



HMS Networks

Interim report: January - March 2025

Hardware Meets Software™

First quarter

- Order intake for the first quarter increased by 97% to SEK 930 m (473). Organically, order intake increased by 12%, acquired growth was 89% and currency effects impacted by -4%
- Net sales increased by 44% to SEK 890 m (616). Organically, net sales decreased by 17%. Acquired growth was 59% and currency translations impacted by 2%
- Adjusted EBIT reached SEK 218 m (137), equal to a 24.5% (22.2) adjusted operating margin
- EBIT reached SEK 175 m (130), equal to a 19.6% (21.1) operating margin
- Adjusted profit after tax totaled SEK 159 m (113) and adjusted basic earnings per share was SEK 3.17 (2.43)
- Profit after tax totaled SEK 115 m (107) and basic earnings per share was SEK 2.29 (2.28)
- Cash flow from operating activities amounted to SEK 187 m (58)
- New organizational structure from 2025 to strengthen customer focus and cross-selling

Last twelve months

- Order intake for the last twelve months increased by 56% to SEK 3,269 m (2,094). Organically, order intake decreased by 6%, acquired growth was 62% and currency translations did not have any significant impact
- Net sales increased by 16% to SEK 3,333 m (2,868). Organically, net sales decreased by 26%, acquired growth was 42% and currency translations did not have any significant impact
- Adjusted EBIT reached SEK 747 m (713), equal to a 22.4% (24.9) adjusted operating margin
- EBIT reached SEK 548 m (672), equal to a 16.4% (23.4) operating margin
- Adjusted profit after tax totaled SEK 518 m (546) and adjusted basic earnings per share was SEK 10.40 (11.70)
- Profit after tax totaled SEK 319 m (505) and basic earnings per share was SEK 6.43 (10.82)
- Cash flow from operating activities amounted to SEK 721 m (422)
- Two long-term value-adding acquisitions in Red Lion and PEAK-System

Order intake
Q1

+97%

Net sales
Q1

+44%

Adjusted EBIT-margin
Q1

25%

CEO Comments

GOOD START TO THE YEAR IN A DIFFICULT-TO-NAVIGATE MARKET

During the first quarter of the year, we see a continued positive trend in both order intake and net sales. Order intake amounted to SEK 930 million (473), corresponding to growth of 97%, of which 12% was organic.

Since the beginning of the year, we have been organized into three divisions, Industrial Data Solutions (IDS), Industrial Network Technology (INT) and New Industries (NI). All three divisions have shown good development during the quarter, with the INT division making the largest contributions to the positive development, as customers' previous inventory reductions are now mostly made. Last year's two acquisitions, Red Lion Controls and PEAK-System, which are now integrated within IDS division and NI division respectively, also show good momentum during the beginning of the year.

Net sales for the quarter amounted to SEK 890 million (616), corresponding to growth of 44%, organically this corresponds to a decrease of 17%. The large difference in organic development between order intake and net sales is explained by the fact that during the corresponding quarter last year, we had a large order book to deliver from, while order intake was dampened by inventory adjustments at our customers. Now the system is in better balance.

During the quarter, we have built order book and have a book-to-bill of 1.09 excluding currency effects, which we see as very positive for the future.

Geographically, Germany and Central Europe are still relatively weak, while the USA is doing better. We also note that our relatively new business in the Middle East, based in Dubai, is showing strong growth, not least in communication for building automation. After a couple of years characterized by the pandemic and component shortages disturbing the industry's supply chains, we had foreseen a period of stabilization in the market. With great uncertainty about upcoming tariffs, we see increasing concern that this could create a delayed recovery. Furthermore, we have seen a rapid and significant strengthening of the Swedish Krona in relation to our two largest trading currencies, USD and EUR, which negatively affects the company's profitability going forward.

OPERATING MARGIN ON TRACK TOWARDS TARGET

Increased volumes and a good product mix resulted in a gross margin for the Group of 63.0% (62.6). This is a good margin considering last year's acquisitions which had a dilutive effect. The cost level decreased by 6% organically and is only marginally higher than in the previous quarter, which is largely an effect of the reorganization carried out at the turn of the year and good cost control in the operations.

The adjusted operating profit amounts to pleasing SEK 218 million (137), corresponding to a margin of 24.5%, which is an improvement compared to the previous year and well on track towards the target of 25%. With a relatively high level of debt, cash flow is in focus and amounts to a good SEK 187 million (58), which contributes to reducing the net debt in relation to adjusted operating profit before depreciation to 3.05 excluding IFRS16.

GOOD DEVELOPMENT FOR RED LION AND PEAK-SYSTEM

Last year's acquisitions, Red Lion and PEAK-System, which are now integrated into HMS's new organizational structure, have developed well in the quarter. Red Lion has had a continued strong project business in both visualization and Edge platforms as well as network switches.

PEAK-System has had a good start in HMS, where we have also seen some American distributors taking the opportunity to build inventory before the new tariffs come into effect.

NEW DIVISIONAL STRUCTURE LAUNCHED

Our first quarter with the new organizational structure has been successful and most new roles are working well, although some work with system integration is still in progress. The focus has been on ensuring that our customers remain satisfied while we form new teams and ways of collaborating within each division.

During the quarter, a new strategy work has also been initiated to look beyond 2025. The results of this will be presented at the company's Capital Markets Day on September 9.

TARIFFS

At the time of writing, tariffs of 10% have been imposed on products exported from the EU to the US and very high tariffs between China and the US. About 15% of our sales is exported from the EU to North America, with the majority to the US. There are also certain components that are imported from China to the US that will result in cost increases for our US manufacturing unit. The proportion of products that we manufacture in the US and export to China is small, less than a half percent of the net sales of the Group.

To handle the new tariff situation, management has introduced measures from mid-April to minimize the impact on earnings by reviewing logistics flows and prices. The consequences will likely be seen in the form of slightly higher sales and a slightly lower gross margin.

We expect Red Lion to have a favorable position due to the large portion of its manufacturing in the US, while several of its closest competitors manufacture in Europe or Asia. The Red Lion acquisition has given us local production capacity in the US, which we intend to use over time for more of HMS's products sold in the US.

OUTLOOK

It is currently difficult to predict how the market will develop in the short term. How the tariff situation will develop will play a large role in the investment willingness of many companies. As before, we are cautiously positive about the development during the year, but with renewed uncertainty regarding the macroeconomic situation. In the longer term, we believe that incentives to increase companies' manufacturing in the US will create a greater need for automation, digitalization and communication for industrial applications which is positive for HMS.

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 constitute an interesting area, both in terms of organic growth and acquisitions.



Staffan Dahlström, CEO and Jenifer Prisco, Group Legal Council, on site in York for preparations regarding tariffs.

Order intake, net sales and earnings

FIRST QUARTER

Order intake increased by 97% to SEK 930 m (473), of which currency translation effects amounted to SEK -18 m (37). Organically, order intake increased by 12%, and acquired growth was 89%.

Net sales increased by 44% to SEK 890 m (616). Currency translation effects amounted to SEK 13 m (-2). Organically, net sales decreased by 17%, and acquired growth was 59%.

Gross profit amounted to SEK 561 m (385), corresponding to a gross margin of 63.0% (62.6). Operating expenses amounted to SEK 390 m (256). Operating expenses include restructuring-, transaction- and integration costs of SEK 13 m and amortization of excess values of SEK 31 m. Organically, operating expenses decreased by 6%, corresponding to SEK 15 m.

Adjusted EBITDA amounted to SEK 257 m (163), corresponding to a margin of 28.9% (26.5). Depreciation and amortization amounted to SEK 70 m (30). The increase compared to the previous period is primarily due to amortization of excess values of SEK 28 m from the acquisition of Red Lion and PEAK-System. Adjusted EBIT amounted to SEK 218 m (137), corresponding to a margin of 24.5% (22.2). EBITDA amounted to SEK 244 m (160), corresponding to a margin of 27.4% (26.0). EBIT amounted to SEK 175 m (130), corresponding to a margin of 19.6% (21.1). Currency translation effects have affected operating profit by SEK 8 m (-3).

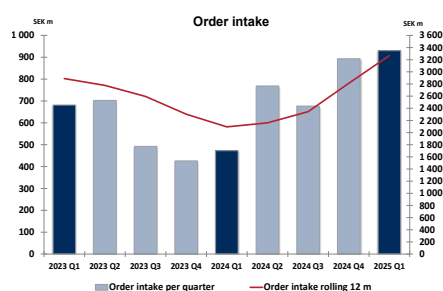
Net financials were SEK -30 m (3), burdened by interest expenses of SEK 34 m in respect of loans and lease liabilities, which gave a profit before tax of SEK 144 m (133).

Adjusted profit after tax amounted to SEK 159 m (113). Adjusted basic earnings per share were SEK 3.17 (2.43). Profit after tax amounted to SEK 115 m (107). Basic earnings per share was SEK 2.29 m (2.28).

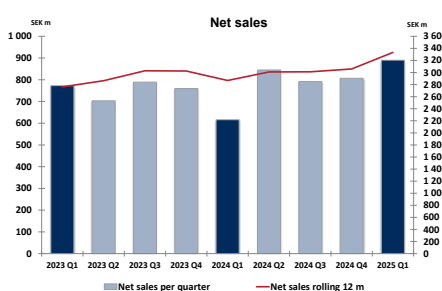
Quarterly data for the Group	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Order Intake (SEK m)	930	893	677	769	473	426	492	703	682
Organic %	12	2	-8	-22	-36	-34	-25	-17	-20
Acquisition %	89	92	50	36	0	0	0	1	0
Currency translation effects % ¹	-4	16	-4	-5	5	-6	-2	2	-1
Order backlog	736	703	605	713	641	778	1,106	1,316	1,316
% of R12 Net sales	21	20	17	18	22	26	37	46	48
Net Sales (SEK m)	890	807	792	845	616	760	789	703	773
Organic %	-17	-33	-30	-20	-20	-3	20	10	40
Acquisition %	59	40	31	40	0	0	0	1	1
Currency translation effects %	2	0	-1	0	0	2	6	6	8
Gross margin (%)	63.0	62.6	63.5	61.9	62.6	65.3	65.4	64.7	64.8
Adjusted EBIT (SEK m)²	218	163	194	172	137	196	226	154	216
Adjusted EBIT (%)²	24.5	20.2	24.5	20.4	22.2	25.8	28.7	21.9	27.9
EBIT (SEK m)	175	106	163	104	130	169	223	150	211
EBIT (%)	19.6	13.2	20.6	12.3	21.1	22.3	28.2	21.4	27.4
Adjusted basic earnings per share (SEK)²	3.17	2.60	2.51	2.12	2.43	2.94	3.77	2.56	3.79
Basic earnings per share (SEK)²	2.29	1.49	1.89	0.70	2.28	2.36	3.69	2.48	3.70

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

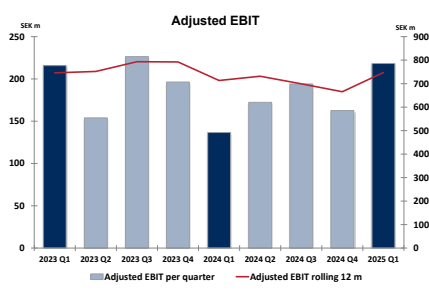
² Excluding items affecting comparability and amortization of excess values. Please see Adjusted EBIT in Economic Definitions on page 16.



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.

Industrial Data Solutions

Solutions to connect, secure, diagnose and visualize data in industrial applications.

The Industrial Data Solutions division (IDS) ensure that data from industrial equipment can be transferred to IT systems securely. Customers can collect, process and visualize data from sensors and machines, providing a better overview and easier decision-making. Data can be provided remotely via the internet, as well as via internal systems and machine displays on site. HMS is a market leader in remote access and data connectivity for machines.

FINANCIAL OVERVIEW

SEK M	Q1 2025	Q1 2024
Order intake ¹	459	412
Net Sales ¹	418	409
Adjusted EBIT ²	93	
Adjusted EBIT, % ²	22.2	

¹ Comparable figures for 2024 contain proforma and has been reallocated in accordance with the divisional structure.

² As the organizational structure has changed from January 1, 2025, it has not been possible to obtain accurate comparative figures for the performance measure for the periods prior to the organizational change.

FIRST QUARTER

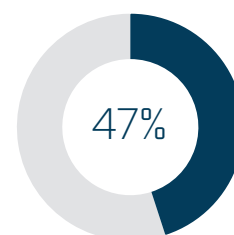
The Industrial Data Solutions division starts the year with increased demands for industrial communication solutions, mainly attributed to N-Tron Switches, Red Lion HMIs (Human Machine Interfaces) and Ewon solutions for Remote Access and Remote Data. Order intake increased by 12% to SEK 459 m (412), mainly driven by projects regarding Switches and HMIs. Net sales have increased by 2% to SEK 418 m (409), where Ewon stands for a continued recovery.

One of the key highlights during the quarter was the successful customer and distribution events, where the IDS division showcased the new Ewon Edge and Ewon Cloud solutions, emphasizing their position as an innovation leader. Meanwhile, the integration of Red Lion progressed well, several cost synergies have been realized, and the result of sales synergies are starting to show.

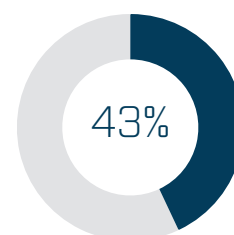


Ewon Cloud and Ewon Edge solutions

Share of the Group's net sales



Share of the Group's adjusted EBIT



Net sales break-down by market



■ EMEA, 27%
■ APAC, 7%
■ Americas, 66%

Industrial Network Technology

Technology for communication, control and security in industrial devices.

The Industrial Network Technology division (INT) facilitate real-time communication between devices, machines and systems in industrial automation. The products connect different communication technologies – wired or wireless. There are many different industrial communication protocols depending on geographic market and segment.

FINANCIAL OVERVIEW

SEK M	Q1 2025	Q1 2024
Order intake ¹	250	203
Net Sales ¹	257	345
Adjusted EBIT ²	72	
Adjusted EBIT, % ²	27.9	

¹ Comparable figures for 2024 contain proforma and has been reallocated in accordance with the divisional structure.

² As the organizational structure has changed from January 1, 2025, it has not been possible to obtain accurate comparative figures for the performance measure for the periods prior to the organizational change.

FIRST QUARTER

In the first quarter, the Industrial Network Technology division noted a recovery in order intake. The order intake increased 23% to SEK 250 m (203), attributed by device manufactures purchasing Embedded solutions. Net sales decreased 26% to SEK 257 m (345), mainly impacted by the substantial order backlog that supported the deliveries still existed in Q1 2024. The orderbook is now on a normal level.

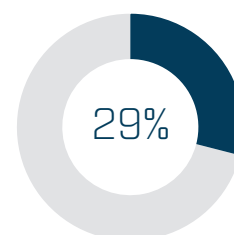
Last year's work on streamlining the organization and creating the new divisional structure has resulted in strengthened profitability within the INT division. Despite the lower net sales, the INT division could deliver a stable operating margin in the first quarter.

The growing focus on Cybersecurity and regulations like The Cyber Resilience Act (CRA) and Radio Equipment Directive (RED) requires increased development work for many companies. For the INT division this is a strategic opportunity to differentiate and add additional value to the customers. The INT division has maintained its leading position in secure product development by successfully passing the recertification audit for IEC 62443-4-1 at Mature Level 3 (ML3).

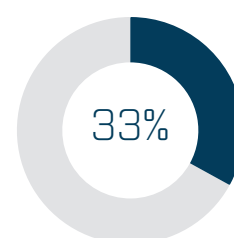


The INT division are actively working to maintain their leading position within cyber security

Share of the Group's net sales



Share of the Group's adjusted EBIT



Net sales break-down by market



■ EMEA, 58%
■ APAC, 25%
■ Americas, 17%

New Industries

Industrial communication for niche applications in growing industries.

The New Industries division (NI) consists of two areas, Building Automation and Vehicle Communication.

Building Automation delivers communicating solutions that are designed for buildings, such as air conditioning, lighting, heat pumps, meters, etc. Building automation is a rapidly growing market, where HMS enjoys excellent growth opportunities for the future.

Vehicle Communication solves challenges for, among other things, communication between test stations and vehicles, simulation tools and remote monitoring of heavy vehicles such as loaders and excavators.

FINANCIAL OVERVIEW

SEK M	Q1 2025	Q1 2024
Order intake ¹	221	210
Net Sales ¹	215	213
Adjusted EBIT ²	53	
Adjusted EBIT, % ²	24.8	

¹ Comparable figures for 2024 contain proforma and has been reallocated in accordance with the divisional structure.

² As the organizational structure has changed from January 1, 2025, it has not been possible to obtain accurate comparative figures for the performance measure for the periods prior to the organizational change.

FIRST QUARTER

During the first quarter, the New Industries division delivered increased net sales and order intake, despite a relatively strong comparison quarter. Order intake increased 5% to SEK 221 m and net sales increased marginally to SEK 215 m (213).

The market in Central Europe, particularly Germany, France and the Benelux Region remained weak, whereas the rest of the world showed a steady growth. The demand for solutions within vehicle communication has especially grown in the USA, partly influenced by speculation prior to the introduction of custom duties on commercial goods, which is estimated to have resulted in approximately SEK 15 m in earlier order and net sales. The acquisition of PEAK-System Technik GmbH has developed well and the integration is going forward.

On the product side the NI division successfully launched a PCAN-XL Starter Bundle for the next generation in-vehicle networks. A product design that integrates Daikin Altherna heat pumps has also launched during the quarter. For building automation, the end market in the Middle East has experienced strong growth and emerged as a key market. The NI division has also exhibited at several fairs during the quarter, such as Embedded World, Ahr Expo and ISE Expo.

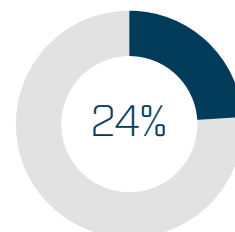


Product design for integration of Daikin Altherna heat pumps

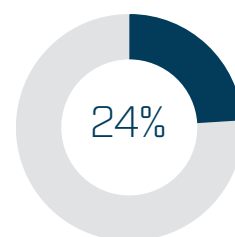


PCAN-XL Starter Bundle for the next generation in-vehicle networks

Share of the Group's net sales



Share of the Group's adjusted EBIT



Net sales break-down by market



■ EMEA, 65%
■ APAC, 13%
■ Americas, 22%

Cash flow, investments and financial position

FIRST QUARTER

Cash flow from operating activities before changes in working capital amounted to SEK 139 m (130) for the first quarter. Changes in working capital were SEK 48 m (-72). Cash flow from operating activities was thereby SEK 187 m (58).

Cash flow from investing activities amounted to SEK -34 m (-35) and corresponds to investments in intangible and tangible assets of SEK -32 m (-39).

Cash flow from financing activities amounted to SEK -119 m (-21), primarily consisting of changes in bank loans of SEK -101 m (1). Moreover, amortizations of lease liabilities were SEK -18 m (-15). Dividend to minority was made of SEK -2 m (-2). This results in a cash flow of SEK 33 m (1) for the first quarter.

Cash and cash equivalents and net debt

Cash and cash equivalents amounted to SEK 100 m (127), and unused credit facilities to SEK 503 m (549). Net debt amounted to SEK 2,950 m (309), primarily consisting of external loans with SEK 2,599 m (4). Furthermore, net debt consists of lease liabilities of SEK 266 m (275) and a debt corresponding to expected exercise price on option of SEK 106 m (132) and acquisition-related debt of SEK 78 m (9). Net debt previous year also consisted of pension liabilities of SEK 15 m. From 2025, pension liabilities according to IAS19 is accounted for as provisions.

The net debt to adjusted EBITDA (for the last twelve months) ratio was 3.10 (0.39) including proforma from acquisitions. The net debt to equity ratio was 87% (15), and the equity to asset ratio was 48% (67).

Net debt, SEK m	2025-03-31	2024-03-31	2024-12-31
Interest-bearing liabilities	2,599	20	2,894
Option debt	106	132	114
Debt related to acquisitions	78	9	83
Less: Cash and cash equivalents	-100	-127	-74
Net debt excl. IFRS 16	2,683	34	3,017
Lease liabilities	266	275	276
Net debt incl. IFRS 16	2,950	309	3,293
Net debt excl. IFRS 16/adjusted EBITDA R12	3.05¹	0.04	3.37¹

¹ 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. The total number of shares at the end of the period amounted to 50,318,868, where of 134,370 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).

Annual General Meeting and dividend

The Annual General Meeting will be held at the Company's premises on Thursday, April 24, 2025, at 10.30 CEST. The Board of Directors proposes no dividend for the financial year of 2024 and that the company's retained earnings totaling SEK 2,656,178,245, including the year's profit of SEK 555,347,995, will be carried forward.

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 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 March 31, 2025, the total number of saved shares in ongoing programs amounted to 57,448 (52,843).

On December 31, 2024, the share savings program from 2021 was concluded. During the first quarter of 2025, 9,046 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's CEO, the company has no employees. The operating profit for the first quarter amounted to SEK 0 m (0). The profit after tax for the first quarter was SEK 0 m (0). Cash and cash equivalents amounted to 3 MSEK (3), 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 103 under Note 35 in the 2024 annual report.

Significant events

NEW ORGANIZATION FROM JANUARY 1, 2025

January 1, 2025, HMS changed its organizational structure to prepare for continued growth. The group is now organized into three divisions; Industrial Data Solutions (IDS), Industrial Network Technology (INT) and New Industries (NI), which will constitute HMS' segments from this quarter going forward.

Subsequent events

No events that are to be considered significant has occurred after the end of the period until the signing of this interim report.

Outlook

It is currently difficult to predict how the market will develop in the short term. How the tariff situation will develop will play a large role in the investment willingness of many companies. As before, HMS is cautiously positive about the development during the year, but with renewed uncertainty regarding the macroeconomic situation. In the longer term, HMS believes that incentives to increase companies' manufacturing in the US will create a greater need for automation, digitalization and communication for industrial applications which is positive for HMS.

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 2024, and under the section Outlook. Additionally, no significant risks are considered to have emerged.

Audit review

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

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 2024 Annual Report, with exception of the addendum below.

Due to the new organizational structure, IFRS 8 Operating Segments will be applied for from January 1, 2025. From January 1, 2025, the organization is structured into three divisions; Industrial Data Solutions, Industrial Network Technology and New Industries, which also constitute the Group's reportable segments. The segments' accounting principles are consistent with those of the Group. For the assessment of the segments' performance and for the allocation of resources, the chief operating decision maker, which for HMS is the Group's CEO, primarily follows the performance measure adjusted EBIT. As the organizational structure has changed from January 1, 2025, it has not been possible to obtain accurate comparative figures for the performance measure for the periods prior to the organizational change. For reconciliation with the Group's profit before tax, the total of the segments' adjusted EBIT is summed up to the Group's adjusted EBIT, with additions for adjustments in section "Alternative KPIs". For a description of each segment and information on the segment's performance, see pages 4-6.

Other new or revised IFRS standards or other IFRIC interpretations that have come into effect after January 1, 2025, have not had any effect on the group's financial reports as of March 31, 2025.

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. 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.

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 and further management in machine displays and HMIs (Human Machine Interfaces)
- 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.

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

- 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
- Year-end report 2025 will be published on January 27, 2026

Halmstad April 23, 2025

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

Conference call

APRIL 23, 2025 (09:00 CEST)

President and CEO Staffan Dahlström and CFO Joakim Nideborn present the first quarter 2025.

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 CEST on April 23, 2025.

Consolidated income statement in summary

SEK m	Q1 2025	Q1 2024	R12 2025	Q1-Q4 2024
Net sales	890	616	3,333	3,059
Cost of goods and services sold	-329	-231	-1,242	-1,143
GROSS PROFIT	561	385	2,091	1,916
Selling expenses	-144	-139	-685	-680
Administration expenses ¹	-114	-58	-348	-292
Research and development expenses	-88	-56	-319	-287
Other operating income	4	-	14	10
Other operating expenses ²	-44	-3	-205	-164
OPERATING PROFIT	175	130	548	503
Financial income and expenses	-30	3	-172	-138
Results from associated companies	0	0	0	0
PROFIT BEFORE TAX	144	133	376	364
Income tax	-29	-27	-57	-55
PROFIT FOR THE PERIOD	115	107	319	310
Attributable to:				
Parent company shareholders	115	107	319	310
Non-controlling interests	0	-	0	0
Earnings per share regarding profit attributed to parent company shareholders:				
Basic (SEK)	2.29	2.28	6.43	6.35
Diluted (SEK)	2.29	2.28	6.42	6.34

¹ In connection with the reorganization into three divisions, a reclassification of costs has been carried out. As of 2025, all administrative expenses for each division, as well as for the Group, will be fully reported under this item instead of being allocated across functions.

² For the first quarter of 2025, the Group reports restructuring-, transaction- and integration costs of SEK 13 million in total and amortization of excess values of SEK 31 million. 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 acquisitions for 2024.

Consolidated statement of comprehensive income in summary

SEK m	Q1 2025	Q1 2024	R12 2025	Q1-Q4 2024
Profit for the period	115	107	319	310
Other comprehensive income:				
Items that may be reclassified subsequently to income statement				
Cash flow hedges	44	-20	24	-39
Hedging of net investments	177	-	180	3
Translation differences	-452	51	-372	131
Income tax relating to components of other comprehensive income	-10	4	-12	2
Other comprehensive income for the period, net of tax	-241	35	-181	96
Total other comprehensive income for the period	-126	142	138	405
Attributable to:				
Parent company shareholders	-126	142	138	405
Non-controlling interests	0	-	0	0

Consolidated balance sheet in summary

SEK m	2025-03-31	2024-03-31	2024-12-31
ASSETS			
Goodwill ¹	4,076	1,151	4,394
Other intangible assets	947	292	1,041
Property, plant and equipment	162	86	177
Right-of-use	271	280	280
Deferred tax assets	64	22	54
Interest in associates	14	13	14
Other non-current assets	20	15	20
Total non-current assets	5,556	1,859	5,979
Inventories	804	611	859
Trade receivables	436	327	427
Other receivables	205	128	159
Cash and cash equivalents	100	127	74
Total current assets	1,545	1,192	1,519
TOTAL ASSETS	7,101	3,051	7,498
EQUITY AND LIABILITIES			
Equity attributed to parent company shareholders	3,385	2,057	3,504
Non-controlling interests	2	-	1
Total equity	3,387	2,057	3,505
Liabilities			
Interest-bearing liabilities ²	2,311	16	2,625
Non-interest-bearing liabilities	185	133	202
Lease liabilities	197	213	206
Deferred tax liability	172	105	165
Other provisions	23	-	6
Total non-current liabilities	2,886	468	3,205
Interest-bearing liabilities ²	288	3	269
Non-interest-bearing liabilities	0	9	0
Lease liabilities	70	62	69
Trade payables	163	179	143
Other provisions	13	4	16
Other liabilities	294	273	290
Total current liabilities	827	526	788
TOTAL EQUITY AND LIABILITIES	7,101	3,051	7,498

¹ From the second quarter 2024, this is affected by the acquisition of Red Lion, and from the forth quarter 2024, by the acquisition of PEAK-System.

² During the second quarter 2024, HMS signed a new amortization loan and a revolving credit facility.

Consolidated cash flow statement in summary

SEK m	Q1 2025	Q1 2024	R12 2025	Q1-Q4 2024
Cash flow from current operations before changes in working capital	139	130	537	528
Change in working capital	48	-72	184	64
Cash flow from operating activities	187	58	721	592
Acquisition of subsidiaries	-	-	-4,375	-4,375
Divestment of subsidiaries	-	-	41	41
Investments in intangible fixed assets	-16	-22	-76	-82
Investments in tangible fixed assets	-16	-17	-38	-39
Other investments	-3	4	0	6
Cash flow from investing activities	-34	-35	-4,448	-4,449
Borrowings and repayment of borrowings, net	-101	1	2,778	2,880
Share issue	-	-	1,390	1,390
Dividend to shareholders	-2	-2	-225	-225
Amortization of lease liabilities	-18	-15	-65	-62
Re-purchase of own shares	-	-5	-	-11
Re-payment of liabilities related to acquisitions	-	-	-149	-145
Other financing items	-1	-	-1	-
Cash flow from financing activities	-119	-21	3,728	3,827
Cash flow for the period	33	1	2	-30
Cash and cash equivalents at the beginning of the period	74	124	127	124
Exchange rate effects	-7	2	-29	-20
Cash and cash equivalents at the end of the period	100	127	100	74

Consolidated changes of equity in summary

SEK m	2025-03-31	2024-03-31	2024-12-31
Opening balance at January 1	3,504	1,933	1,933
Total comprehensive income for the period	-126	142	405
Cost of share-based remuneration	2	2	-1
Repurchase of own shares	-	-11	-11
Share issue	-	-	1,390
Option	8	-5	13
Dividend ¹	-2	-2	-225
Closing equity attributed to the parent company's shareholders	3,385	2,057	3,504
Opening non-controlling interests at January 1	1	-	-
Total comprehensive income for the period	0	-	0
Non-controlling interest arising from acquisition of subsidiaries	-	-	1
Closing non-controlling interest	2	-	1
Total equity	3,387	2,057	3,505

¹ During the first quarter 2025 and the first quarter of 2024, Owasys has paid dividend to minority owners of SEK 2 m.

Key ratios

	Q1 2025	Q1 2024	R12 2025	Q1-Q4 2024
Revenue growth				
Change in net sales (%)	44.4	-20.3	16.2	1.1
Profitability				
Gross marginal (%)	63.0	62.6	62.7	62.6
Adjusted EBITDA (SEK m)	257	163	890	796
Adjusted EBITDA (%)	28.9	26.5	26.7	26.0
Adjusted EBIT (SEK m)	218	137	747	665
Adjusted EBIT (%)	24.5	22.2	22.4	21.8
EBIT (MSEK)	175	130	548	503
EBIT (%)	19.6	21.1	16.4	16.4
Return				
Return on capital employed (%)	-	-	10.4	11.3
Return on shareholder's equity (%)	-	-	10.3	11.1
Financial strength				
Net debt/adjusted EBITDA R12 ¹	-	-	3.10	3.41
Net debt/equity ratio	0.87	0.15	0.87	0.94
Equity/assets ratio (%)	47.6	67.4	47.7	46.8
Capital turnover rate	-	-	0.54	0.57
Stock data				
Equity per share (SEK)	68.68	42.74	61.34	55.54
Cash flow from operating activities per share (SEK)	3.73	1.24	14.58	12.14
Adjusted earnings per share	3.17	2.43	10.40	9.65
Total number of shares (average. thousands)	50,319	46,819	49,619	48,919
Holding of own shares (average. thousands)	143	153	143	147
Total outstanding shares (average. thousands)	50,175	46,666	49,475	48,772
Personal data				
Average number of employees (FTE)	1,066	817	1,112	1,050
Female employees (%)	29.9	27.1	30.3	29.6
Female managers (%)	24.3	22.2	26.4	25.9

¹ The KPI includes proforma from acquisitions

Quarterly data

Net sales by division, SEK m ¹	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Industrial Data Solutions	418	395	399	436	409
Industrial Networks Technology	257	246	275	271	345
New Industries	215	192	190	206	213
Total	890	832	864	912	967

¹ 2024 figures do include proforma from acquisitions and are reallocated in accordance to the new divisional structure.

Net sales by region, SEK m	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
EMEA	401	359	348	369	349	447	486	414	463
Americas	366	328	332	355	144	175	160	169	165
APAC	124	120	112	121	124	138	143	120	145
Total	890	807	792	845	616	760	789	703	773

Income statement in summary, SEK m	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net sales	890	807	792	845	616	760	789	703	773
Gross profit	561	505	503	523	385	496	516	455	501
<i>Gross margin (%)</i>	<i>63.0</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>
Adjusted EBIT	218	163	194	172	137	196	226	154	216
<i>Adjusted EBIT (%)</i>	<i>24.5</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>

Parent company's income statement in summary

SEK m	Q1 2025	Q1 2024	R12 2025	Q1-Q4 2024
Net sales	6	5	28	27
Gross profit	6	5	28	27
Administrative expenses	-6	-5	-28	-27
Operating profit	0	0	0	-
Profit from interest in Group companies	-	-	537	537
Interest income/expenses and similar items	0	0	23	23
Profit before tax	0	0	560	560
Income tax	-	-	-	-5
Profit for the period	0	0	555	555

Parent company's balance sheet in summary

SEK m	2025-03-31	2024-03-31	2024-12-31
ASSETS			
Financial assets ¹	1,727	337	1,727
Total financial assets	1,727	337	1,727
Receivables from Group companies	957	621	966
Other current receivables	3	3	0
Cash and cash equivalents	3	3	3
Total current assets	962	626	968
TOTAL ASSETS	2,689	964	2,695
EQUITY AND LIABILITIES			
Equity¹	2,677	953	2,677
Current liabilities			
Trade receivables	0	0	0
Other liabilities	12	10	18
Total current liabilities	12	11	18
TOTAL EQUITY AND LIABILITIES	2,689	964	2,695

¹ During the second quarter of 2024, HMS carried out a direct share issue, which was used through shareholder contributions as repayment of a bridge loan facility used in the acquisition of Red Lion.

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 and 2025, 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	Q1 2025	Q1 2024	R12 2025	Q1-Q4 2024
EBITDA	244	160	805	721
Restructuring costs	5	-	48	43
Transaction costs	1	1	19	19
Integration costs	7	2	18	13
Adjusted EBITDA	257	163	890	796
Net sales	890	616	3,333	3,059
Adjusted EBITDA (%)	28.9	26.5	26.7	26.0

ADJUSTED EBIT

SEK m	Q1 2025	Q1 2024	R12 2025	Q1-Q4 2024
EBIT	175	130	548	503
Amortization of excess values from acquisitions	31	4	114	87
Restructuring costs	5	-	48	43
Transaction costs	1	1	19	19
Integration costs	7	2	18	13
Adjusted EBIT	218	137	747	665
Net sales	890	616	3,333	3,059
Adjusted EBIT (%)	24.5	22.2	22.4	21.8

HMS mission

"We enable valuable data and insights from industrial equipment allowing our customers to increase productivity and sustainability."



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