



# HMS Networks

## Interim report: January - September 2024

Hardware Meets Software™

### Third quarter

- Order intake for the third quarter increased by 37% to SEK 677 m (492). Organically, order intake decreased by 8% and currency translations affected by -4%
- Net sales increased slightly to SEK 792 m (789). Organically, net sales decreased by 30%, acquired growth was 31% and currency translations affected by -1%
- Adjusted EBIT reached SEK 194 m (226), equal to a 24.5 % (28.7) adjusted operating margin
- EBIT reached SEK 163 m (223), equal to a 20.6% (28.2) operating margin
- Adjusted profit after tax totaled SEK 126 m (176) and adjusted basic earnings per share was SEK 2.51 (3.77)
- Profit after tax totaled SEK 95 m (172) and basic earnings per share was SEK 1.89 (3.69)
- Cash flow from operating activities amounted to SEK 205 m (167)

### First nine months

- Order intake for the first nine months increased by 2% to SEK 1,918 m (1,877). Organically, order intake decreased by 23%, acquired growth was 26% and currency translations affected by -1%
- Net sales decreased by 1% to SEK 2,253 m (2,265). Organically, net sales decreased by 24%, acquired growth was 23% and currency translations affected by 0%
- Adjusted EBIT reached SEK 503 m (596), equal to a 22.3% (26.3) adjusted operating margin
- EBIT reached SEK 396 m (584), equal to a 17.6% (25.8) operating margin
- Adjusted profit after tax totaled SEK 342 m (472) and adjusted basic earnings per share was SEK 7.05 (10.12)
- Profit after tax totaled SEK 235 m (460) and basic earnings per share was SEK 4.86 (9.87)
- Cash flow from operating activities amounted to SEK 415 m (400)

### Subsequent events

- New organizational structure from 2025 to strengthen customer focus and cross-selling, which will generate full-year savings of SEK 40 m
- Acquisition of PEAK-System Technik GmbH
- Divestment of the MB Connect Line business

Order intake Q3

**+37%**

Net sales Q3

**+0%**

Adjusted EBIT-margin Q3

**25%**

# CEO Comments

## STABLE PROFITABILITY ON A HESITANT MARKET

Order intake decreased during the third quarter of the year as a result of a continued challenging macro-economic situation with a temporary weak demand. The picture is similar to what we have seen in recent quarters with pending investments by our customers and continued adjustments of inventory levels.

The quarter's order intake amounts to SEK 677 million (492), corresponding to a growth of 37%. Excluding Red Lion, we see an organic decrease in order intake by 8% compared to the corresponding period last year. We estimate that the quarter's order intake was negatively affected of approximately SEK 100 million due to our customers' inventory adjustments. With this, we see that our order book is down to a normal level.

Revenue for the quarter amounts to SEK 792 million (789). Excluding Red Lion, this is an organic decrease of 30% compared to the corresponding period last year. The organic turnover reduction is, as well as the order intake, a result of customers' inventory adjustments and a weak underlying market.

Our gross margin lands at 63.5% (65.4), which can be seen as a good level as production volumes compared to the previous year has decreased, and due to the dilution effect we get from Red Lion's slightly lower gross margin compared to HMS previous level. The gross margin is driven by a favorable product mix and a positive development of Red Lion's gross margin during the period.

We can conclude that the cost saving program announced earlier this year has resulted in the effects we expected and in combination with good cost control in general, the quarter's operating expenses amount to SEK 343 million (293). Amortization of excess values and items affecting comparability are included with a total of SEK 31 million. Organically, operating costs decreases by 22% compared to the corresponding period last year.

The adjusted operating profit for the quarter amounts to SEK 194 million (226), which corresponds to an operating margin of 24.5% (28.7). The quarter's cash flow from current operations amounts to SEK 205 million (167), helped by large inventory reductions.

In summary, we put a challenging quarter behind us marketwise. At the same time, what we can control in the short term has developed well with a good gross margin and cost control, as well as working capital reduction, which overall results in a good cash flow.

## EUROPE AND THE EMBEDDED BUSINESS REMAIN CHALLENGING

Europe continues to see a weak development, where the important automotive industry is struggling, and we see a general wait-and-see attitude from our customers. Stock adjustments are still ongoing and furthermore, the demand for our customers' products has in turn become weaker during the year.

In North America, we see, somewhat unexpectedly, a step back where the market continues to be challenging for our embedded businesses and Red Lion also has a weak quarter. However, we see that our distributors have a somewhat more positive view of their demand.

In Asia, just like before, our Japanese customers have large stocks and order intake is therefore still weak. China continues to develop positively, and we have the best quarter since Q1 2023.

Despite the challenging market, we have seen a good development of new design-wins during the year, which shows that there are underlying investments in HMS' technology.

## NEW ORGANIZATION TO STRENGTHEN CUSTOMER FO-

## CUS AND CROSS-SELLING

Since 2017, HMS has had a matrix organization with responsibility for sales in Market Units and product development in Business Units. With the strong organic growth HMS has shown in recent years, combined with the acquisitions of Red Lion Controls and most recently PEAK-System, we see an opportunity to become even more customer-focused, create clear responsibility for results and lay the foundation for further technology collaborations and synergies within the closely related businesses.

With this as a basis, HMS will change the organization from the first of January 2025 into three divisions consisting of Industrial Data Solutions (IDS), Industrial Network Technologies (INT) and New Industries (NI). More about this on page 6 of this report.

## ACQUISITION OF PEAK-SYSTEM AND DIVESTMENT OF THE BUSINESS MB CONNECT LINE

On October 1, HMS entered into a binding agreement to acquire PEAK-System, a well-established German industrial communications company that offers both hardware and software for industrial and automotive communications. PEAK-System, together with our Ixxat operations, will form an important part of our "New Industries" division, where we see good opportunities both for cross-selling and technology collaborations between the businesses.

On the same day, HMS entered into a binding agreement to divest the MB Connect Line business, which was part of the acquisition of Red Lion Controls earlier this year. MB Connect Line is a manufacturer of remote access and industrial IoT and security products with a large overlap with HMS's existing portfolio. The divestment is being made because HMS wants to focus its solutions for remote access, remote data and remote management under our Ewon brand, where we have a market leading position today.

Both transactions are expected to be completed during the fourth quarter this year.

With two major acquisitions in 2024, the focus in the coming year will be to integrate these operations and reduce the financial leverage for the group.

## OUTLOOK

The recovery in customer demand has taken longer than expected and some inventory adjustments are still ongoing as well as there is a general uncertainty due to the macroeconomic situation. We expect a gradual improvement in order intake during the first half of 2025.

We continue to work with a focus on long-term growth based on a balanced view of our costs. In the long term, we continue to assess that the market for Industrial ICT (Information & Communication Technology) will be an interesting area, both in terms of organic growth and acquisitions.



*The acquisition of PEAK System will be part of the new Vehicle Communication unit, which is led by Thomas Conz, here together with CEO Staffan Dahlström.*

# Order intake, net sales and earnings

## THIRD QUARTER

Order intake increased by 37% to SEK 677 m (492), of which currency translation effects amounted to SEK -18 m (-11). Organically, order intake decreased by 8%.

Net sales increased slightly to SEK 792 m (789). Currency translation effects amounted to SEK -5 m (39). Organically, net sales decreased by 30%.

Gross profit amounted to SEK 503 m (516), corresponding to a gross margin of 63.5% (65.4). Gross margin excluding Red Lion was 65.1% (63.9). Operating expenses amounted to SEK 343 m (293). Operating expenses include amortization of excess values of SEK 27 m and, transaction- and integration costs of SEK 4 m related to acquisitions. Organically, operating expenses decreased by 22%, corresponding to SEK 65 m.

Adjusted EBITDA amounted to SEK 226 m (255), corresponding to a margin of 28.6% (32.3). Depreciation and amortization amounted to SEK 59 m (32). The increase compared to the previous period is primarily due to amortization of excess values of SEK 24 m from the acquisition of Red Lion. Adjusted EBIT amounted to SEK 194 m (226), corresponding to a margin of 24.5% (28.7). Currency translation effects have increased operating profit by SEK 11 m (6). EBITDA amounted to SEK 222 m (255), corresponding to a margin of 28.1% (32.3). EBIT amounted to SEK 163 m (223), corresponding to a margin of 20.6% (28.2).

Net financials were SEK -45 m (-2), burdened by interest expenses of SEK 38 m in respect of loans and lease liabilities, which gave a profit before tax of SEK 118 m (220).

Adjusted profit after tax amounted to SEK 126 m (176). Adjusted basic earnings per share were SEK 2.51 (3.77). Profit after tax amounted to SEK 95 m (172). Basic earnings per share was SEK 1.89 (3.69).

## RED LION

Order intake for Red Lion amounted to SEK 244 m and net sales amounted to SEK 244 m. Adjusted for integration and restructuring costs, operating profit amounted to SEK 54 m, corresponding to a margin of 22.3%.

The preliminary purchase price allocation can be found in the interim report for the second quarter, 2024.

Quarterly data	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
<b>Order Intake (SEK m)</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>	<b>675</b>
Organic %	-8	-22	-36	-34	-25	-17	-20	-1	-11
Acquisition %	50	36	0	0	0	1	0	0	0
Currency translation effects %	-4	-5	5	-6	-2	2	-1	4	12
<b>Order backlog</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>	<b>1,453</b>
% of R12 Net sales	17	18	22	26	37	46	48	56	63
<b>Net Sales (SEK m)</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>624</b>
Organic %	-30	-20	-20	-3	20	10	40	22	23
Acquisition %	31	40	0	0	0	1	1	0	0
Currency translation effects %	-1	0	0	2	6	6	8	11	9
Gross margin (%)	63.5	61.9	62.6	65.3	65.4	64.7	64.8	63.6	63.6
<b>Adjusted EBIT (SEK m)<sup>1</sup></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>185</b>
<b>Adjusted EBIT (%)<sup>1</sup></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>	<b>29.6</b>
EBIT (SEK m)	163	104	130	169	223	150	211	192	179
EBIT (%)	20.6	12.3	21.1	22.3	28.2	21.4	27.4	25.1	28.7
<b>Adjusted basic earnings per share (SEK)<sup>1</sup></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>	<b>3.02</b>
Basic earnings per share (SEK) <sup>1</sup>	1.89	0.70	2.28	2.36	3.69	2.48	3.70	3.25	2.90

<sup>1</sup> Excluding items affecting comparability and amortization of excess values. Please see Adjusted EBIT in Economic Definitions on page 16.

## FIRST NINE MONTHS

Order intake increased by 2% to SEK 1,918 m (1,877), of which currency translation effects amounted to SEK -15 m (1). Organically, order intake decreased by 23%.

Net sales decreased by 1% to SEK 2,253 m (2,265), of which currency translation effects amounted to SEK -8 m (119). Organically, sales decreased by 24%.

Gross profit amounted to SEK 1,411 m (1,472), corresponding to a gross margin of 62.6% (65.0). Gross margin for the first nine months excluding Red Lion amounted to 64.2%. Operating expenses amounted to SEK 1,021 m (887). Operating expenses include restructuring costs of SEK 27 m, transaction and integration costs of SEK 22 m, and amortization of excess values of SEK 57 m. Organically, operating expenses have decreased by 18%, corresponding to SEK 159 m.

Adjusted EBITDA amounted to SEK 596 m (676), corresponding to a margin of 26.5% (29.8). Depreciation, amortization and write-downs amounted to SEK 151 m (92). The increase compared to the previous period is due to amortization of excess values of SEK 48 m from the acquisition of Red Lion. Adjusted EBIT amounted to SEK 503 m (596), corresponding to a margin of 22.3% (26.3). Currency translation effects have affected operating profit by SEK 4 m (23). EBITDA amounted to SEK 547 m (676), corresponding to a margin of 24.3% (29.8). EBIT amounted to SEK 396 m (584), corresponding to a margin of 17.6% (25.8).

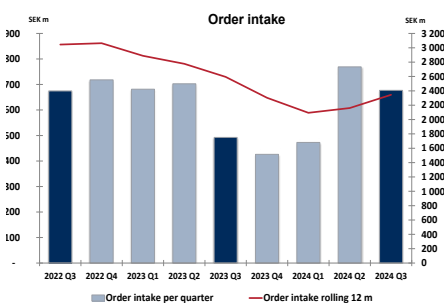
Net financials were SEK -103 m, (-7), burdened by interest expenses of SEK 84 m related to loans and lease liabilities, which gave a profit before tax of SEK 294 m (576).

Adjusted profit after tax amounted to SEK 342 m (472). Adjusted basic earnings per share were SEK 7.05 (10.12). Profit after tax amounted to SEK 235 m (460). Basic earnings per share was SEK 4.86 (9.87).

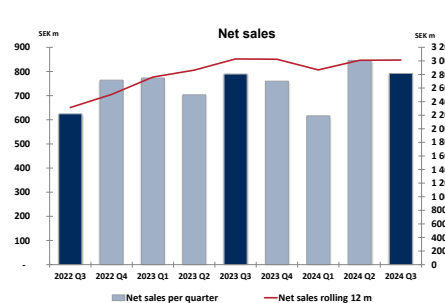
	Q3 2024			Q1-Q3 2024		
	HMS excl Red Lion	Red Lion	Total	HMS excl Red Lion	Red Lion <sup>1</sup>	Total
Order intake (SEK m)	433	244	677	1,421	497	1,918
Net sales (SEK m)	548	244	792	1,726	527	2,253
Adjusted EBIT (SEK m) <sup>2</sup>	140	54	194	396	106	503
Adjusted EBIT (%) <sup>2</sup>	25.5	22.3	24.5	23.0	20.2	22.3

<sup>1</sup> Amounts for Red Lion refer to Q2-Q3 2024

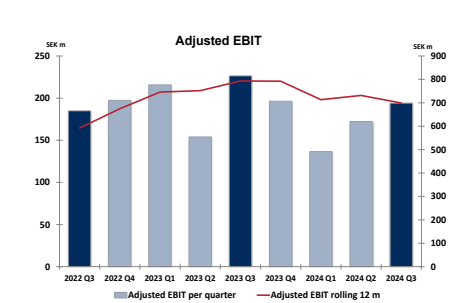
<sup>2</sup> Excluding items affecting comparability and amortization of excess values. Please see the section Adjusted EBIT in Economic Definitions on page 16.



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

## THIRD QUARTER

Cash flow from operating activities before changes in working capital amounted to SEK 136 m (245) for the third quarter. Changes in working capital were SEK 69 m (-78). Cash flow from operating activities was thereby SEK 205 m (167).

Cash flow from investing activities amounted to SEK -34 m (-9) and corresponds to investments in subsidiaries of SEK -12 m (-6) where a part of the payment for Red Lion was executed during the third quarter. Investments in intangible and tangible assets amounted to SEK -25 m (-3) mainly due to investments in the next generation Remote Access and Remote Data offering.

Cash flow from financing activities amounted to SEK -152 m (-70), primarily consisting of changes in external loans with SEK -133 m (-53) and amortizations in lease liabilities of SEK -15 m (-17). This results in a cash flow of SEK 19 m (89) for the third quarter.

## FIRST NINE MONTHS

Cash flow from operating activities before changes in working capital amounted to SEK 401 m (604) for the first nine months. Changes in working capital were SEK 15 m (-204). Cash flow from operating activities was thereby SEK 415 m (400).

Cash flow from investing activities amounted to SEK -3,898 m (-112) and mainly corresponds to investments in subsidiaries of SEK -3,811 m (-55). Investments in intangible and tangible assets amounted to SEK -91 m (-54) mainly due to investments in the next generation Remote Access and Remote Data offering.

Cash flow from financing activities amounted to SEK 3,454 m (-279), primarily consisting of changes in external loans with SEK 2,348 m (-34). 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 -45 m (-45). Repurchase of own shares has been made by SEK -5 m (-13) This results in a cash flow of SEK -28 m (10) for the first nine months.

## Cash and cash equivalents and net debt

Cash and cash equivalents amounted to SEK 98 m (153), and unused credit facilities to SEK 530 m (452). Net debt amounted to SEK 2,571 m (390), primarily consisting of changes in external loans with SEK 2,283 m (108). Furthermore, net debt consists of lease liabilities of SEK 248 m (284) and a debt corresponding to expected exercise price on option, in total SEK 137 million (128).

The net debt to adjusted EBITDA (for the last twelve months) ratio was 2.79 including proforma from Red Lion (0.43). The net debt to equity ratio was 80% (21), and the equity to asset ratio was 50% (60).

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 consists of a long-term loan facility and a revolving credit facility, equivalent to SEK 2,267 million as of September 30, 2024. Furthermore, a bridge loan facility of USD 120 m was engaged, which was repaid during the second quarter through a directed share issue.

Net debt, SEK millions	2024-09-30	2023-09-30	2023-12-31
Interest-bearing liabilities	2,283	108	2
Option debt	137	128	127
Other	1	23	23
Less: Cash and cash equivalents	-98	-153	-124
<b>Net debt excl. IFRS 16</b>	<b>2,323</b>	<b>106</b>	<b>28</b>
Lease liabilities	248	284	261
<b>Net debt incl. IFRS 16</b>	<b>2,571</b>	<b>390</b>	<b>289</b>
Net debt excl. IFRS 16/adjusted EBITDA R12	2.72 <sup>1</sup>	0.43	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 September 30, 2024, the total number of saved shares in ongoing programs amounted to 63,595 (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 first nine months amounted to SEK 0 m (0) and dividend from shares in subsidiaries was received with SEK 537 m (400). The profit after tax for the first nine months was SEK 537 m (400). 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

There are no significant events during the period to report.

## Subsequent events

### NEW ORGANIZATION TO STRENGTHEN CUSTOMER FOCUS AND CROSS-SELLING

On October 15, HMS announced a re-organization taking place from January 1, 2025, to gear up for continued growth. Following the organic growth over the last years and the recent acquisitions of Red Lion Controls and PEAK-System, HMS leaves the current matrix organization for benefit of a structure with three divisions to better serve the different customer groups and also group the product offerings to leverage technology synergies. The divisions consist of:

**Industrial Data Solutions (IDS):** Solutions to connect, secure, diagnose and visualize data in industrial applications. The main brands will include Red Lion®, Ewon® and N-tron® focusing on machine builders, system integrators and end-users within Industrial Automation.

**Industrial Network Technologies (INT):** Technology for communication, control and security in industrial devices. The main brand will be Anybus® focusing on device makers within Industrial Automation.

**New Industries (NI):** Industrial communication for niche applications in growing industries outside the Industrial Automation markets. Building Automation and Vehicle Communication will be under New Industries. Main brands will be Intesis®, Ixxat®, PEAK-System® and Owasys®.

As a result of the new organization there will be about 40 positions, primarily within management and the sales and marketing organization, that will become redundant. Including the recent acquisition of PEAK-System and the divestment of MB Connect Line, HMS will have over 1,100 employees from January 1, 2025. The restructuring following the organizational change is expected to result in full year savings of SEK 40 million, with full impact from January 1, 2025, and will come with restructuring costs of SEK 25 million that will impact the fourth quarter 2024. The change also means that HMS will start with segment reporting from the first quarter of 2025.

### ACQUISITION PEAK-SYSTEM

October 1, 2024, HMS entered into a binding agreement with DOGAWIST-Investment GmbH to acquire 100% of the shares in PEAK-System Technik GmbH ("PEAK-System"), a well-established German provider of industrial communication solutions. Cash consideration amounts to EUR 69 million (approximately SEK 780 million)<sup>1</sup>, on a cash and debt free basis (Enterprise Value).

In the twelve-month period ending on September 30, 2024, PEAK-System reported sales of about EUR 25 million and an adjusted EBITDA-margin of about 30%<sup>2</sup>. Transaction- and integration costs are expected to be around SEK 10 million, with impact on 2024 and 2025. The acquisition will be financed through a combination of existing financing arrangements and a new term loan of EUR 30 million provided by Skandinaviska Enskilda Banken AB (Publ) and the Swedish Export Credit Corporation (Sw. AB Svensk Exportkredit).

The transaction is expected to close on November 1, 2024, and is expected to be accretive to HMS' earnings per share from completion of the acquisition (excluding any non-cash amortization impacts from the transaction).

<sup>1</sup> To be determined in SEK upon closing

<sup>2</sup> The EBITDA numbers have been adjusted to reflect how the PEAK-System business would, on a preliminary and indicative basis, be reported in the HMS group. The financial information presented herein refers to unaudited figures. The adjusted EBITDA excludes any potential synergies, transaction costs and integration costs from the acquisition.

## DIVESTMENT MB CONNECT LINE

October 1, 2024, HMS entered into a binding agreement to divest all shares in Red Lion Europe GmbH, located in Dinkelsbühl, Germany for a cash consideration of EUR 5 million. Business operations are continued by the company's long-standing managers. The business today employs about 30 people with Net Sales of EUR 5 million for the twelve-month-period ending September 30, 2024.

Closing of the transaction is expected to take place within two months. The divestment will have an insignificant impact on HMS' earnings per share.

## Outlook

The recovery in customer demand has taken longer than expected and some inventory adjustments are still ongoing as well as there is a general uncertainty due to the macroeconomic situation. HMS expects a gradual improvement in order intake during the first 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.

## 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.

Shareholders who wish to present proposals to HMS' Nomination Committee may do so by e-mail to: [valberedningen@hms.se](mailto:valberedningen@hms.se) or in writing to: HMS Networks AB, Att: Nomination Committee, Box 4126, SE 300 04 Halmstad, Sweden no later than January 9, 2025.

## 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 September 30, 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.

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 Dinkelsbühl 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 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

- Year-end report 2024 will be published on January 28, 2025
- 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

Halmstad October 18, 2024

Staffan Dahlström  
Chief Executive Officer

Further information can be obtained by:  
Staffan Dahlström, CEO, +46 (0)35 17 29 01  
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 CEST on October 18, 2024.

## Conference call

**OCTOBER 18, 2024 (09:00 CEST)**

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

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



## 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, 2024, 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 not enable 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 18, 2024  
Öhrlings PricewaterhouseCoopers AB

Johan Palmgren  
Authorized Public Accountant

## Consolidated income statement in summary

SEK millions	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	R12 2024	Q1-Q4 2023
Net sales	792	789	2,253	2,265	3,012	3,025
Cost of goods and services sold	-289	-273	-841	-793	-1,105	-1,057
<b>GROSS PROFIT</b>	<b>503</b>	<b>516</b>	<b>1,411</b>	<b>1,472</b>	<b>1,907</b>	<b>1,967</b>
Selling expenses	-175	-148	-503	-428	-662	-588
Administration expenses	-66	-68	-208	-216	-274	-282
Research and development expenses	-71	-76	-203	-234	-289	-319
Other operating income	3	-	7	-	15	9
Other operating expenses <sup>1</sup>	-31	-1	-107	-9	-131	-33
<b>OPERATING PROFIT</b>	<b>163</b>	<b>223</b>	<b>396</b>	<b>584</b>	<b>566</b>	<b>753</b>
Financial income and expenses <sup>2</sup>	-45	-2	-103	-7	-131	-35
Results from associated companies	0	0	0	-1	1	-1
<b>PROFIT BEFORE TAX</b>	<b>118</b>	<b>220</b>	<b>294</b>	<b>576</b>	<b>436</b>	<b>717</b>
Income tax	-24	-48	-59	-115	-90	-147
<b>PROFIT FOR THE PERIOD</b>	<b>95</b>	<b>172</b>	<b>235</b>	<b>460</b>	<b>345</b>	<b>571</b>
Earnings per share regarding profit attributed to parent company shareholders:						
Basic (SEK)	1.89	3.69	4.86	9.87	7.18	12.23
Diluted (SEK)	1.88	3.68	4.85	9.84	7.17	12.19

<sup>1</sup> During the fourth quarter of 2023, the Group reported restructuring costs of SEK 7 million. The Group also reported transaction costs for the acquisition of Red Lion of SEK 17 million. During 2024, the Group reports restructuring costs of SEK 27 million, and transaction-, and integration costs for acquisitions of SEK 22 million. From the second quarter of 2024, amortization of excess values of SEK 57 million is also included, of which SEK 48 million relates to Red Lion.

<sup>2</sup> During the second quarter of 2024, HMS signed a new amortization loan and a revolving facility which resulted in interest expenses of SEK 38 million in the third quarter and SEK 84 million for the first nine months.

## Consolidated statement of comprehensive income in summary

SEK millions	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	R12 2024	Q1-Q4 2023
Profit for the period	95	172	235	460	345	571
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified subsequently to income statement</b>						
Cash flow hedges	-3	10	-7	5	29	41
Hedging of net investments	43	1	82	-5	83	-4
Translation differences <sup>1</sup>	-185	-8	-201	75	-280	-5
Income tax relating to components of other comprehensive income	6	-2	3	0	-4	-7
<b>Other comprehensive income for the period, net of tax</b>	<b>-138</b>	<b>1</b>	<b>-122</b>	<b>74</b>	<b>-172</b>	<b>24</b>
<b>Total comprehensive income for the period attributed to the parent company shareholders</b>	<b>-43</b>	<b>173</b>	<b>113</b>	<b>535</b>	<b>173</b>	<b>595</b>

<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 millions	2024-09-30	2023-09-30	2023-12-31
<b>ASSETS</b>			
Goodwill <sup>1</sup>	3,614	1,167	1,117
Other intangible assets <sup>1</sup>	898	282	276
Property, plant and equipment	181	73	70
Right-of-use	253	289	266
Deferred tax assets	41	25	21
Interest in associates	13	13	13
Other non-current assets	15	18	21
<b>Total non-current assets</b>	<b>5,015</b>	<b>1,867</b>	<b>1,783</b>
Inventories	784	548	589
Trade receivables	370	442	385
Other receivables	171	131	130
Cash and cash equivalents	98	153	124
<b>Total current assets</b>	<b>1,423</b>	<b>1,274</b>	<b>1,228</b>
<b>TOTAL ASSETS</b>	<b>6,438</b>	<b>3,141</b>	<b>3,011</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributed to parent company shareholders	3,196	1,869	1,933
<b>Total equity</b>	<b>3,196</b>	<b>1,869</b>	<b>1,933</b>
<b>Liabilities</b>			
Interest-bearing liabilities <sup>2</sup>	2,066	15	16
Non-interest-bearing liabilities	137	130	127
Lease liabilities	184	227	202
Deferred tax liability	126	78	104
<b>Total non-current liabilities</b>	<b>2,513</b>	<b>450</b>	<b>449</b>
Interest-bearing liabilities <sup>2</sup>	217	106	1
Non-interest-bearing liabilities	1	8	8
Lease liabilities	64	57	59
Trade payables	140	258	250
Other liabilities	308	392	312
<b>Total current liabilities</b>	<b>730</b>	<b>821</b>	<b>630</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,438</b>	<b>3,141</b>	<b>3,011</b>

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

<sup>2</sup> During the second quarter 2024, HMS signed a new amortization loan and a revolving credit facility, equivalent to SEK 2,267 million as of September 30 2024. Amortization is done on a quarterly basis.

## Consolidated cash flow statement in summary

SEK millions	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	R12 2024	Q1-Q4 2023
Cash flow from current operations before changes in working capital	136	245	401	604	547	751
Change in working capital	69	-78	15	-204	-13	-232
<b>Cash flow from operating activities</b>	<b>205</b>	<b>167</b>	<b>415</b>	<b>400</b>	<b>534</b>	<b>519</b>
Acquisition of subsidiaries	-12	-6	-3,811	-55	-3,811	-55
Investments in intangible fixed assets	-18	-5	-61	-20	-77	-36
Investments in tangible fixed assets	-7	1	-30	-34	-34	-38
Other investments	3	0	4	-3	1	-6
<b>Cash flow from investing activities</b>	<b>-34</b>	<b>-9</b>	<b>-3,898</b>	<b>-112</b>	<b>-3,921</b>	<b>-135</b>
Borrowings and repayment of borrowings, net	-133	-53	2,348	-34	2,241	-141
Share issue	-	-	1,390	-	1,390	-
Dividend to shareholders	-2	-	-225	-187	-225	-187
Amortization of lease liabilities	-15	-17	-45	-45	-60	-60
Other financing items	-3	-	-13	-13	-13	-13
<b>Cash flow from financing activities</b>	<b>-152</b>	<b>-70</b>	<b>3,454</b>	<b>-279</b>	<b>3,333</b>	<b>-400</b>
<b>Cash flow for the period</b>	<b>19</b>	<b>89</b>	<b>-28</b>	<b>10</b>	<b>-55</b>	<b>-16</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>102</b>	<b>66</b>	<b>124</b>	<b>144</b>	<b>153</b>	<b>144</b>
Exchange rate effects	-23	-1	2	0	-1	-4
<b>Cash and cash equivalents at the end of the period</b>	<b>98</b>	<b>153</b>	<b>98</b>	<b>153</b>	<b>98</b>	<b>124</b>

## Consolidated changes of Equity in summary

SEK millions	2024-09-30	2023-09-30	2023-12-31
Opening balance at January 1	1,933	1,610	1,610
Total comprehensive income for the period	113	535	595
Cost of share-based remuneration	6	9	11
Repurchase of own shares	-11	-13	-13
Share issue <sup>1</sup>	1,390	-	-
Option <sup>2</sup>	-9	-84	-83
Dividend <sup>3</sup>	-225	-187	-187
<b>Closing equity attributed to the parent company's shareholders</b>	<b>3,196</b>	<b>1,869</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 Owasy. 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, Owasy 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

	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	R12 2024	Q1-Q4 2023
<b>Revenue growth</b>						
Change in net sales (%)	0.3	26.4	-1	30.0	-1	20.7
<b>Profitability</b>						
Gross marginal (%)	63.5	65.4	62.6	65.0	63.3	65.0
Adjusted EBITDA (MSEK)	226	255	596	676	821	877
Adjusted EBITDA (%)	28.6	32.3	26.5	29.8	27.3	29.0
Adjusted EBIT (MSEK)	194	226	503	596	699	792
Adjusted EBIT (%)	24.5	28.7	22.3	26.3	23.2	26.2
EBIT (MSEK)	163	223	396	584	566	753
EBIT (%)	20.6	28.2	17.6	25.8	18.8	24.9
<b>Return</b>						
Return on capital employed (%)	-	-	-	-	15.6	35.9
Return on shareholder's equity (%)	-	-	-	-	14.0	32.3
<b>Financial strength</b>						
Net debt/adjusted EBITDA R12 <sup>2</sup>	-	-	-	-	2.79	0.43
Net debt/equity ratio	0.80	0.21	0.80	0.21	0.80	0.15
Equity/assets ratio (%)	49.6	59.5	49.6	59.5	49.6	64.2
Capital turnover rate	-	-	-	-	0.67	1.02
<b>Stock data</b>						
Equity per share (SEK)	64.16	38.21	51.96	36.93	49.02	37.82
Cash flow from operating activities per share (SEK)	4.09	3.59	8.58	8.58	11.11	11.12
Adjusted earnings per share	2.51	3.77	7.05	10.12	9.99	13.07
Total number of shares (average, thousands)	50,319	46,819	48,569	46,819	48,219	46,819
Holding of own shares (average, thousands)	143	163	148	166	151	166
Total outstanding shares (average, thousands)	50,175	46,656	48,421	46,653	48,068	46,653
<b>Personal data</b>						
Average number of employees (FTE) <sup>1</sup>	1,130	814	1,035	798	981	803
Female employees (%)	30.4	27,2	29.5	27.2	28.8	27.1
Female managers (%)	27.5	22,7	25.8	22.0	24.9	22.1

<sup>1</sup> The key ratio for Q1-Q4 2023 have been corrected as incorrect values were reported in previous reports.

<sup>2</sup> The KPI includes proforma from acquisitions

## Quarterly data

Division of net sales per brand, SEK m	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Anybus	273	269	320	450	486	381	440	431	364
Ixxat	53	56	62	84	91	78	62	60	61
Ewon	119	121	100	116	117	126	157	143	114
Intesis	59	70	59	59	60	64	56	49	39
Red Lion	244	283	-	-	-	-	-	-	-
Other	44	47	75	52	34	54	59	81	45
<b>Total</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>624</b>

Net sales by region, SEK m	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
EMEA	348	369	349	447	486	414	463	486	378
Americas	332	355	144	175	160	169	165	148	127
APAC	112	121	124	138	143	120	145	130	119
<b>Total</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>624</b>

Income statement in summary, SEK m	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
<b>Net sales</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>624</b>
<b>Gross profit</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>	<b>397</b>
<i>Gross margin (%)</i>	63.5	61.9	62.6	65.3	65.4	64.7	64.8	63.6	63.6
<b>Adjusted EBIT</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>185</b>
<i>Adjusted EBIT (%)</i>	24.5	20.4	22.2	25.8	28.7	21.9	27.9	25.8	29.6

## Parent company's income statement in summary

SEK millions	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	R12 2024	Q1-Q4 2023
Net sales	6	5	19	17	27	25
<b>Gross profit</b>	<b>6</b>	<b>5</b>	<b>19</b>	<b>17</b>	<b>27</b>	<b>25</b>
Administrative expenses	-6	-5	-19	-17	-27	-24
<b>Operating profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
Profit from interest in Group companies	-	-	537	400	593	455
Interest income/expenses and similar items	0	0	0	0	12	12
<b>Profit before tax</b>	<b>0</b>	<b>0</b>	<b>537</b>	<b>400</b>	<b>606</b>	<b>468</b>
Income tax	-	-	-	-	-3	-3
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>537</b>	<b>400</b>	<b>603</b>	<b>465</b>

## Parent company's balance sheet in summary

SEK millions	2024-09-30	2023-09-30	2023-12-31
<b>ASSETS</b>			
Financial assets <sup>1</sup>	1,727	337	337
<b>Total financial assets</b>	<b>1,727</b>	<b>337</b>	<b>337</b>
Receivables from Group companies	940	569	640
Other receivables	1	2	0
Cash and cash equivalents	3	2	2
<b>Total current assets</b>	<b>945</b>	<b>573</b>	<b>642</b>
<b>TOTAL ASSETS</b>	<b>2,671</b>	<b>910</b>	<b>980</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>2,659</b>	<b>898</b>	<b>964</b>
<b>Current liabilities</b>			
Trade receivables	0	0	1
Other liabilities	12	12	14
<b>Total current liabilities</b>	<b>12</b>	<b>12</b>	<b>15</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,671</b>	<b>910</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, and integration-, transaction from acquisitions and restructuring costs.

## ADJUSTED EBITDA

EBITDA excluding integration and transaction 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.

## 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 income according to income statement.

## EBITDA

Operating profit excluding amortization and depreciation of intangible assets, and property, plant, and equipment.

## 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.

During the second quarter of 2024, the acquisition of Red Lion was completed. As the acquisition gives rise to large amortizations of excess values as well as transaction and integration costs, we have chosen to adjust the KPIs "Adjusted EBITDA" and "Adjusted EBIT" in order to monitor and evaluate the business. During 2024, restructuring costs has incurred which are of a non-recurring nature and are included in the KPIs.

The key figures have been adjusted for previous periods in order to provide fair comparability.

### ADJUSTED EBITDA

SEK millions	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	R12 2024	Q1-Q4 2023
EBITDA	222	255	547	676	748	877
Restructuring costs	0	-	27	-	34	-
Transaction costs	2	-	15	-	31	-
Integration costs	2	-	7	-	7	-
<b>Adjusted EBITDA</b>	<b>226</b>	<b>255</b>	<b>596</b>	<b>676</b>	<b>821</b>	<b>877</b>
Net sales	792	789	2,253	2,265	3,012	3,025
Adjusted EBITDA (%)	28.6	32.3	26.5	29.8	27.3	29.0

### ADJUSTED EBIT

SEK millions	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	R12 2024	Q1-Q4 2023
EBIT	163	223	396	584	566	753
Amortization of excess values from acquisitions	27	4	57	12	61	16
Restructuring costs	0	-	27	-	34	7
Transaction costs	2	-	15	-	31	17
Integration costs	2	-	7	-	7	-
<b>Adjusted EBIT</b>	<b>194</b>	<b>226</b>	<b>503</b>	<b>596</b>	<b>699</b>	<b>792</b>
Net sales	792	789	2,253	2,265	3,012	3,025
Adjusted EBIT (%)	24.5	28.7	22.3	26.3	23.2	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.