KPI is excluding IFRS16. Prior periods include pro forma EBITDA from acquisitions.

## The HMS Networks AB share

HMS Networks AB (publ) is listed on NASDAQ OMX Stockholm, in the Large Cap segment under the Telecommunications sector.

During the second quarter of 2024, HMS Networks conducted a directed share issue related to the acquisition of Red Lion. The issue resulted in a change in the number of shares and votes in HMS Networks. Prior to the issue, there were a total of 46,818,868 shares, corresponding to 46,818,868 votes. The number of shares and votes has as a result of the directed share issue increased by 3,500,000. The total number of shares in HMS Networks at the end of the period amounted to 50,318,868 shares, corresponding to 50,318,868 votes. At the end of the period 143,416 shares were held in treasury. A breakdown of the company's ownership structure can be found on the company's website ([www.hms-networks.com](http://www.hms-networks.com)).

## Share saving program

The company has four ongoing share savings programs. According to decisions at the company's annual general meetings, employees are offered the opportunity to save shares in HMS through an annual share savings program. The percentage of employees participating in these programs ranges from 51% to 56%. The company has committed, subject to specified criteria being met, to provide participants in the program with up to two performance shares in HMS for each saved share. As of December 31, 2024, the total number of saved shares in ongoing programs amounted to 68,608 (66,780).

On December 31, 2023, the share savings program from 2020 was concluded. During the first quarter of 2024, 44,464 performance shares were distributed free of charge to the remaining participants. Shares held in treasury were used for the allocation.

## The parent company

The parent company's operations primarily focus on Group-wide management and financing. Apart from the Group CEO, the company has no employees. The operating profit for the year amounted to SEK 0 m (1) and dividend from shares in subsidiaries was received with SEK 537 m (455). The profit after tax for the year was SEK 555 m (465). Cash and cash equivalents amounted to 3 MSEK (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, further described on page 95 under Note 35 in the 2023 annual report.

## Significant events

### ACQUISITION OF PEAK-SYSTEM TECHNIK GMBH COMPLETED

On November 1 2024, HMS completed the acquisition of all shares in PEAK-System Technik GmbH ("PEAK"), a well-established German provider of industrial communication solutions. PEAK has been included in the Group's income statement and balance sheet as of November 1, 2024. During the fourth quarter of 2024, PEAK contributed with SEK 44 m in net sales and SEK 10 m in EBIT, including acquisition costs.

The preliminary purchase price allocation follows below:

Purchase sum	SEK m
Cash and cash equivalents	692
<b>Summa</b>	<b>692</b>

The assets and liabilities recognized in conjunction with the acquisition are as follows:	SEK m
Intangible assets	134
Tangible assets	3
Current assets	160
Cash and cash equivalents	34
Deferred tax liabilities	-43
Non-current liabilities	-148
Current liabilities	-20
<b>Net identifiable assets and liabilities</b>	<b>120</b>
Goodwill <sup>1</sup>	572
<b>Sum</b>	<b>692</b>

<sup>1</sup> Goodwill is attributable to the company's market position and expected synergies with existing operations. None of the reported Goodwill are expected to be tax-deductible.

### COMPLETED THE DIVESTMENT OF MB CONNECT LINE

On October 18, HMS completed the divestment of all shares in Red Lion Europe GmbH ("MB Connect Line"). The divestment has a limited impact on HMS' earnings per share. The divestment resulted in a loss of SEK 1 m.

## Subsequent events

### **NEW ORGANIZATION FROM JANUARY 1, 2025 TO STRENGTHEN CUSTOMER FOCUS AND CROSS-SELLING**

On October 15, it was announced that HMS will change its organizational structure from January 1, 2025 to prepare for continued growth. The divisions are Industrial Data Solutions (IDS), Industrial Network Technology (INT) and New Industries (NI), which will constitute HMS' segments from the first quarter of 2025.

In conjunction with the announcement of the organizational change, expected full-year savings of SEK 40 m were announced, with a restructuring cost of SEK 25 m. The effects of the reorganization, which are taken into account in the fourth quarter of 2024, resulted in restructuring costs of SEK 16 m and savings of SEK 44 m in full-year effect.

## Outlook

The inventory adjustments from HMS' customers, which HMS has reported over the past two years, are considered to be essentially over. At the same time, several markets continue to be characterized by uncertainty due to the macroeconomic situation, especially in Europe. Order intake and sales expect to improve during the second half of 2025.

## Risk management

HMS is exposed to general business and financial risks in its operations. These risks have been comprehensively described in the company's annual report for 2023. Additionally, no significant risks are assessed to have emerged since then.

## Audit review

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

## 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 12% of the shares, Sophie Larsén, AMF Fonder representing 8% of the shares, Anette Dahlberg, Första AP-fonden representing 6% of the shares, and Charlotte Brogren, Chairman of the Board. The Nomination Committee has appointed Johan Menckel as its Chairman.

## Accounting policies

HMS prepares its consolidated financial statements in accordance with 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 RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act.

The accounting principles applied conform to those described in the 2023 Annual Report, with exception of the below addendum.

HMS has assessed that parts of the Group's internal loans raised in connection with the acquisition of subsidiaries constitute a so-called extended net investment in foreign operations in accordance with the rules of IAS 21. This is given that settlement of these loans is not planned or likely in the foreseeable future. Thus, exchange rate differences on these loans, as long as the conditions of IAS 21 are deemed to be met, are recognized against comprehensive income as part of translation differences as of April 1, 2024.

Other new or revised IFRS standards or other IFRIC interpretations that have come into effect after January 1, 2024, have not had any effect on the group's financial reports as of December 31, 2024.

HMS applies the European Securities and Markets Authority's (ESMA) guidelines for alternative performance measures (metrics not defined under 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®, Intesis®, Red Lion® and N-Tron®.

- Anybus – connecting automation products and machines to industrial networks and IIoT applications, through embedded network cards, gateways, and wireless solutions. Also, industrial network diagnostics
- Ewon – remote access, data collection, monitoring, and visualization 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)
- Red Lion – The Red Lion products allow industrial customers to get access to and visualize their critical data regardless of where the data is located
- N-Tron – The N-tron products are easy-to-use Industrial Ethernet Switches designed to keep the network connected and protected even in the harshest of environments.

HMS also offers solutions for wireless communication in mobile industrial applications through Owasys. Furthermore, HMS offers communication solutions for developers of advanced development and test equipment in the automotive, medical and transportation segments through PEAK System.

Since April 2024, Red Lion Controls is a part of HMS. The company helps industrial organizations worldwide to exploit the value of data by developing and manufacturing innovative and scalable products and solutions that help them get real-time data and visibility to increase productivity. Red Lions main customers are active in factory automation, renewable energy, oil and gas, electricity distribution, transport and in the water and drain segment.

**PRODUCTION STRATEGY** – Flexible low volume production in own factories in Halmstad, Nivelles, Igualada, York and Darmstadt is combined with high volume production in Europe, USA 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 20 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

- First quarter report 2025 will be published on April 23, 2025
- Annual General Meeting 2025 will be held on April 24, 2025
- Second quarter report 2025 will be published on July 11, 2025
- Third quarter report 2025 will be published on October 21, 2025

Halmstad January 28, 2025

Staffan Dahlström  
Chief Executive Officer

Further information can be obtained by:  
Staffan Dahlström, CEO, +46 (0)35 17 29 01  
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## Conference call

**JANUARY 28, 2025 (09:00 CEST)**

President and CEO Staffan Dahlström and CFO Joakim Nideborn present the fourth quarter 2024.

For link to the webcast, go to:  
<https://www.hms-networks.com/hms-for-shareholders>

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 January 28, 2025.



## Consolidated income statement in summary

SEK m	Q4 2024	Q4 2023	Q1-Q4 2024	Q1-Q4 2023
Net sales	807	760	3,059	3,025
Cost of goods and services sold	-302	-264	-1,143	-1,057
<b>GROSS PROFIT</b>	<b>505</b>	<b>496</b>	<b>1,916</b>	<b>1,967</b>
Selling expenses	-178	-160	-680	-588
Administration expenses	-84	-66	-292	-282
Research and development expenses	-83	-86	-287	-319
Other operating income	3	9	10	9
Other operating expenses <sup>1</sup>	-57	-23	-164	-33
<b>OPERATING PROFIT</b>	<b>106</b>	<b>169</b>	<b>503</b>	<b>753</b>
Financial income and expenses <sup>2</sup>	-36	-28	-138	-35
Results from associated companies	0	1	0	-1
<b>PROFIT BEFORE TAX</b>	<b>71</b>	<b>142</b>	<b>364</b>	<b>717</b>
Income tax	4	-32	-55	-147
<b>PROFIT FOR THE PERIOD</b>	<b>74</b>	<b>110</b>	<b>310</b>	<b>571</b>
Attributable to:				
Parent company shareholders	75	110	310	571
Non-controlling interests	0	-	0	-
Earnings per share regarding profit attributed to parent company shareholders:				
Basic (SEK)	1.49	2.36	6.35	12.23
Diluted (SEK)	1.48	2.35	6.34	12.19

<sup>1</sup> For the fourth quarter of 2024, the Group reports restructuring costs of SEK 16 m, transaction and integration costs for acquisitions of SEK 10 m and amortization of excess values of SEK 30 m, of which SEK 27 m is attributable to this year's acquisitions. For the full year of 2024, the Group reports restructuring costs of SEK 43 m, transaction and integration costs for acquisitions of SEK 32 m and amortization of excess values of SEK 87 m, of which SEK 76 m is attributable to this year's acquisitions.

<sup>2</sup> During the second quarter of 2024, HMS signed a new amortization loan and a revolving credit facility, which has resulted in higher interest expenses. During the fourth quarter, a new amortization loan was taken with the existing bank in connection with the acquisition of PEAK. Total interest expenses amount to SEK 36 m in the fourth quarter and SEK 120 m for the full year of 2024.

## Consolidated statement of comprehensive income in summary

SEK m	Q4 2024	Q4 2023	Q1-Q4 2024	Q1-Q4 2023
Profit for the period	74	110	310	571
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified subsequently to income statement</b>				
Cash flow hedges	-33	36	-39	41
Hedging of net investments	-79	1	3	-4
Translation differences <sup>1</sup>	331	-80	131	-5
Income tax relating to components of other comprehensive income	-2	-8	2	-7
<b>Other comprehensive income for the period, net of tax</b>	<b>218</b>	<b>-50</b>	<b>96</b>	<b>24</b>
<b>Total other comprehensive income for the period</b>	<b>292</b>	<b>60</b>	<b>405</b>	<b>595</b>
Attributable to:				
Parent company shareholders	292	60	405	595
Non-controlling interests	0	-	0	-

<sup>1</sup> From Q2 2024 exchange rate differences on internal acquisition loans are included. For more information, see section Accounting principles.

## Consolidated balance sheet in summary

SEK m	2024-12-31	2023-12-31
<b>ASSETS</b>		
Goodwill <sup>1</sup>	4,394	1,117
Other intangible assets <sup>1</sup>	1,041	276
Property, plant and equipment	177	70
Right-of-use	280	266
Deferred tax assets	54	21
Interest in associates	14	13
Other non-current assets	20	21
<b>Total non-current assets</b>	<b>5,979</b>	<b>1,783</b>
Inventories	859	589
Trade receivables	427	385
Other receivables	159	130
Cash and cash equivalents	74	124
<b>Total current assets</b>	<b>1,519</b>	<b>1,228</b>
<b>TOTAL ASSETS</b>	<b>7,498</b>	<b>3,011</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributed to parent company shareholders	3,504	1,933
Non-controlling interests	1	-
<b>Total equity</b>	<b>3,505</b>	<b>1,933</b>
<b>Liabilities</b>		
Interest-bearing liabilities <sup>2</sup>	2,625	16
Non-interest-bearing liabilities	202	127
Lease liabilities	206	202
Deferred tax liability	165	104
<b>Total non-current liabilities</b>	<b>3,199</b>	<b>449</b>
Interest-bearing liabilities <sup>2</sup>	269	1
Non-interest-bearing liabilities	0	8
Lease liabilities	69	59
Trade payables	143	250
Other liabilities	313	312
<b>Total current liabilities</b>	<b>794</b>	<b>630</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,498</b>	<b>3,011</b>

<sup>1</sup> From the second quarter 2024, this is affected by the acquisition of Red Lion, and from the fourth quarter 2024, by the acquisition of PEAK.

<sup>2</sup> During the second quarter 2024, HMS signed a new amortization loan and a revolving credit facility and an additional amortization loan during the fourth quarter 2024. Total liability for the credit facility was equivalent to SEK 2,862 m as of December 31, 2024 revaluated to closing currency rates. Amortization is done on a quarterly basis.

## Consolidated cash flow statement in summary

SEK m	Q4 2024	Q4 2023	Q1-Q4 2024	Q1-Q4 2023
Cash flow from current operations before changes in working capital	127	147	528	751
Change in working capital	49	-28	64	-232
<b>Cash flow from operating activities</b>	<b>177</b>	<b>119</b>	<b>592</b>	<b>519</b>
Acquisition of subsidiaries	-564	-	-4,375	-55
Divestment of subsidiaries	41	-	41	-
Investments in intangible fixed assets	-21	-16	-82	-36
Investments in tangible fixed assets	-9	-4	-39	-38
Other investments	2	-4	6	-6
<b>Cash flow from investing activities</b>	<b>-551</b>	<b>-23</b>	<b>-4,449</b>	<b>-135</b>
Borrowings and repayment of borrowings, net	533	-106	2,880	-141
Share issue	-	-	1,390	-
Dividend to shareholders	-	-	-225	-187
Amortization of lease liabilities	-16	-15	-62	-60
Re-purchase of own shares	-	-	-11	-13
Re-payment of liabilities related to acquisitions <sup>1</sup>	-144	0	-145	-
<b>Cash flow from financing activities</b>	<b>373</b>	<b>-121</b>	<b>3,827</b>	<b>-400</b>
<b>Cash flow for the period</b>	<b>-2</b>	<b>-26</b>	<b>-30</b>	<b>-16</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>98</b>	<b>153</b>	<b>124</b>	<b>144</b>
Exchange rate effects	-22	-3	-20	-4
<b>Cash and cash equivalents at the end of the period</b>	<b>74</b>	<b>124</b>	<b>74</b>	<b>124</b>

<sup>1</sup> The increase of the item relates to the settlement of external liabilities in connection with the acquisition of PEAK in the fourth quarter of 2024. For the full year, the item also relates to the settlement of liabilities related to previously made acquisitions.

## Consolidated changes of equity in summary

SEK m	2024-12-31	2023-12-31
Opening balance at January 1	1,933	1,610
Total comprehensive income for the period	405	595
Cost of share-based remuneration	-1	11
Repurchase of own shares	-11	-13
Share issue <sup>1</sup>	1,390	-
Option <sup>2</sup>	13	-83
Dividend <sup>3</sup>	-225	-187
<b>Closing equity attributed to the parent company's shareholders</b>	<b>3,504</b>	<b>1,933</b>
Opening non-controlling interests at January 1	-	-
Total comprehensive income for the period	0	-
Non-controlling interest arising from acquisition of subsidiaries	1	-
<b>Closing non-controlling interest</b>	<b>1</b>	<b>-</b>
<b>Total equity</b>	<b>3,505</b>	<b>1,933</b>

<sup>1</sup> In April 2024, HMS conducted a directed share issue. The number of shares has increased by 3,500,000 with the issue.

<sup>2</sup> During 2023, a call/put option was redeemed via the acquisition of an additional 20 percent of the shares in Owasys. At the time of the acquisition, a new call/put option was subscribed for the remaining 20 percent of the shares.

<sup>3</sup> During 2024, Owasys has paid dividend to minority owners of SEK 4 m. During the second quarter HMS Networks paid a dividend to owners of SEK 221 m.

## Key ratios

	Q4 2024	Q4 2023	Q1-Q4 2024	Q1-Q4 2023
<b>Revenue growth</b>				
Change in net sales (%)	6.2	-0.6	1.1	20.7
<b>Profitability</b>				
Gross marginal (%)	62.6	65.3	62.6	65.0
Adjusted EBITDA (SEK m)	200	225	796	877
Adjusted EBITDA (%)	24.8	29.6	26.0	29.0
Adjusted EBIT (SEK m)	163	196	665	792
Adjusted EBIT (%)	20.2	25.8	21.8	26.2
EBIT (MSEK)	106	169	503	753
EBIT (%)	13.2	22.3	16.4	24.9
<b>Return</b>				
Return on capital employed (%)	-	-	11.3	35.9
Return on shareholder's equity (%)	-	-	11.1	32.3
<b>Financial strength</b>				
Net debt/adjusted EBITDA R12 <sup>1</sup>	-	-	3.41	0.33
Net debt/equity ratio	0.94	0.15	0.94	0.15
Equity/assets ratio (%)	46.8	64.2	46.8	64.2
Capital turnover rate	-	-	0.57	1.02
<b>Stock data</b>				
Equity per share (SEK)	66.78	40.74	55.54	37.82
Cash flow from operating activities per share (SEK)	3.52	2.54	12.14	11.12
Adjusted earnings per share	2.60	2.94	9.65	13.07
Total number of shares (average, thousands)	50,319	46,819	48,919	46,819
Holding of own shares (average, thousands)	143	163	147	166
Total outstanding shares (average, thousands)	50,175	46,656	48,772	46,653
<b>Personal data</b>				
Average number of employees (FTE)	1,093	818	1,059	803
Female employees (%)	30.1	26.8	29.6	27.1
Female managers (%)	26.0	22.3	25.9	22.1

<sup>1</sup> The KPI includes proforma from acquisitions

## Quarterly data

Net sales by brand, SEK m	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Anybus	252	273	269	320	450	486	381	440	431
Ixxat	58	53	56	62	84	91	78	62	60
Ewon	119	119	121	100	116	117	126	157	143
Intesis	59	59	70	59	59	60	64	56	49
Red Lion	260	244	283	-	-	-	-	-	-
Other <sup>1</sup>	59	44	47	75	52	34	54	59	81
<b>Total</b>	<b>807</b>	<b>792</b>	<b>845</b>	<b>616</b>	<b>760</b>	<b>789</b>	<b>703</b>	<b>773</b>	<b>764</b>

<sup>1</sup> The item Other includes net sales from PEAK of SEK 44 m from November 1, 2024.

Net sales by region, SEK m	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
EMEA	359	348	369	349	447	486	414	463	486
Americas	328	332	355	144	175	160	169	165	148
APAC	120	112	121	124	138	143	120	145	130
<b>Total</b>	<b>807</b>	<b>792</b>	<b>845</b>	<b>616</b>	<b>760</b>	<b>789</b>	<b>703</b>	<b>773</b>	<b>764</b>

Income statement in summary, SEK m	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
<b>Net sales</b>	<b>807</b>	<b>792</b>	<b>845</b>	<b>616</b>	<b>760</b>	<b>789</b>	<b>703</b>	<b>773</b>	<b>764</b>
<b>Gross profit</b>	<b>505</b>	<b>503</b>	<b>523</b>	<b>385</b>	<b>496</b>	<b>516</b>	<b>455</b>	<b>501</b>	<b>486</b>
<i>Gross margin (%)</i>	<i>62.6</i>	<i>63.5</i>	<i>61.9</i>	<i>62.6</i>	<i>65.3</i>	<i>65.4</i>	<i>64.7</i>	<i>64.8</i>	<i>63.6</i>
<b>Adjusted EBIT</b>	<b>163</b>	<b>194</b>	<b>172</b>	<b>137</b>	<b>196</b>	<b>226</b>	<b>154</b>	<b>216</b>	<b>197</b>
<i>Adjusted EBIT (%)</i>	<i>20.2</i>	<i>24.5</i>	<i>20.4</i>	<i>22.2</i>	<i>25.8</i>	<i>28.7</i>	<i>21.9</i>	<i>27.9</i>	<i>25.8</i>

## Parent company's income statement in summary

SEK m	Q4 2024	Q4 2023	Q1-Q4 2024	Q1-Q4 2023
Net sales	7	8	27	25
<b>Gross profit</b>	<b>7</b>	<b>8</b>	<b>27</b>	<b>25</b>
Administrative expenses	-7	-7	-27	-24
<b>Operating profit</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>
Profit from interest in Group companies	-	55	537	455
Interest income/expenses and similar items	23	12	23	12
<b>Profit before tax</b>	<b>23</b>	<b>68</b>	<b>560</b>	<b>468</b>
Income tax	-5	-3	-5	-3
<b>Profit for the period</b>	<b>18</b>	<b>65</b>	<b>555</b>	<b>465</b>

## Parent company's balance sheet in summary

SEK m	2024-12-31	2023-12-31
<b>ASSETS</b>		
Financial assets <sup>1</sup>	1,727	337
<b>Total financial assets</b>	<b>1,727</b>	<b>337</b>
Receivables from Group companies	966	640
Other current receivables	0	0
Cash and cash equivalents	3	2
<b>Total current assets</b>	<b>968</b>	<b>642</b>
<b>TOTAL ASSETS</b>	<b>2,695</b>	<b>980</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>2,677</b>	<b>964</b>
<b>Current liabilities</b>		
Trade receivables	0	1
Other liabilities	18	14
<b>Total current liabilities</b>	<b>18</b>	<b>15</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,695</b>	<b>980</b>

<sup>1</sup> During the second quarter of 2024, HMS carried out a direct share issue. Through the issue, the number of shares has increased by 3,500,000, corresponding to SEK 1,390 m.

# 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 shares outstanding.

## ADJUSTED OPERATING MARGIN

Adjusted operating profit in relation to net sales.

## ADJUSTED EBIT

Operating profit excluding depreciation and amortization of excess values from acquisitions and goodwill, transaction and integration costs from acquisitions and restructuring costs.

## ADJUSTED EBITDA

EBITDA excluding transaction and integration costs from acquisitions and restructuring costs.

## AVERAGE NUMBER OF OUTSTANDING SHARES

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

## BASIC EARNINGS PER SHARE

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

## BOOK-TO-BILL

Order intake in relation to net sales. Shows future development of net sales.

## CAPITAL TURNOVER RATE

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 shares outstanding.

## DILUTED EARNINGS PER SHARE

Share of profit after tax attributable to the shareholders of the parent company in relation to the average number of shares outstanding plus the average number of shares that are added upon conversion of the outstanding number of convertibles and options.

## EBIT

Operating profit including amortization and depreciation of intangible and tangible assets and before net financials and tax.

## EBITDA

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

## EQUITY PER SHARE

Average equity attributable to the shareholders of the parent company in relation to the number of shares outstanding at the end of the period.

## EQUITY/ASSETS RATIO

Shareholders' equity in relation to the assets total.

## FINANCIAL ASSETS

Non-current and current financial receivables plus cash and cash equivalents.

## NET DEBT

Non-current and current interest-bearing liabilities plus contingent consideration and option liability less financial interest-bearing assets and cash and cash equivalents.

## NET DEBT/EQUITY RATIO

Net debt in relation to Shareholders' equity.

## NUMBER OF SHARES OUTSTANDING

The number of registered shares, less repurchased own shares which are held by the company.

## 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, translated at 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 end of the first month that falls 12 months after the acquisition date.

## RETURN ON CAPITAL EMPLOYED

Share of profit after financial income in relation to the average capital employed.

## RETURN ON SHAREHOLDER'S EQUITY

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

## WORKING CAPITAL

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



## Alternative KPIs

HMS presents certain financial measures in the interim report that are not defined under IFRS. The company believes these measures provide valuable supplementary information to investors and management, enabling evaluation of relevant trends and the company's performance. Due to variations in calculation methods among companies, these financial measures may not always be comparable to those used by other companies. Therefore, these financial measures should not be considered a substitute for measures defined under IFRS, unless otherwise stated.

The KPIs Adjusted EBITDA and Adjusted EBIT are used to monitor and evaluate the business in a fair manner. The KPIs take into account amortization of intangible excess values as well as transaction and integration costs associated with acquisitions. In 2024, restructuring costs have arisen that are of a one-time nature and are included in the KPIs.

The calculation of the KPIs was updated in the second quarter of 2024 and previous periods have been adjusted to provide fair comparability.

### ADJUSTED EBITDA

SEK m	Q4 2024	Q4 2023	Q1-Q4 2024	Q1-Q4 2023
EBITDA	174	201	721	877
Restructuring costs	16	6	43	-
Transaction costs	6	17	19	-
Integration costs	4	-	13	-
<b>Adjusted EBITDA</b>	<b>200</b>	<b>225</b>	<b>796</b>	<b>877</b>
Net sales	807	760	3,059	3,025
Adjusted EBITDA (%)	24.8	29.6	26.0	29.0

### ADJUSTED EBIT

SEK m	Q4 2024	Q4 2023	Q1-Q4 2024	Q1-Q4 2023
EBIT	106	169	503	753
Amortization of excess values from acquisitions	30	4	87	16
Restructuring costs	16	6	43	7
Transaction costs	6	17	19	17
Integration costs	4	-	13	-
<b>Adjusted EBIT</b>	<b>163</b>	<b>196</b>	<b>665</b>	<b>792</b>
Net sales	807	760	3,059	3,025
Adjusted EBIT (%)	20.2	25.8	21.8	26.2

## Our vision

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

## Our mission

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