



HMS Networks

Interim report: January - June 2025

Hardware Meets Software™

Second quarter

- Order intake increased by 6% to SEK 816 m (769). Organically, order intake increased by 8%
- Net sales reached SEK 843 m (845). Organically, net sales decreased by 5%
- Adjusted EBIT reached SEK 181 m (172), equal to a 21.4% (20.4) adjusted operating margin
- EBIT reached SEK 138 m (104), equal to a 16.4% (12.3) operating margin
- Adjusted profit after tax totaled SEK 126 m (103) and adjusted basic earnings per share were SEK 2.52 (2.12)
- Profit after tax totaled SEK 84 m (34) and basic earnings per share were SEK 1.67 (0.70)
- Cash flow from operating activities amounted to SEK 201 m (152)

First six months

- Order intake increased by 41% to SEK 1,746 m (1,242). Organically, order intake increased by 10%
- Net sales increased by 19% to SEK 1,733 m (1,461). Organically, net sales decreased by 10%
- Adjusted EBIT reached SEK 399 m (309), equal to a 23.0% (21.1) adjusted operating margin
- EBIT reached SEK 313 m (233), equal to a 18.1% (16.0) operating margin
- Adjusted profit after tax totaled SEK 285 m (216) and adjusted basic earnings per share were SEK 5.69 (4.55)
- Profit after tax totaled SEK 199 m (140) and basic earnings per share were SEK 3.96 (2.94)
- Cash flow from operating activities amounted to SEK 388 m (210)
- New organizational structure from 2025 to strengthen customer focus and cross-selling

Order intake
Q2

+6%

Net sales
Q2

0%

Adjusted EBIT-margin
Q2

21%

CEO Comments

UNCERTAINTY SURROUNDING TARIFFS DELAY INVESTMENTS

The second quarter has been characterized by a market with uncertainty and hesitation, where the global situation with unclear tariff regulations and geopolitical tensions continues to impact on our customers' investment decisions.

Order intake for the quarter amounted to SEK 816 million (769), representing an organic increase of 8%. The sustained organic growth comes from a modest improvement in the market for our core business, as well as a better alignment between our customers' inventory levels and demand, although we see a decrease in the volume of large project orders compared to the first quarter of the year.

With the continued strengthening of the Swedish Krona against the US Dollar, the figures for the quarter have been impacted. The effect on order intake has been particularly significant, as revaluation effects on the order book have become substantial.

Net sales for the quarter amounted to SEK 843 million (845), representing an organic decrease of 5%. Revenue was negatively impacted by currency fluctuations and delivery challenges, among other things a temporarily reduction in delivery capacity during June due to the ERP system implementation for Red Lion in the U.S., with an estimated effect of approximately SEK 15 million that will be recouped in the second half of the year.

We have a book-to-bill for the quarter at 1.01, in constant currency.

MARKET AND DIVISIONS

We continue to see improved demand within INT (Industrial Network Technology), with our European customers increasing their order volumes — although still from relatively low levels. China, while a relatively small market for HMS but strategically important for INT, also continues to show a positive development.

IDS (Industrial Data Solutions) continue to report a growth in order intake compared to last year, with the core business developing steadily. However, we are seeing fewer large project orders compared to the past two quarters.

Our operations within NI (New Industries) are facing a more cautious market environment following the announcement of tariffs earlier in the quarter. The European automotive industry also remains hesitant regarding new investments.

STRONG CASH FLOW REDUCES LEVERAGE

The gross margin amounted to 61.8% (61.9), which is unchanged compared to last year but a slightly lower level compared to recent quarters. The main reasons are currency changes and a timing mismatch in tariff effects, as we chose not to increase prices on existing customer orders, while both direct and indirect tariffs on raw materials have impacted on our costs.

We continue to be cautious with our costs. On an organic basis, our operating expenses are slightly lower than the corresponding quarter last year.

Adjusted operating profit amounted to SEK 181 million (172), corresponding to a margin of 21.4%. Operating cash flow remains strong, totaling a solid SEK 201 million (152). The improvement is primarily driven by inventory adjustments and reduced accounts receivable. Net debt in relation to adjusted EBITDA continues to develop favorably and now stands at 2.97.

INTEGRATION OF RED LION PROGRESSING TOWARD COMPLETION

During the quarter, the integration of Red Lion, acquired in April 2024, has made significant progress toward completion. We have implemented HMS' ERP and CRM systems within the company and finalized the organizational changes related to the acquisition.

We have made a series of investments in our production facility in York, Pennsylvania. Some of these investments are already in place, with the remaining ones scheduled for a rollout during the second half of the year. Collectively, these investments are expected to further improve gross margins within IDS.

TARIFFS

At the time of writing, tariff negotiations are underway between the US and its trading partners. For us, what matters most is the tariffs between the EU and the USA, and how raw materials and input goods from China to our factory in the US are impacted. Our expectation is that we will have approximately 10% tariffs on our finished goods sold from Europe to the US and slightly higher on raw materials from China to the US. To manage the situation, we have already introduced price adjustments on new orders to minimize the impact of tariff costs. We are monitoring developments and are prepared to act if the long-term conditions deviate from our expectations.

OUTLOOK

It is currently difficult to predict how the market will develop in the short term. Uncertainty surrounding tariffs, geopolitics, and regulations has contributed to hesitation, where major decisions and investments are being postponed. 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 U.S. 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.



"We continue to invest in our supply strategy, with High-Flex production in-house in our factories in Sweden and the USA as well as High-Volume production via our EMS partners in Eastern Europe, North America and Southeast Asia," says Staffan Dahlström, CEO. Here together with operator Ari Hirvelä from High-Flex production.

Order intake, net sales and earnings

SECOND QUARTER

Order intake increased by 6% to SEK 816 m (769). Currency translation effects amounted to SEK -87 m (-34), of which SEK -46 m is attributable to the quarter's order intake and SEK -41 m relates to currency translation effects of the order book. Organically, order intake increased by 8%, and acquired growth was 9%.

Net sales amounted to SEK 843 m (845). Currency translation effects amounted to SEK -39 m (0). Organically, net sales decreased by 5%, and acquired growth was 9%.

Gross profit amounted to SEK 521 m (523), corresponding to a gross margin of 61.8% (61.9). Operating expenses amounted to SEK 383 m (423). Operating expenses include restructuring-, transaction- and integration costs of SEK 14 m (42) and amortization of excess values of SEK 29 m (27). Organically, operating expenses decreased by 1%, corresponding to SEK 4 m.

Adjusted EBITDA amounted to SEK 219 m (206), corresponding to a margin of 26.0% (24.4). Depreciation and amortization amounted to SEK 68 m (61). Adjusted EBIT amounted to SEK 181 m (172), corresponding to a margin of 21.4% (20.4). EBITDA amounted to SEK 206 m (165), corresponding to a margin of 24.4% (19.5). EBIT amounted to SEK 138 m (104), corresponding to a margin of 16.4% (12.3). Currency translation effects have affected operating profit by SEK-2 m (-4), significantly supported by currency hedges.

Net financials were SEK-27 m (-61), burdened by interest expenses of SEK-33 m (-43) in respect of loans and lease liabilities, which gave a profit before tax of SEK 111 m (42).

Adjusted profit after tax amounted to SEK 126 m (103). Adjusted basic earnings per share were SEK 2.52 (2.12). Profit after tax amounted to SEK 84 m (34). Basic earnings per share were SEK 1.67 m (0.70).

Quarterly data for the Group	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Order intake (SEK m)	816	930	893	677	769	473	426	492	703
Organic %	8	12	2	-8	-22	-36	-34	-25	-17
Acquisition %	9	89	92	50	36	0	0	0	1
Currency translation effects % ¹	-11	-4	16	-4	-5	5	-6	-2	2
Order backlog	728	736	703	605	713	641	778	1,106	1,316
% of R12 Net sales	19	21	20	17	18	22	26	37	46
Net sales (SEK m)	843	890	807	792	845	616	760	789	703
Organic %	-5	-17	-33	-30	-20	-20	-3	20	10
Acquisition %	9	59	40	31	40	0	0	0	1
Currency translation effects %	-5	2	0	-1	0	0	2	6	6
Gross margin (%)	61.8	63.0	62.6	63.5	61.9	62.6	65.3	65.4	64.7
Adjusted EBIT (SEK m)²	181	218	163	194	172	137	196	226	154
Adjusted EBIT (%)²	21.4	24.5	20.2	24.5	20.4	22.2	25.8	28.7	21.9
EBIT (SEK m)	138	175	106	163	104	130	169	223	150
EBIT (%)	16.4	19.6	13.2	20.6	12.3	21.1	22.3	28.2	21.4
Adjusted basic earnings per share (SEK)²	2.52	3.17	2.60	2.51	2.12	2.43	2.94	3.77	2.56
Basic earnings per share (SEK)²	1.67	2.29	1.49	1.89	0.70	2.28	2.36	3.69	2.48

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 18.

FIRST SIX MONTHS

Order intake increased by 41% to SEK 1,746 m (1,242). Currency translation effects amounted to SEK-105 million (3), with approximately half attributable to currency effects on order intake during the first six months and the other half to translation effects on the order book. Organically, order intake increased by 10%, and acquired growth was 40%.

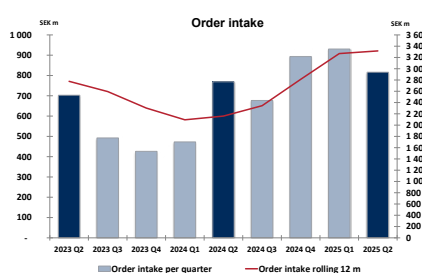
Net sales increased by 19% to SEK 1,733 m (1,461). Currency translation effects amounted to SEK -25 m (-3). Organically, net sales decreased by 10%, and acquired growth was 30%.

Gross profit amounted to SEK 1,081 m (908), corresponding to a gross margin of 62.4% (62.2). Operating expenses amounted to SEK 773 m (678). Operating expenses include restructuring-, transaction- and integration costs of SEK 26 m (45) and amortization of excess values of SEK 60 m (30). Organically, operating expenses decreased by 3%, corresponding to SEK 19 m.

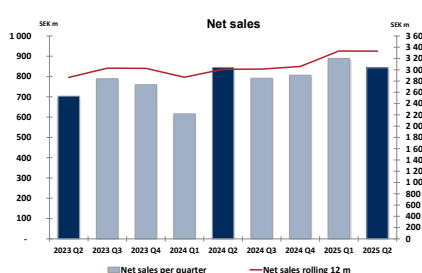
Adjusted EBITDA amounted to SEK 476 m (370), corresponding to a margin of 27.5% (25.3). Depreciation and amortization amounted to SEK 137 m (91). The increase compared to the previous period is primarily due to amortization of excess values from the acquisitions of Red Lion and PEAK-System. Adjusted EBIT amounted to SEK 399 m (309), corresponding to a margin of 23.0% (21.1). EBITDA amounted to SEK 450 m (325), corresponding to a margin of 26.0% (22.2). EBIT amounted to SEK 313 m (233), corresponding to a margin of 18.1% (16.0). Currency translation effects have affected operating profit by SEK 6 m (-7), supported by currency hedges.

Net financials were SEK -58 m (-58), burdened by interest expenses of SEK -67 m (-46) in respect of loans and lease liabilities, which gave a profit before tax of SEK 256 m (176).

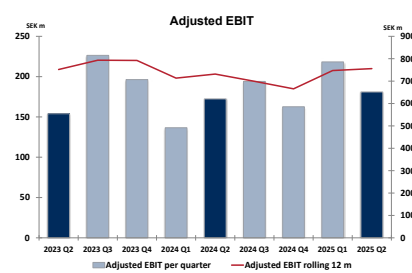
Adjusted profit after tax amounted to SEK 285 m (216). Adjusted basic earnings per share were SEK 5.69 (4.55). Profit after tax amounted to SEK 199m (140). Basic earnings per share were SEK 3.96 m (2.94).



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) ensures 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	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024
Order intake ¹	382	391	841	803
Net sales ¹	377	436	795	845
Adjusted EBIT ²	65		158	
Adjusted EBIT, % ²	17.1		19.9	

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 is impracticable to obtain accurate comparative figures for the performance measure for the periods prior to the organizational change.

SECOND QUARTER

The Industrial Data Solutions division, with a significant presence in the U.S., has during the second quarter been affected by the uncertainty related to the current macroeconomic situation and the tariffs implemented in the beginning of the quarter. Order intake amounted to SEK 382 m (391), which corresponds to a decrease of 2%. Organically, order intake increased by 10%. The organic increase is mainly driven by switches and HMI's (Human Machine Interfaces). Net sales decreased by 14% to SEK 377 m (436), primarily explained by currency changes and delivery challenges, related to a temporarily reduction in delivery capacity during June due to the ERP system implementation for Red Lion in the U.S., with an estimated effect of approximately SEK 15 m. Sales was also impacted by a temporary delay in switch deliveries due to component shortage. The ERP and component delays will recover during the second half of the year. Organically, net sales decreased by 7%.

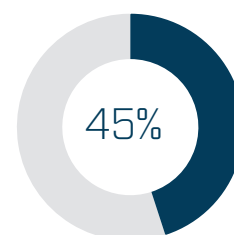
An important milestone during the quarter is that Red Lion and N-Tron now are fully integrated in the HMS product portfolio, and the full division's product offerings are now gathered on one website. The implementation of HMS's ERP and CRM system in Red Lion has been finalized during the quarter.

In addition, the division has initiated a strategic project focused on future-proofing its switch offering to the market, with the aim of strengthening competitiveness and meeting upcoming customer needs.

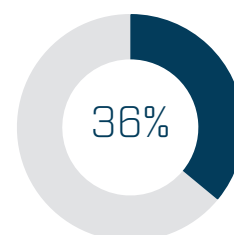
FIRST SIX MONTHS

During the first six months, order intake increased by 5% to SEK 841 m (803), where the entire customer offering is developed in the right direction. Organically, order intake increased by 13%. Net sales decreased by 6% to SEK 795 m (845), which was affected by currency fluctuations and internal delivery challenges. Organically, net sales decreased by 3%.

Share of the Group's net sales, Q2 2025



Share of the Group's adjusted EBIT, Q2 2025



Net sales breakdown by market, Q2 2025



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

Industrial Network Technology

Technology for communication, control and security in industrial devices.

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

FINANCIAL OVERVIEW

SEK M	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024
Order intake ¹	250	239	500	442
Net sales ¹	269	271	526	616
Adjusted EBIT ²	75		147	
Adjusted EBIT, % ²	27.9		27.9	

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

² As the organizational structure has changed from January 1, 2025, it is impracticable to obtain accurate comparative figures for the performance measure for the periods prior to the organizational change.

SECOND QUARTER

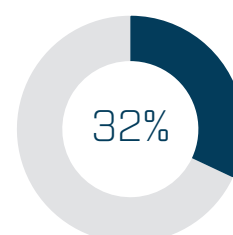
The Industrial Network Technology division shows a continued improvement in order intake during the second quarter with an increase of 5% to SEK 250 m (239), primarily driven by Embedded Solutions. Order intake from both key accounts and several European customers improved during the quarter. China also stands out with an almost doubled order intake. Organically, order intake increased by 15%. Net sales amounted to SEK 269 m (271), which is in line with the corresponding quarter previous year. Organically, net sales increased by 6%.

During the quarter, the division introduced several next-generation gateways to the market and launched a Gateway Selector on the website – a digital tool designed to facilitate the identification of the most suitable gateway based on the customer's existing equipment and specific needs. The tool also contributes to shorter lead times in the customer's decision-making process.

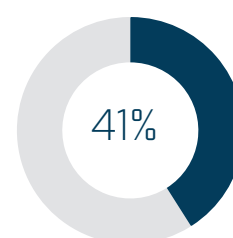
FIRST SIX MONTHS

Order intake increased by 13% to SEK 500 m (442), mainly driven by OEMs (Original Equipment Manufacturers) who buy Embedded Solutions. Organically, order intake increased by 21%. Net sales decreased by 15% to SEK 526 m (616), primarily due to temporarily elevated invoicing in Q1 2024, attributable to a relatively large order backlog. In 2025, the backlog has returned to normal levels. Despite the lower net sales, the division continues to show a good profit and delivers a solid operating margin during the first half of the year. Organically, net sales decreased by 11%.

Share of the Group's net sales, Q2 2025



Share of the Group's adjusted EBIT, Q2 2025



Net sales breakdown by market, Q2 2025



■ EMEA, 54%
■ APAC, 28%
■ 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	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024
Order intake ¹	184	208	406	418
Net sales ¹	197	206	412	418
Adjusted EBIT ²	41		94	
Adjusted EBIT, % ²	20.7		22.9	

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 is impracticable to obtain accurate comparative figures for the performance measure for the periods prior to the organizational change.

SECOND QUARTER

The New Industries division shows a decrease in order intake by 11% to SEK 184 m (208), impacted by lower demands for products within Building Automation as well as orders from U.S. distributors that were brought forward and placed already in the first quarter. Organically, order intake decreased by 4%. Net sales decreased by 4% to SEK 197 m (206). The division is still experiencing a hesitant market, especially in Continental Europe, but also in the U.S. Organically, net sales were in line with previous year.

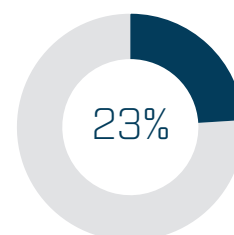
During the quarter, Vehicle Communication launched the Ixxat CAN Repeater, featuring enhanced functionality. In addition, Building Automation introduced five new gateways, addressing market segments such as heat pumps and air conditioning systems.

PEAK-System, which is part of Vehicle Communication, continues to show a stable development while the integration of the operation progresses as planned.

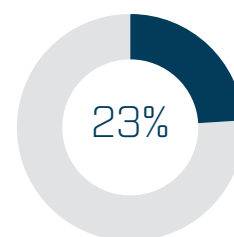
FIRST SIX MONTHS

The first six months, the order intake decreased by 3% to SEK 406 m (418) and net sales decreased by 2% to SEK 412 m (418). The development reflects continued hesitation among customers in several of the division's core regions. In addition, the demand during the period was negatively impacted by orders brought forward from previous quarters and by macroeconomic uncertainty, including tariff-related concerns. Organically, order intake decreased by 2% and the organic net sales were in line with previous year.

Share of the Group's net sales, Q2 2025



Share of the Group's adjusted EBIT, Q2 2025



Net sales breakdown by market, Q2 2025



■ EMEA, 68%
■ APAC, 14%
■ Americas, 18%

Cash flow, investments and financial position

SECOND QUARTER

Cash flow from operating activities before changes in working capital amounted to SEK 132 m (135) for the second quarter. Changes in working capital were SEK 70 m (18). Cash flow from operating activities was thereby SEK 201 m (152).

Cash flow from investing activities amounted to SEK -29 m (-3,829) and corresponds mainly to investments in intangible and tangible assets of SEK -33 m (-27).

Cash flow from financing activities amounted to SEK -199 m (3,627), primarily consisting of changes in bank loans of SEK -181 m (2,479). Moreover, amortizations of lease liabilities were SEK -16 m (-16). The cash flow for the second quarter was SEK -27 m (-49).

FIRST SIX MONTHS

Cash flow from operating activities before changes in working capital amounted to SEK 271 m (265) for the first six months. Changes in working capital were SEK 118 m (-54). Cash flow from operating activities was thereby SEK 388 m (210).

Cash flow from investing activities amounted to SEK -64 m (-3,864) and corresponds mainly to investments in intangible and tangible assets of SEK -64 m (-66).

Cash flow from financing activities amounted to SEK -318 m (3,606), primarily consisting of changes in bank loans of SEK -282 m (2,480). Moreover, amortizations of lease liabilities were SEK -34 m (-31). The cash flow for the first six months was SEK 6 m (-48).

Cash and cash equivalents and net debt

Cash and cash equivalents amounted to SEK 70 m (102), and unused credit facilities to SEK 484 m (473). Net debt amounted to SEK 2,823 m (2,760), primarily consisting of external loans with SEK 2,439 m (2,444). Furthermore, net debt consists of lease liabilities of SEK 259 m (255) and a debt corresponding to expected exercise price on options of SEK 114 m (133) and acquisition-related debt of SEK 81 m (15).

The net debt to adjusted EBITDA (for the last twelve months) ratio was 2.97 (2.65) including proforma from acquisitions. The net debt to equity ratio was 85% (85), and the equity to asset ratio was 48% (48).

Net debt, SEK m	2025-06-30	2024-06-30	2024-12-31
Interest-bearing liabilities	2,439	2,459	2,894
Option debt	114	133	114
Debt related to acquisitions	81	15	83
Less: Cash and cash equivalents	-70	-102	-74
Net debt excl. IFRS 16	2,564	2,505	3,017
Lease liabilities	259	255	276
Net debt incl. IFRS 16	2,823	2,760	3,293
Net debt excl. IFRS 16/adjusted EBITDA R12¹	2.92	2.58	3.37

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, of which 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

At the Annual General Meeting on April 24, 2025, it was decided to re-elect the board members Charlotte Brogren, Niklas Edling, Anna Kleine, Anders Mörck, Cecilia Wachtmeister and Johan Stakeberg.

Other decisions from the Annual General Meeting;

- The Annual General Meeting resolved in accordance with the Board's proposal that no dividend shall be paid to the shareholders for the 2024 financial year, due to the two long-term value-adding acquisitions that have taken place during the year, and that the profit for 2024 plus the retained earnings carried forward from the previous years shall be carried forward
- Updated guidelines for remuneration to senior executives
- Decision to authorize the board to decide on new share issues of such number of shares that corresponds to a maximum of 10 percent of the company's share capital to enable the company to finance or carry out, in whole or in part, acquisitions of companies
- Decision to implement a performance-based share savings program, Share Savings Program 2026-2029, aimed at all employees and covering up to 60,000 shares, and authorizing the Board to acquire and transfer the corresponding number of shares

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 June 30, 2025, the total number of saved shares in ongoing programs amounted to 62,752 (57,996).

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 six months amounted to SEK 0 m (0) and dividend from subsidiaries was SEK 1,025 m (537). The profit after tax for the first six months was SEK 1,025 m (537). Cash and cash equivalents amounted to 3 MSEK (4), 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

ACQUISITIONS ANALYSIS RED LION CONTROLS INC

The acquisition analysis from the acquisition of all shares in Red Lion Controls Inc became definitive in the second quarter of 2025, as one year has passed since the acquisition on April 2, 2024. Final acquisition analysis was presented on page 100 under Note 31 in the 2024 annual report. This also means that from the current quarter onwards, Red Lion is defined as organic according to the Group's economic definitions on page 18.

Subsequent events

No events that are to be considered significant have 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. Uncertainty surrounding tariffs, geopolitics, and regulations has contributed to hesitation, where major decisions and investments are being postponed. 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 U.S. 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 has been 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 is impracticable 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 5-7.

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 June 30, 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 made 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

- Third quarter report 2025 will be published on October 21, 2025
- Year-end report 2025 will be published on January 27, 2026
- First quarter report 2026 will be published on April 23, 2026
- Annual General Meeting 2026 will be held on April 23, 2026

Conference call

JULY 11, 2025 (09:00 CEST)

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

For link to the webcast, go to:

<https://www.hms-networks.com/hms-for-shareholders>

ASSURANCE

The Board of Directors and CEO assure that the interim report provides a true and fair overview of the parent company and the Group's operations, positions and earnings and describes the material risks and uncertainties faced by the parent company and the Group.

Halmstad July 11, 2025

Staffan Dahlström

Chief Executive Officer

Charlotte Brogren

Chairman of the Board

Niklas Edling

Board Member

Anna Kleine

Board Member

Anders Mörck

Board Member

Cecilia Wachtmeister

Board Member

Johan Stakeberg

Board Member

Mikael Mårtensson

Employee representative

Richard Gonsalves

Employee representative

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 July 11, 2025.

Consolidated income statement in summary

SEK m	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	R12 2025	Q1-Q4 2024
Net sales	843	845	1,733	1,461	3,331	3,059
Cost of goods and services sold	-322	-322	-651	-552	-1,242	-1,143
GROSS PROFIT	521	523	1,081	908	2,089	1,916
Selling expenses	-147	-189	-291	-328	-643	-680
Administration expenses ¹	-106	-83	-220	-142	-370	-292
Research and development expenses	-85	-77	-173	-133	-327	-287
Other operating income	1	3	4	3	11	10
Other operating expenses	-46	-73	-89	-76	-178	-164
OPERATING PROFIT	138	104	313	233	582	503
Financial income and expenses	-27	-61	-58	-58	-138	-138
Results from associated companies	0	0	0	0	0	0
PROFIT BEFORE TAX	111	42	256	176	444	364
Income tax	-27	-8	-56	-35	-76	-55
PROFIT FOR THE PERIOD	84	34	199	140	368	310
Attributable to:						
Parent company shareholders	84	34	199	140	368	310
Non-controlling interests	0	-	0	-	0	0
Earnings per share regarding profit attributed to parent company shareholders:						
Basic (SEK)	1.67	0.70	3.96	2.94	7.33	6.35
Diluted (SEK)	1.67	0.70	3.96	2.93	7.32	6.34

¹ In connection with the reorganization into three divisions, a reclassification of costs has been carried out. As of the first quarter of 2025, all administrative expenses are reported in full under Administrative expenses for each division as well as for the Group. Previously, these costs were allocated across Selling expenses, Administrative expenses and Research and development expenses. As the organizational structure has changed from 1 January 2025, it is impracticable to obtain fair comparative figures for periods before the change took place.

Consolidated statement of comprehensive income in summary

SEK m	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	R12 2025	Q1-Q4 2024
Profit for the period	84	34	199	140	368	310
Other comprehensive income:						
Items that may be reclassified subsequently to income statement						
Cash flow hedges	-2	16	42	-4	6	-39
Hedging of net investments	-21	39	156	39	120	3
Translation differences	-134	-67	-586	-16	-440	131
Income tax relating to components of other comprehensive income	17	-7	7	-3	12	2
Other comprehensive income for the period, net of tax	-140	-19	-382	16	-302	96
Total other comprehensive income for the period	-56	15	-182	157	66	405
Attributable to:						
Parent company shareholders	-56	15	-182	157	66	405
Non-controlling interests	0	-	0	-	0	0

Consolidated balance sheet in summary

SEK m	2025-06-30	2024-06-30	2024-12-31
ASSETS			
Goodwill	3,987	3,745	4,394
Other intangible assets	900	947	1,041
Property, plant and equipment	168	187	177
Right-of-use	265	259	280
Deferred tax assets	73	44	54
Interest in associates	14	13	14
Other non-current assets	17	18	20
Total non-current assets	5,424	5,214	5,979
Inventories	749	863	859
Trade receivables	401	401	427
Other receivables	235	176	159
Cash and cash equivalents	70	102	74
Total current assets	1,455	1,542	1,519
TOTAL ASSETS	6,879	6,756	7,498
EQUITY AND LIABILITIES			
Equity attributed to parent company shareholders	3,323	3,243	3,504
Non-controlling interests	2	-	1
Total equity	3,325	3,243	3,505
Liabilities			
Interest-bearing liabilities	1,818	2,157	2,625
Non-interest-bearing liabilities	119	133	202
Lease liabilities	189	192	206
Deferred tax liability	156	125	165
Other provisions	23	9	6
Total non-current liabilities	2,304	2,616	3,205
Interest-bearing liabilities	621	302	269
Non-interest-bearing liabilities	76	15	0
Lease liabilities	70	63	69
Trade payables	141	170	143
Other provisions	12	33	16
Other liabilities	330	314	290
Total current liabilities	1,250	897	788
TOTAL EQUITY AND LIABILITIES	6,879	6,756	7,498

Consolidated cash flow statement in summary

SEK m	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	R12 2025	Q1-Q4 2024
Cash flow from current operations before changes in working capital	132	135	271	265	534	528
Change in working capital	70	18	118	-54	236	64
Cash flow from operating activities	201	152	388	210	770	592
Acquisition of subsidiaries	-	-3,799	-	-3,799	-534	-4,375
Divestment of subsidiaries	-	-	-	-	-	41
Investments in intangible fixed assets	-15	-21	-31	-42	-70	-82
Investments in tangible fixed assets	-18	-6	-33	-23	-50	-39
Other investments	3	-3	1	1	6	6
Cash flow from investing activities	-29	-3,829	-64	-3,864	-648	-4,449
Borrowings and repayment of borrowings, net	-181	2,479	-282	2,480	118	2,880
Share issue	-	1,390	-	1,390	-	1,390
Dividend to shareholders	-	-221	-2	-223	-4	-225
Amortization of lease liabilities	-16	-16	-34	-31	-65	-62
Re-purchase of own shares	-	-	-	-	-	-11
Re-payment of liabilities related to acquisitions	-	-	-	-	-145	-145
Other financing items	-1	-5	0	-10	-1	-
Cash flow from financing activities	-199	3,627	-318	3,606	-98	3,827
Cash flow for the period	-27	-49	6	-48	24	-30
Cash and cash equivalents at the beginning of the period	100	127	74	124	102	124
Exchange rate effects	-4	24	-10	26	-56	-20
Cash and cash equivalents at the end of the period	70	102	70	102	70	74

Consolidated changes of equity in summary

SEK m	2025-06-30	2024-06-30	2024-12-31
Opening balance at January 1	3,504	1,933	1,933
Total comprehensive income for the period	-182	157	405
Cost of share-based remuneration	3	4	-1
Repurchase of own shares	-	-11	-11
Share issue	-	1,390	1,390
Option	0	-6	13
Dividend ¹	-2	-223	-225
Closing equity attributed to the parent company's shareholders	3,323	3,243	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	3,325	3,243	3,505

¹ In 2025, Owasys paid a dividend to minority shareholders of SEK 2 m (4). At the 2025 Annual General Meeting for HMS Networks AB, it was decided, in accordance with the Board's proposal, that no dividend shall be paid to shareholders for the 2024 financial year, due to two long-term value-creating acquisitions that took place during the year (SEK 211 m).

Key ratios

	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	R12 2025	Q1-Q4 2024
Revenue growth						
Change in net sales (%)	-0.2	20.2	18.6	-1.0	10.7	1.1
Profitability						
Gross marginal (%)	61.8	61.9	62.4	62.2	62.7	62.6
Adjusted EBITDA (SEK m)	219	206	476	370	903	796
Adjusted EBITDA (%)	26.0	24.4	27.5	25.3	27.1	26.0
Adjusted EBIT (SEK m)	181	172	399	309	755	665
Adjusted EBIT (%)	21.4	20.4	23.0	21.1	22.7	21.8
EBIT (MSEK)	138	104	313	233	582	503
EBIT (%)	16.4	12.3	18.1	16.0	17.5	16.4
Return						
Return on capital employed (%)	-	-	-	-	9.8	11.3
Return on shareholder's equity (%)	-	-	-	-	11.0	11.1
Financial strength						
Net debt/adjusted EBITDA R12 ¹	-	-	-	-	2.97	3.41
Net debt/equity ratio	0.85	0.85	0.85	0.85	0.85	0.94
Equity/assets ratio (%)	48.3	48.0	48.3	48.0	48.3	46.8
Capital turnover rate	-	-	-	-	0.48	0.57
Stock data						
Equity per share (SEK)	66.87	52.81	67.86	48.05	66.38	55.54
Cash flow from operating activities per share (SEK)	4.01	3.15	7.74	4.40	15.35	12.14
Adjusted earnings per share	2.52	2.12	5.69	4.55	10.79	9.65
Total number of shares (average, thousands)	50,319	48,569	50,319	47,986	50,319	48,919
Holding of own shares (average, thousands)	139	143	140	150	142	147
Total outstanding shares (average, thousands)	50,180	48,425	50,178	47,836	50,177	48,772
Personal data						
Average number of employees (FTE)	1,046	1,159	1,056	988	1,084	1,050
Female employees (%)	30.2	30.9	30.1	29.0	30.2	29.6
Female managers (%)	25.7	27.7	25.0	25.0	25.9	25.9

¹ The KPI includes proforma from acquisitions

Quarterly data

Net sales by division, SEK m	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Industrial Data Solutions ¹	377	418	395	399	436	409
Industrial Networks Technology	269	257	246	275	271	345
New Industries ¹	197	215	192	190	206	213
Total	843	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	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
EMEA	382	401	359	348	369	349	447	486	414
Americas	333	366	328	332	355	144	175	160	169
APAC	128	124	120	112	121	124	138	143	120
Total	843	890	807	792	845	616	760	789	703

Income statement in summary, SEK m	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Net sales	843	890	807	792	845	616	760	789	703
Gross profit	521	561	505	503	523	385	496	516	455
<i>Gross margin (%)</i>	<i>61.8</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>
Adjusted EBIT	181	218	163	194	172	137	196	226	154
<i>Adjusted EBIT (%)</i>	<i>21.4</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>

Parent company's income statement in summary

SEK m	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	R12 2025	Q1-Q4 2024
Net sales	7	8	13	13	27	27
Gross profit	7	8	13	13	27	27
Administrative expenses	-7	-8	-13	-13	-27	-27
Operating profit	0	0	0	0	0	0
Profit from interest in Group companies	1,025	537	1,025	537	1,025	537
Interest income/expenses and similar items	0	0	0	0	23	23
Profit before tax	1,025	537	1,025	537	1,048	560
Income tax	-	-	-	-	-5	-5
Profit for the period	1,025	537	1,025	537	1,043	555

Parent company's balance sheet in summary

SEK m	2025-06-30	2024-06-30	2024-12-31
ASSETS			
Financial assets	1,727	1,727	1,727
Total financial assets	1,727	1,727	1,727
Receivables from Group companies	1,984	937	966
Other current receivables	2	2	0
Cash and cash equivalents	3	4	3
Total current assets	1,989	943	968
TOTAL ASSETS	3,716	2,670	2,695
EQUITY AND LIABILITIES			
Equity	3,702	2,659	2,677
Current liabilities			
Trade receivables	1	1	0
Other liabilities	14	10	18
Total current liabilities	14	11	18
TOTAL EQUITY AND LIABILITIES	3,716	2,670	2,695

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.

ADJUSTED EBITDA

SEK m	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	R12 2025	Q1-Q4 2024
Operating profit	138	104	313	233	582	503
Amortization and depreciation of intangible and tangible assets	68	61	137	91	264	218
EBITDA	206	165	450	325	846	721
Restructuring costs	3	27	8	27	25	43
Transaction costs	0	10	1	11	9	19
Integration costs	10	5	18	7	23	13
Adjusted EBITDA	219	206	476	370	903	796
Net sales	843	845	1,733	1,461	3,331	3,059
Adjusted EBITDA (%)	26.0	24.4	27.5	25.3	27.1	26.0

ADJUSTED EBIT

SEK m	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	R12 2025	Q1-Q4 2024
Operating profit	138	104	313	233	582	503
Amortization of excess values from acquisitions	29	27	60	30	116	87
Restructuring costs	3	27	8	27	25	43
Transaction costs	0	10	1	11	9	19
Integration costs	10	5	18	7	23	13
Adjusted EBIT	181	172	399	309	755	665
Net sales	843	845	1,733	1,461	3,331	3,059
Adjusted EBIT (%)	21.4	20.4	23.0	21.1	22.7	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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