

HMS Networks

Interim report 2024
January - March



First quarter

- Net sales for the first quarter reached SEK 616 m (773), corresponding to a decrease of 20%. Currency translations had a negative effect of SEK 3 m on net sales
- Order intake was SEK 473 m (682), corresponding to a decrease of 31%
- Operating profit reached SEK 130 m (211), equal to a 21.1% (27.4) operating margin. Adjusted operating profit reached SEK 133 m, equal to a 21.6 % adjusted operating margin
- Profit after tax totaled SEK 107 m (172) and basic earnings per share was SEK 2.28 (3.70). Adjusted profit after tax totaled SEK 110 m and adjusted basic earnings per share was SEK 2.35
- Cash flow from operating activities amounted to SEK 58 m (155)

Subsequent events

- Completed acquisition of 100% of the shares in Red Lion Controls Inc. and Red Lion Europe GmbH as well as certain assets in other jurisdictions ("Red Lion Controls")

Last twelve months

- Net sales for the last twelve months reached SEK 2,868 m (2,762), corresponding to a 4% increase. Currency translations had a positive effect of SEK 91 m on net sales
- Order intake was SEK 2,094 m (2,889), corresponding to a decrease of 28%
- Operating profit reached SEK 672 m (725), equal to a 23.4% (26.2) operating margin. Adjusted operating profit reached SEK 698 m, equal to a 24.3% adjusted operating margin
- Profit after tax totaled SEK 505 m (568) and basic earnings per share was SEK 10.82 (12.17). Adjusted profit after tax totaled SEK 531 m and adjusted basic earnings per share was SEK 11.38
- Cash flow from operating activities amounted to SEK 422 m (506)

CEO comments

A CHALLENGING QUARTER – BRIGHTER FUTURE AHEAD

As expected, the first quarter of the year was weak for HMS. With an order book now back to normal levels, the low order intake also affects invoicing. As we have reported in recent quarters, our customers continue to adjust inventories to normal levels and shorter lead times, which means that our reported order intake does not reflect the underlying demand. We can see some improvements in order intake during the start of April, which is also in line with our expectations.

The quarter's order intake amounts to SEK 473 million (682), corresponding to an organic decrease of 36%. We can see that the quarter's order intake was negatively affected by our customers' inventory adjustments by approximately SEK 180 million. The underlying order intake is estimated at SEK 635 million, which indicates a continued "wait-and-see" market.

The quarter's net sales amounted to SEK 616 million (773), which corresponds to an organic decrease of 20% compared to the corresponding period last year.

The order book decreased by SEK 137 million and amounts to SEK 641 million at the end of the quarter, which we consider to be a normal level going forward.

Although we see a slight improvement in demand, we are now taking measures to be able to handle a short-term decline in turnover, to protect our operating profit and enable growth investments going forward. We also take advantage of early cost synergies from the acquisition of Red Lion Controls. We are therefore now starting a restructuring program that aims to lower our cost level by SEK 30 million in 2024, with an expected full-year effect of SEK 55 million. The program is expected to affect 45 positions in total, of which 25 are in Sweden. The second quarter is expected to be burdened by restructuring costs of SEK 35 million related to the program.

Our gross margin, burdened mainly by lower volumes and product mix, lands at 62.6% (64.8). During the quarter, we have also cut back on staff in our production to handle the lower demand.

We have already taken certain measures during the quarter to keep our operating costs down primarily by postponing a number of activities. Operating costs amount to SEK 256 million (290) and includes integration and transaction costs of SEK 3 million, related to the acquisition of Red Lion Controls. Organically, operating costs excluding integration and transaction costs decreased by 13%. During the latter part of the year, we will carry out previously postponed activities and will therefore see a slightly higher cost level, despite the above-mentioned cost savings.

The adjusted operating profit in the quarter amounted to SEK 133 million (211), which corresponds to an operating margin of 21.6% (27.4). The quarter's cash flow from current operations amounts to SEK 58 million (155), which is affected by continued increased working capital, mainly related to our relatively large inventory.

STILL WEAK DEVELOPMENT IN EUROPE, BUT TENDENCIES FOR IMPROVEMENT

Although still weak, in Europe we see some improvement in order intake compared to the second half of 2024 and we have indications from our customers that the trend should continue in the right direction in the second quarter, and that during the second half of the year expect to

see a more clear improvement.

In Asia, primarily driven by Japan, where we have had the biggest impact from pre-purchase orders, we still see weak demand and continued high inventory levels at our largest customers. Here, we expect to receive new order only towards the end of the year.

What is somewhat surprising is the development in North America, which is taking a small step back after a good development at the end of 2023. The slightly weaker order intake in the US is related to the Anybus embedded products, where we still have a couple of our biggest customers holding inventory. Overall, we still see that North America has the prerequisites for a good development over the year.

THE ACQUISITION OF RED LION CONTROLS HAS BEEN COMPLETED

On April 2nd, we gained access to our largest acquisition to date, Red Lion Controls. The acquisition is consolidated from the first of April. Several activities are now underway to realize the sales synergies that have been identified, but also review other collaborations and cost synergies between the companies. After the acquisition, we have been able to verify several of our expectations regarding products, technology, and company culture. The management of Red Lion has received us as new owners in a very positive and constructive way. We expect the integration to take place during 2024 and well into 2025.

Over the past five years, Red Lion has shown organic growth of 4% with an average adjusted operating margin of 20%. HMS sees good opportunities to improve organic growth by utilizing the joint sales channels in an efficient manner.

The order intake rate for Red Lion in the first quarter has shown growth compared to last year's second half and we can also see a gradual improvement during the quarter. This is in line with our expectations for the recovery of the North American market. We will report Red Lion separately during the integration period. You will find more information about Red Lion on page 4 in this report.

OUTLOOK

The message has been similar since mid-2023 – In the short term the market continues to be characterized by inventory adjustments and general uncertainty due to the macroeconomic situation. There are still high inventory levels at many customers, but we expect a gradual improvement in order intake in 2024, especially in the second half of the year.

Customers' willingness to invest in digitalization, productivity improvements and sustainability is high and underlying demand is still considered to be good, although there is some concern linked to how the industry will be affected by weaker consumer purchasing power, increasing energy costs and the difficult security policy situation.

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

-31%

Order intake
Q1

-20%

Net sales
Q1

21%

Operating margin
Q1



Staffan Dahlström with Diane Davids, Director of Product Management - Networking at Red Lion and Sergio Resendiz, new General Manager at Red Lion

Order intake, net sales and earnings

FIRST QUARTER

Order intake decreased by 31% to SEK 473 m (682), of which currency translations amounted to SEK 37 m (-4). The organic decrease in order intake was 36%.

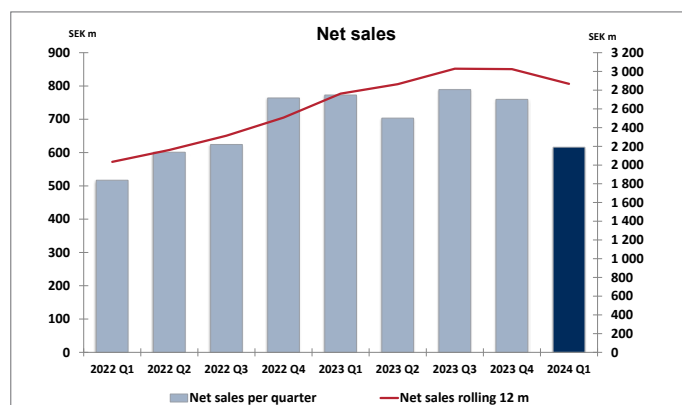
Net sales decreased by 20% to SEK 616 m (773), of which currency translation effects were SEK -3 m (41). The organic decrease in net sales was 20%.

Gross profit reached SEK 385 m (501), corresponding to a gross margin of 62.6% (64.8). Operating expenses amounted to SEK 256 m (290). Included in the operating profit was transaction and integration costs of SEK 3 m, relating to the acquisition of Red Lion Controls. The organic decrease in operating expenses was 13%.

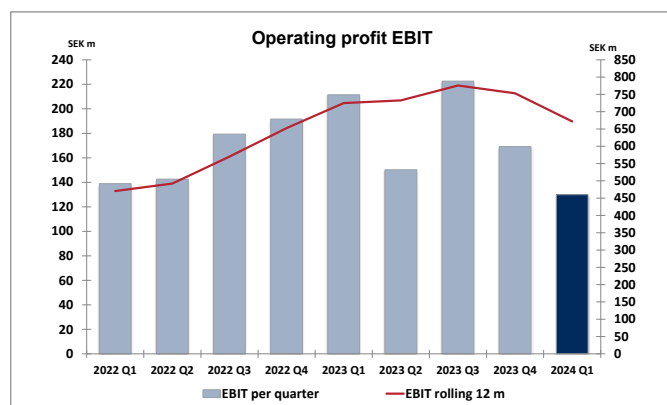
Operating profit before depreciation/amortization and write-downs amounted to SEK 160 m (241), corresponding to a margin of 26.0% (31.2). Depreciations/amortizations and write-downs amounted to SEK 30 m (30). Operating profit amounted to SEK 130 m (211), corresponding to a margin of 21.1% (27.4). Adjusted operating profit for the above-mentioned transaction and integration costs amounted to SEK 133 m, corresponding to a margin of 21.6%. Currency translations affected the Group's operating profit by SEK -3 m (8).

Net financials were SEK 3 m (2), which resulted in a profit before tax of SEK 133 m (213).

Profit after tax amounted to SEK 107 m (172). Basic and diluted earnings per share was SEK 2.28 (3.70) and SEK 2.28 (3.69) respectively. Adjusted profit after tax amounted to SEK 110 m and adjusted basic earnings per share was SEK 2.35.



The graph shows net sales per quarter on the bars referring to the scale on the left axis. The line shows net sales for the latest 12-month period referring to the scale on the axis to the right.



The graph shows operating result EBIT per quarter. The bars refer to the scale on the left axis. The line shows operating result for the last 12-month period referring to the scale on the axis to the right.

Quarterly data	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Order intake (SEK m)	473	426	492	703	682	718	675	815
Net sales (SEK m)	616	760	789	703	773	764	624	601
Gross margin (%)	62.6	65.3	65.4	64.7	64.8	63.6	63.6	62.2
EBITDA (SEK m)	160	201	255	180	241	225	204	167
EBITDA (%)	26.0	26.5	32.3	25.6	31.2	29.4	32.7	27.7
EBIT (SEK m)	130	169	223	150	211	192	179	143
EBIT (%)	21.1	22.3	28.2	21.4	27.4	25.1	28.7	23.7
Adjusted EBIT (SEK m)	133	193	223	150	211	192	179	143
Adjusted EBIT (%)	21.6	25.3	28.2	21.4	27.4	25.1	28.7	23.7
Cash flow from operating activities per share (SEK)	1.24	2.54	3.59	1.67	3.32	3.80	2.52	1.21
Basic earnings per share (SEK) ¹	2.28	2.36	3.69	2.48	3.70	3.25	2.90	2.33
Diluted earnings per share (SEK) ¹	2.28	2.35	3.68	2.47	3.69	3.24	2.89	2.33
Adjusted basic earnings per share (SEK) ¹	2.35	2.86	3.69	2.48	3.70	3.25	2.90	2.33
Equity per share (SEK)	42.74	40.74	38.21	36.57	35.64	32.54	28.91	27.27

¹ Attributed to parent company shareholders

Cash flow, investments, and financial position

FIRST QUARTER

Cash flow from operating activities before changes in working capital amounted to SEK 130 m (225) for the first quarter. Changes in working capital were SEK -72 m (-70). Cash flow from operating activities was thereby SEK 58 m (155).

Cash flow from investing activities amounted to SEK -35 m (-77) and mainly corresponds to investments in intangible assets and property, plant, and equipment of SEK -39 m (-25). Last year investments in subsidiaries were SEK -49 m.

Cash flow from financing activities was SEK -21 m (-67) which is mainly explained by amortizations of lease liabilities of -15 m (-13). Repurchase of own shares has been made by SEK -5 (-13). Last year amortizations of external loans was SEK -41 m. Cash flow for the quarter was SEK 1 m (10).

Cash and cash equivalents and net debt

Cash and cash equivalents amounted to SEK 127 m (157) and unused credit facilities to SEK 549 m (537). Net debt amounted to SEK 309 m (383) and mainly consists of lease liabilities of SEK 275 m (274). Net debt also consists of a debt corresponding to expected exercise price on option, in total SEK 132 m (127). External loans amount to SEK 4 m (105).

Net debt to EBITDA ratio for the last twelve months was 0.39 (0.46). Net debt/Equity ratio was 15% (22) and Equity/Assets ratio was 67% (59).

The HMS Networks AB share

HMS Networks AB (publ) is listed on the NASDAQ OMX Stockholm Large Cap list, in the sector Telecommunications. By the end of the period the total number of shares amounted to 46,818,868 of which 143,416 shares are held by the company.

A list 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 Tuesday, April 23, 2024, at 10.30 CET. The Board proposes to the Annual General Meeting 2024 that an ordinary dividend of SEK 4.40 (4.00) per share will be paid for the 2023 fiscal year. Excluding shares held by the Company, this corresponds to a total of SEK 205 m (187). The dividend is proposed to be paid on one occasion with record date April 25, 2024.

Share savings plan

The company has four ongoing share savings plans. Based on a decision by the Annual General Meetings, permanent employees are offered to save in HMS shares in an annual share savings plan.

Between 51% and 56% of the employees opted to participate in the respective plan. If certain criteria are met the company is committed to distribute a maximum of two HMS performance shares for every share saved by the employee, to the participant. As of March 31, 2024, the total number of saved shares amounted to 52,843 (57,839) within ongoing plans.

On December 31, 2023, the share savings plan from 2020 was finalized. During the first quarter of 2024, 44,464 performance shares, were distributed free of charge to the participants. Shares used for the allocation were own shares held by the company.

The Parent Company

The parent company's operations are primarily focused on Group wide management and financing. Apart from the Group's CEO, the parent company has no employees. The operating profit for the first quarter amounted to SEK 0 m (1). The profit after tax for the first quarter was SEK 0 m (1). Cash and cash equivalents amounted to SEK 3 m (2) and external borrowing does not exist.

Related party transactions

No material transactions with related parties have occurred during the period.

Contingent liabilities

There have been no changes in the Group's contingent liabilities, described on page 95 in Note 35 of the Annual Report for 2023.

Significant events

No events that are to be considered significant has occurred during the reporting period.

Subsequent events

COMPLETED ACQUISITION OF RED LION CONTROLS

On December 11, 2023, HMS announced that an agreement had been signed with Spectris regarding acquisition of all shares in Red Lion Controls Inc. and Red Lion Europe GmbH as well as certain assets in other jurisdictions ("Red Lion Controls") for a cash consideration of USD 345 m, on a cash and debt-free basis (Enterprise Value). The acquisition took place on April 2, significantly expanding HMS's presence in North America and complementing HMS's product offering. The consolidation of Red Lion Controls and HMS, as of April 1, 2024, is expected to be accretive to HMS earnings per share (excluding any non-cash amortization impacts from the acquisition).

In 2023 Red Lion Controls delivered revenues of about SEK 1,314 m and corresponding operating margin of 21%. HMS will opt for a so called 338(h)(10) election in the United States, which recharacterizes a stock purchase as an asset purchase for federal tax purposes. The impact from the filing is expected to lower the effective tax rate in the Group by approximately 2-3 percentage points during the years of which the assets are depreciated.

HMS ANNOUNCES COST SAVING PROGRAM

Following the closing of the acquisition of Red Lion Control on April 2, 2024, HMS and Red Lion Controls have started the work of realizing synergies between the companies. Additionally, as a result of strong organic growth the last few years, and a dampened market demand

experienced over the recent quarters and a slower market recovery, HMS is initiating a cost saving program to reduce costs and streamline the organization to be positioned for further growth.

The main initiatives of the program will be to realize early cost synergies from the acquisition of Red Lion Controls and a restructuring of the Anybus organization, but also a fine-tuning of the European organization. The program is expected to impact approximately 45 positions in total, of which approximately 25 positions in Sweden, and result in cost savings of about SEK 30 m in 2024, with a full year effect of about SEK 55 m. As a result of the program, HMS will commence negotiations with labor unions in Sweden.

The expected cost savings will gradually materialize during the second quarter of 2024, with full impact from the start of the third quarter of 2024. As a result of the cost saving program, the company expects one-time restructuring costs of approximately SEK 35 m during the second quarter.

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

Outlook

The message has been similar since mid-2023 – In the short term the market continues to be characterized by inventory adjustments and general uncertainty due to the macroeconomic situation. There are still high inventory levels at many customers, but HMS expects a gradual improvement in order intake in 2024, especially in the second half of the year.

Customers' willingness to invest in digitization, productivity improvements and sustainability is high and underlying demand is still considered to be good, although there is some concern linked to how the industry will be affected by weaker consumer purchasing power, increasing energy costs and the difficult security policy situation.

Risk management

HMS is exposed to business and financial risks through its operations. These risks have been described at length in the Company's Annual Report 2023. In addition, no significant risks are considered to have arisen.

Audit review

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

Accounting policies

HMS' consolidated accounts have been prepared in accordance with the 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 Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for Legal Entities, and the Swedish Annual Accounts Act.

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

New or revised IFRS standards or other IFRIC-interpretations that came into effect after January 1, 2024, have not had any significant

impact on the Group's financial reports as of March 31, 2024.

HMS applies the European Securities and Market Authority's (ESMA) guidelines on alternative key indicators (measures that are not defined in accordance with IFRS).

HMS in short

STRATEGIES

GROWTH STRATEGY – HMS' growth strategy is a combination of organic growth and acquisitions. Expansion in existing markets is done through a continuously improved and expanded product offering. This is combined with a high level of service and active investments in new sales channels globally. New markets are addressed with innovative and targeted solutions.

DEVELOPMENT STRATEGY – HMS' core competence is the broad and deep knowledge of industrial communication and IIoT, Industrial Internet of Things. A clear platform strategy ensures that all development centers within HMS are using core HMS technology.

PRODUCT STRATEGY – HMS offers solutions for industrial ICT (Information and Communication Technology) under the brands Anybus®, Ewon®, Ixxat® and Intesis®.

- 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)

HMS also offers solutions for wireless communication in mobile industrial applications through Owasys.

Red Lion® Controls are also a part of the HMS Networks Group from April 2024.

PRODUCTION STRATEGY – Flexible low volume production in own factories in Halmstad, Nivelles and Igualada is combined with high volume production in Europe and Asia in close collaboration with carefully selected subcontractors.

MARKETING STRATEGY – HMS' markets its solutions to several customer segment in the industrial value chain. Device manufacturers and machine builders are offered solutions that are tightly integrated into the customer's application. System integrators and end users are offered flexible infrastructure products that solve all kinds of communication problems in industrial systems and IIoT applications. HMS' most important market is factory automation, but other important markets are energy and infrastructure, transport, and logistics, and building automation.

SALES STRATEGY – HMS combines direct sales from own sales offices with sales through distribution. HMS has sales offices in key markets in 20 countries, complemented by a network of distributors and solution partners in more than 50 countries.

BUSINESS MODEL

HMS has developed its business models by packaging technology into targeted solutions for each targeted customer group. With device manufacturers and machine builders, HMS signs long-term framework agreements, so-called Design-Wins. This model is characterized by a relatively long sales cycle and design phase during which HMS' solutions are integrated into the customer's application, ensuring long-term revenue. The close collaboration gives HMS clear insight into the customer's future needs.

The business model towards system integrators is more traditional with a short sales cycle and manufacturing against customer orders or short-term forecasts. This sale is often handled by local distributors who are supported by HMS' sales and marketing organization.

Financial calendar

- Annual General Meeting 2024 will be held on April 23, 2024
- Half-year report 2024 will be published on July 12, 2024
- Third quarter report 2024 will be published on October 18, 2024
- Year-end report 2024 will be published on January 28, 2025

Conference call

APRIL 16, 2024 (09.00 CEST)

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

For link to the webcast, go to:

<https://www.hms-networks.com/sv/aktieagare>

Halmstad April 16, 2024

Staffan Dahlström

Chief Executive Officer

Further information can be obtained by:

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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 16, 2024.

Consolidated income statement in summary

SEK millions	Q1 2024	Q1 2023	R12 2024	Q1-Q4 2023
Net sales	616	773	2,868	3,025
Cost of goods and services sold	-231	-272	-1,016	-1,057
Gross profit	385	501	1,852	1,967
Selling expenses	-139	-136	-591	-588
Administrative expenses	-58	-72	-269	-282
Research and development expenses	-56	-79	-296	-319
Other operating income	-	-	9	9
Other operating expenses ¹	-3	-3	-33	-33
Operating profit	130	211	672	753
Financial income and expenses	3	2	-34	-35
Results from associated companies	0	0	0	-1
Profit before tax	133	213	638	717
Income tax	-27	-40	-133	-147
Profit for the period	107	172	505	571
Earnings per share regarding profit attributed to parent company shareholders:				
Basic, SEK	2.28	3.70	10.82	12.23
Diluted, SEK	2.28	3.69	10.79	12.19

¹ During the fourth quarter 2023, the Group reported restructuring costs of SEK 7 m. The Group also reported transaction costs of SEK 17 m, relating to the acquisition of Red Lion. During the first quarter 2024, the Group reported transaction and integration costs of SEK 3 m, relating to the acquisition of Red Lion.

Consolidated statement of comprehensive income in summary

SEK millions	Q1 2024	Q1 2023	R12 2024	Q1-Q4 2023
Profit for the period	107	172	505	571
Other comprehensive income:				
Items that may be reclassified subsequently to income statement				
Cash flow hedges	-20	6	15	41
Hedging of net investments	-	-1	-3	-4
Translation differences	51	17	28	-5
Income tax relating to components of other comprehensive income	4	-1	-3	-7
Other comprehensive income for the period, net of tax	35	21	38	24
Total comprehensive income for the period attributed to parent company shareholders	142	194	543	595

Consolidated balance sheet in summary

SEK millions	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
ASSETS			
Goodwill	1,151	1,131	1,117
Other intangible assets	292	290	276
Property, plant and equipment	86	82	70
Right-of-use	280	276	266
Deferred tax assets	22	24	21
Interest in associates	13	14	13
Other non-current assets	15	18	21
Total non-current assets	1,859	1,835	1,783
Inventories	611	389	589
Trade receivables	327	433	385
Other receivables	128	118	130
Cash and cash equivalents	127	157	124
Total current assets	1,192	1,096	1,228
TOTAL ASSETS	3,051	2,931	3,011
EQUITY AND LIABILITIES			
Equity attributed to parent company shareholders	2,057	1,716	1,933
Total Equity	2,057	1,716	1,933
Liabilities			
Interest-bearing liabilities	16	117	16
Non-interest-bearing liabilities ¹	133	130	127
Lease liabilities	213	217	202
Deferred tax liability	105	83	104
Total non-current liabilities	468	547	449
Interest-bearing liabilities	3	1	1
Non-interest-bearing liabilities	9	16	8
Lease liabilities	62	58	59
Trade payables	179	248	250
Other liabilities	273	345	312
Total current liabilities	526	667	630
TOTAL EQUITY AND LIABILITIES	3,051	2,931	3,011

¹ The item refers to the expected exercise price of options related to the remaining shares in Owasys Advanced Wireless Devices S.L. of SEK 132 m.

Consolidated cash flow statement in summary

SEK millions	Q1 2024	Q1 2023	R12 2024	Q1-Q4 2023
Cash flow from operating activities before changes in working capital	130	225	655	751
Change in working capital	-72	-70	-233	-232
Cash flow from operating activities	58	155	422	519
Cash flow from investing activities	-35	-77	-94	-135
Cash flow from financing activities	-21	-67	-354	-400
Cash flow for the period	1	10	-26	-16
Cash and cash equivalents at beginning of the period	124	144	157	144
Exchange differences in cash and cash equivalents	2	2	-4	-4
Cash and cash equivalents at end of period	127	157	127	124
Interest-bearing and Non-interest-bearing liabilities ¹	436	539	436	413
Net debt	309	383	309	289

¹ Non-interest-bearing liabilities refers to additional purchase price and option debt related to Owasy.

Consolidated changes of Equity in summary

SEK millions	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Opening balance at January 1	1,933	1,610	1,610
Total comprehensive income for the period	142	194	595
Cost of share-based remuneration	2	3	11
Repurchase of own shares	-11	-13	-13
Option ¹	-5	-77	-83
Dividend ²	-2	-	-187
Closing balance attributed to parent company shareholders	2,057	1,716	1,933

¹ During 2023, a call/put option was redeemed via the acquisition of an additional 20 percent of the shares in Owasy. At the time of the acquisition, a new call/put option was subscribed for the remaining 20 percent of the shares.

² During the first quarter 2024, Owasy paid a dividend to minority owners of SEK 2 m.

Key ratios

	Q1 2024	Q1 2023	R12 2024	Q1-Q4 2023
Change in net sales (%)	-20.3	49.5	3.8	20.7
Gross margin (%)	62.6	64.8	64.6	65.0
EBITDA (SEK m)	160	241	797	877
EBITDA (%)	26.0	31.2	27.8	29.0
EBIT excl acquisition-related costs (SEK m)	137	216	707	786
EBIT excl acquisition-related costs (%)	22.2	27.9	24.6	26.0
EBIT (SEK m)	130	211	672	753
EBIT (%)	21.1	27.4	23.4	24.9
Return on capital employed (%)	-	-	31.0	35.9
Return on shareholder's equity (%)	-	-	27.2	32.3
Working capital in relation to sales (%)	-	-	16.8	13.9
Capital turnover rate	-	-	0.95	1.02
Net debt/equity ratio	0.15	0.22	0.15	0.15
Equity/assets ratio (%)	67.4	58.6	67.4	64.2
Investments in property, plant and equipment (SEK m) ²	17	15	41	38
Investments in right-of-use assets (SEK m) ^{1 2}	13	72	67	126
Investments in intangible fixed assets (SEK m)	22	10	47	36
Depreciation of property, plant and equipment (SEK m)	-4	-5	-17	-18
Depreciation of right-of-use assets (SEK m)	-15	-12	-59	-56
Amortization of intangible fixed assets (SEK m)	-11	-13	-48	-50
<i>of which amortization of overvalues acquired</i>	-4	-4	-15	-16
<i>of which amortization of capitalized development costs</i>	-8	-8	-34	-34
Impairment of intangible fixed assets (SEK m)	-	0	0	-1
Number of employees (average) ³	817	789	810	803
Net sales per employees (SEK m) ³	0.75	0.98	3.5	3.8
Equity per share (SEK)	42.74	35.64	39.73	37.82
Cash flow from operations per share (SEK)	1.24	3.32	9.05	11.12
Total number of share average (thousands)	46,819	46,819	46,819	46,819
Holding of own shares average (thousands)	153	170	159	166
Total outstanding shares average (thousands)	46,666	46,649	46,660	46,653

¹ During 2023 rental agreement in Germany, Belgium and Italy was renegotiated.

² The key ratio for Q1-Q4 2023 have been corrected as incorrect values were reported in previous reports.

³ The key ratio for Q1-Q4 2023 have been corrected as incorrect values were reported in previous reports.

Quarterly data

Division of net sales per brand SEK millions	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Anybus	320	450	486	381	440	431	364	326
Ixxat	62	84	91	78	62	60	61	67
Ewon	100	116	117	126	157	143	114	134
Intesis	59	59	60	64	56	49	39	49
Other	75	52	34	54	59	81	45	25
Total	616	760	789	703	773	764	624	601

All brands are based on a common technology platform and are marketed and sold in common sales channels. Therefore, no complete segment follow-up is reported.

Net sales per region SEK millions	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
EMEA	349	447	486	414	463	486	378	372
Americas	144	175	160	169	165	148	127	117
APAC	124	138	143	120	145	130	119	111
Total	616	760	789	703	773	764	624	601

Income statement SEK millions	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Net sales	616	760	789	703	773	764	624	601
Gross profit	385	496	516	455	501	486	397	374
<i>Gross margin (%)</i>	<i>62.6</i>	<i>65.3</i>	<i>65.4</i>	<i>64.7</i>	<i>64.8</i>	<i>63.6</i>	<i>63.6</i>	<i>62.2</i>
Operating profit	130	169	223	150	211	192	179	143
<i>Operating margin (%)</i>	<i>21.1</i>	<i>22.3</i>	<i>28.2</i>	<i>21.4</i>	<i>27.4</i>	<i>25.1</i>	<i>28.7</i>	<i>23.7</i>
Profit before tax	133	142	220	143	213	180	168	140

Parent company's income statement in summary

SEK millions	Q1 2024	Q1 2023	R12 2024	Q1-Q4 2023
Net sales	5	7	23	25
Gross profit	5	7	23	25
Administrative expenses	-5	-6	-23	-24
Operating profit	0	1	1	1
Profit from interest in Group companies	-	-	455	455
Interest income/ expenses and similar items	0	0	12	12
Profit before tax	0	1	468	468
Income tax	-	-	-3	-3
Profit for the period	0	1	465	465

Parent company's balance sheet in summary

SEK millions	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
ASSETS			
Financial assets	337	337	337
Total financial assets	337	337	337
Receivables from Group companies	621	353	640
Other receivables	3	2	0
Cash and cash equivalents	3	2	2
Total current assets	626	357	642
TOTAL ASSETS	964	695	980
EQUITY AND LIABILITIES			954
Equity	953	685	
Current liabilities			
Trade receivables	0	1	1
Other liabilities	10	8	14
Total current liabilities	11	9	15
TOTAL EQUITY AND LIABILITIES	964	695	980

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 OPERATING PROFIT

Operating profit excluding significant non-recurring items.

ADJUSTED PROFIT AFTER TAX

Profit excluding significant non-recurring items and tax effects on these items.

AVERAGE NUMBER OF OUTSTANDING SHARES

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

BASIC EARNINGS PER SHARE

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

CAPITAL EMPLOYED

Assets total less non-interest-bearing current liabilities and provisions as well as deferred tax liability.

CAPITAL TURNOVER RATE

Net sales in relation to average balance sheet total.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

Cash flow from operating activities in relation to the average number of shares outstanding.

DILUTED EARNINGS PER SHARE

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

EBIT

Operating income according to income statement.

EBIT EXCL ACQUISITION-RELATED COSTS

Operating profit excluding amortization and impairment of surpluses and goodwill from acquisitions, as well as acquisition-related transaction costs.

EBITDA

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

EQUITY PER SHARE

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

EQUITY/ASSETS RATIO

Shareholders' equity in relation to the assets total.

FINANCIAL ASSETS

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

NET DEBT

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

NET DEBT/EQUITY RATIO

Net debt in relation to Shareholders' equity.

NUMBER OF SHARES OUTSTANDING

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

OPERATING MARGIN

Operating profit in relation to net sales.

ORGANIC CHANGE

Change in order intake, net sales, and operating expenses excluding increase attributable to acquisitions, translated at the previous year's exchange rates and calculated as a percentage of the previous year's figures. Amounts from acquired companies are included in the calculation of organic change from the end of the first month that falls 12 months after the acquisition date.

RETURN ON CAPITAL EMPLOYED

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

RETURN ON SHAREHOLDER'S EQUITY

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

WORKING CAPITAL

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

Alternative KPIs

HMS presents certain KPIs in the interim report that are not defined according to IFRS. The company feels that these measures provide valuable supplementary information to investors and its management, as it facilitates the evaluation of relevant trends and the company's

performance. Because not all companies calculate KPIs in the same way, these are not always comparable to the KPIs used by other companies. These KPIs should therefore not be seen as a replacement for KPIs defined according to IFRS, unless otherwise stated.

EBITDA

EBITDA is a measure of the underlying operational activity and an indicator of cash flow.

SEK millions	Q1 2024	Q1 2023	R12 2024	Q1-Q4 2023
Operating profit	130	211	672	753
Depreciation of property, plant, and equipment (incl. rights of use)	19	17	76	74
Amortization of intangible assets	11	13	48	50
Impairment of intangible assets	-	0	0	1
EBITDA	160	241	797	877
Net sales	616	773	2,868	3,025
EBITDA (%)	26.0	31.2	27.8	29.0

EBIT EXCL ACQUISITION-RELATED COSTS

EBIT before amortization and impairment of acquired surpluses and goodwill as well as transaction costs is a value that the company uses to describe how its operating activities developing and performing without the impact of acquisition-related costs.

SEK millions	Q1 2024	Q1 2023	R12 2024	Q1-Q4 2023
Operating profit	130	211	672	753
Amortization of surpluses from acquisitions	4	4	15	16
Acquisition-related transaction costs	3	0	20	17
EBIT excl acquisition-related costs	137	216	707	786
Net sales	616	773	2,868	3,025
EBIT excl acquisition-related costs (%)	22.2	27.9	24.6	26.0



Hms

Our vision

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

Our mission

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

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