



## WELCOME TO THE ANNUAL GENERAL MEETING FOR HMS NETWORKS AB IN HALMSTAD

The shareholders of HMS Networks AB (publ), Reg. no. 556661-8954, are hereby invited to the Annual General Meeting, which will be held at 10.30 a.m on Thursday 25 April 2019 at the HMS head office, Stationsgatan 37, Halmstad. Registration for the Annual General Meeting will begin at 9.30 a.m.

### Right to participate in the Annual General Meeting

Shareholders who wish to participate in the Annual General Meeting must be registered in the share register kept by Euroclear Sweden (the Swedish Central Securities Depository) on Wednesday 17 April 2019 and give notice of their intention to participate in the Annual General Meeting to the Company no later than on Wednesday 17 April 2019 preferably before 4 p.m.

Notification shall be made by phone +46 (0)35-17 29 00, in writing to Computershare AB, "HMS Networks AB's Annual General Meeting" Box 610, 182 16 Danderyd, or via the website: [www.hms-networks.com](http://www.hms-networks.com). The notification should include name, personal ID number/CIN, address, daytime telephone number and, when applicable, information on assistants (no more than two) or deputies who will be attending. The notification should include, where applicable, complete authorisation documents such as registration certificate, power of attorney, or equivalent.

### Proxies

If a shareholder is represented by a proxy, the proxy should be issued with a power of attorney dated for this day. If the power of attorney is issued by a legal entity, a certified copy of the registration certificate, or other document demonstrating the signatory's authority to sign for the legal entity, must be included. The power of attorney and any registration certificate may not be more than one year old, unless a longer period of validity is stated in the power of attorney (no more than five years). The power of attorney in original and, if applicable, registration certificate must be sent to Computershare AB, "HMS Networks AB's Annual General Meeting", Box 610, 182 16 Danderyd, well in advance of the Annual General Meeting. A form of power of attorney is available on the HMS website [www.hms-networks.com](http://www.hms-networks.com) and at the Company's head office.

### Nominee registered shares

Shareholders whose shares are registered in the name of a nominee through a bank or Securities Register Center must temporarily re-register the shares in their own name to be able to participate at the Meeting. Such registration must be done at Euroclear Sweden no later than Wednesday 17 April 2019, which means that shareholders must notify their intentions on this matter to the nominee well in advance of the stated date.

### Proposed agenda

1. Opening of the Meeting
2. Election of Chairman of the Meeting
3. Preparation and approval of the voting list
4. Approval of the Agenda
5. Election of one or two persons to approve the minutes
6. Determination as to whether the Meeting has been duly convened
7. Presentation of
  - a. the Annual Report, Auditors' Report and the Consolidated Accounts and Consolidated Auditors' Report
  - b. the statement by the auditor on the compliance with the current guidelines for remuneration to senior executives
  - c. the Board of Directors proposition according to items 15-16

8. Report by the CEO
9. Resolution concerning
  - a. the adoption of the Income Statement and Balance Sheet, and of the Consolidated Income Statement and Consolidated Balance Sheet
  - b. the allocation of the Company's profit as set forth in the adopted Balance Sheet
  - c. the discharge of liability for Board Members and CEO
10. Determination of the number of Board Members and Deputies and Auditors
11. Determination of fees payable to Board Members and Auditor
12. Election of Board Members
13. Election of Auditor
14. Determination on guidelines for remuneration to senior executives
15. Resolution on the Board of Directors' proposal for authorisation of the Board to resolve on new share issues
16. Resolution on the Board of Directors' proposal for (a) implementation of a performance-based Share Saving Plan 2020-2023 for all employees, (b) authorisation of the Board to resolve on repurchase of own shares within Share Saving Plan 2020-2023 and (c) transfer of own shares to participants in Share Saving Plan 2020-2023.
17. Closing of the meeting

## The Nomination Committee's proposals

### ***Election of Chairman of the Meeting, determination of the number of Board Members and Deputies and Auditors, determination of fees payable to Board Members and Auditor and election of Board Members and election of Auditor (item 2 and 10-13)***

The Nomination Committee for 2019, comprising Chairman Jan Svensson (Investment AB Latour), Evert Carlsson (Swedbank Robur Funds), Per Trygg (SEB Funds), Staffan Dahlström (own holding) and Charlotte Brogren (Chairman of the Board), proposes:

- that Charlotte Brogren shall be appointed Chairman of the Annual General Meeting (item 2);
- that the Board of Directors shall consist of six Board Members without any deputies and that a registered public accounting firm shall be elected as Auditor (item 10);
- that fees to the Board members shall amount to a total of SEK 1,625,000 (1,450,000), excluding committee fees, of which SEK 500,000 (450,000) shall be paid to the Chairman, and SEK 225,000 (200,000) to each other Board Member, that the fee for work in the Audit Committee shall amount to SEK 100,000 (50,000) to the Chairman and SEK 50,000 to each other member in the Audit Committee and that no fees shall be paid for work in other committees. The fees to the Auditor shall be paid according to approved invoices (item 11);
- that the Board Members Ray Mauritsson, Charlotte Brogren, Fredrik Hansson, Anders Mörck, Cecilia Wachtmeister and Ulf Södergren shall be re-elected as Board members, and that Charlotte Brogren shall be re-elected as Chairman of the Board (item 12); and
- that, in accordance with the Audit Committee's recommendation, Öhrlings PricewaterhouseCoopers AB is re-elected as the company's auditor, with Fredrik Göransson as auditor in charge for a mandate period of one year (item 13).

## Proposals from the Board of Directors

### ***Resolution concerning the allocation of the Company's profit as set forth in the adopted Balance Sheet (item 9b)***

The Board proposes that the Parent Company's profit of TSEK 163,817 and retained earnings of TSEK 17,305, in total TSEK 181,122 is allocated so that SEK 1.80 per share, corresponding to TSEK 83,909 in total is distributed to the shareholders as dividend and that the remaining amount is carried forward. The proposed record date for the dividend is Monday 29 April 2019. If the Annual General Meeting resolves in accordance with the proposal, the estimated date for payment of the dividend from Euroclear Sweden is Friday 3 May 2019.

***Determination of guidelines for remuneration to senior executives (item 14)***

The Board of Directors' proposal for guidelines for remuneration to senior executives entails in principal that the total remuneration shall be based on market conditions and be competitive. The benefits shall comprise fixed salary, variable cash salary, long-term incentive programs, pension and other benefits. The variable cash salary to the senior executives shall be based on predetermined and measurable financial objectives for the group and shall in principal be based on growth in combination with profitability. In addition, individual objectives can be determined. Cash variable remuneration shall not exceed 50 per cent of the fixed salary. Variable remuneration can also be paid in the form of long-term incentive programs. Pension benefits shall be fee-based and for the CEO, the pension shall amount to 35 per cent of the fixed monthly salary up to 28,5 price base amounts, and to 25 per cent on fixed salary exceeding such amount. For other senior executives, the ITP-agreement will apply. The Board shall have the right to deviate from the guidelines in individual cases if there are particular grounds for such deviation.

***Resolution on the Board of Directors' proposal for authorisation of the Board to resolve on new share issues (item 15)***

The Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors to resolve on new share issues in accordance with the following conditions:

1. The authorisation may be exercised on one or several occasions up to the Annual General Meeting 2020.
2. Maximum 2,340,943 shares, corresponding to approximately 5 per cent of the company's share capital, may be issued.
3. An issue may be made with or without deviation from the shareholders' preferential right.
4. An issue may be made against cash payment, by set-off or by contribution in kind.
5. The subscription price shall, at deviation from the shareholders' preferential right, be determined in accordance with market practice. The Board of Directors shall be entitled to determine other terms of the issue.

The purpose of the authorisation, and the reason for the deviation from the shareholders' preferential right, is to enable the company to finance or carry out, in whole or in part, company acquisitions with the company's own shares. There have been requests from sellers of companies to receive shares in HMS Networks as payment in conjunction with acquisitions and in case of acquisitions of smaller entrepreneurial companies it might work as an important incentive for the seller to receive shares in HMS Networks.

Under the Swedish Companies Act, the resolution of the General Meeting on authorisation for the Board of Directors to resolve on new share issues requires the support of shareholders representing at least two-thirds of both the number of votes cast and the shares represented at the Meeting in order to be valid.

***Resolution on the Board of Directors' proposal on (a) implementation of a performance-based Share Saving Plan 2020-2023 for all employees, (b) authorisation of the Board to resolve on repurchase of own shares within Share Saving Plan 2020-2023 and (c) transfer of own shares to participants in Share Saving Plan 2020-2023 (item 16)***

***A. Implementation of performance-based Share Saving Plan 2020-2023 for all employees***



The Board of Directors proposes that the Annual General Meeting resolves on implementation of the below described Share Saving Plan 2020-2023 to all employees, comprising a maximum of 100 000 shares in the company, according to the following principal conditions:

1. All permanent employees within the group as per 31 December 2019 (approximately 700 persons) will be offered to participate in the program. In order to participate in the program, the participant must, with own funds, make an investment of minimum 1% and maximum between 3% and 6% (depending on position, see item 2 below) of his or her annual fixed gross salary in shares in the company at market price over Nasdaq Stockholm ("Saving Shares"). Notification of participation in Share Saving Program 2020-2023 shall be made no later than 31 December 2019. The investment shall take place during 2020 and shall be made to an amount corresponding to minimum 1% of the gross salary for 2019, with the possibility to further investment up to the fixed maximum amount.
2. For senior executives (approximately 80 persons), it is required that the own investment amounts to a minimum of 1% and a maximum of 6% of the gross salary for 2019. For other employees (approximately 620 persons), it is required that the own investment amounts to a minimum of 1% and maximum of 3% of the gross salary for 2019.
3. Each Saving Share entitles the participant to receive free of charge a maximum of two (2) shares in the company, based on the achievement of certain performance conditions ("Performance Share"). The performance conditions are based on the development of earnings per share according to determined objectives by the Board of Directors during the financial years 2021 – 2023 (the "Measurement Period").
4. Upon achievement of the performance conditions, Performance Shares will be received within 60 days after the day of the publishing of the year-end report regarding the financial year 2023. Subject to customary exceptions, the participant does not receive Performance Shares if the participant does not acquire Saving Shares according to determined minimum level, does not hold all of his or her Saving Shares up to and including 31 December 2023, or does not remain in his or her employment or equivalent within the group as per this date. The performance condition that has to be achieved or exceeded relates to average annual growth of the company's earnings per share during the Measurement Period, whereby Performance Shares is received linearly between the interval 0-20% and an average annual growth during the Measurement Period of 20% corresponds to maximum allotment, i.e. two (2) Performance Shares.
5. A small number of selected consultants with assignments of essential importance for the company should be offered to, on comparable terms and conditions, participate in Share Saving Plan 2020-2023.
6. The Board of Directors shall be responsible for the detailed terms and conditions of Share Saving Plan 2020-2023 within the scope the above stated principal terms and conditions, as well as such reasonable adjustments of the program which are deemed appropriate or efficient due to legal or administrative conditions. In addition, the Board of Directors shall have the right to make minor amendments and deviations from the terms and conditions due to local rules and occurring market practice.

*B. Authorisation for the Board of Directors to resolve on repurchase of own shares within Share Saving Plan 2020-2023*



To enable the company's delivery of Performance Shares according to Share Saving Plan 2020-2023, the Board of Directors proposes that the Annual General Meeting resolves to authorise the Board to resolve on repurchase of own shares in accordance with the following conditions:

1. The repurchase of shares shall take place on Nasdaq Stockholm.
2. The authorisation may be exercised on one or several occasions until the Annual General Meeting 2020.
3. The repurchase shall as a maximum comprise the number of shares required for delivery of Matching and Performance Shares to the participants in Share Saving Plan 2020-2023, however no more than 100,000 shares.
4. Repurchase shall be made at a price within the share price interval registered from time to time, where share price interval means the difference between the highest buying price and the lowest selling price.
5. Payment of the repurchased shares shall be made in cash.
6. The Board of Directors shall have the right to resolve on other terms and conditions for the repurchase.

The repurchase is expected to take place in conjunction with the investment period, i.e. during 2020. To the extent that repurchase must be made after the Annual General Meeting 2020 in order to ensure delivery of shares according to the program's maximum amount, a new authorisation for repurchase of shares is required by the next Annual General Meeting.

#### *C. Transfer of own shares to participants in the Share Saving Plan 2020-2023*

To be able to deliver Performance Shares under Share Saving Plan 2020-2023, the Board of Directors proposes that the Annual General Meeting resolves on transfer of own shares in accordance with the following conditions:

1. A maximum number of 100,000 shares may be transferred free of charge to participants in Share Saving Plan 2020-2023.
2. With deviation from the shareholders' preferential rights, the right to acquire shares free of charge shall comprise persons within the group participating in Share Saving Plan 2020-2023, with a right for each of the participant to acquire the maximum number of shares stipulated in the terms and conditions of the Share Saving Plan 2020-2023.
3. Transfer of shares shall be made free of charge at the time for, and according to the terms for, the allotment of shares to participants in Share Saving Plan 2020-2023.
4. The number of shares that may be transferred under Share Saving Plan 2020-2023 may be recalculated due to any intervening split or reverse share split, bonus issue, preferential issue and/or similar corporate actions.

The reason for deviation from the shareholders' preferential rights is to enable the Company to transfer Performance Shares to the participants in Share Saving Plan 2020-2023.



#### *Estimated costs*

The program will generate costs related to the application of IFRS 2 “Share-related remuneration” amounting to approximately MSEK 15 and costs for social security contributions of approximately MSEK 5 for the shares which are allotted free of charge. The total effect on the income statement is estimated to amount to approximately MSEK 20, distributed over the years 2020-2023.

Costs according to IFRS 2 do not affect the cash flow or equity during the duration of the Share Saving Plan. The acquisition cost of the shares is estimated to approximately MSEK 15 and will effect the cash flow and equity in connection with acquisition of the shares. The social security contributions effect the equity continuously, but the cash flow only in 2024, after that the shares has been allotted. Administrative costs for the program is estimated to amount to MSEK 0.8 during the duration of the program.

The above cost-estimate is based on assumptions that just over half of the employees participate in the program, that all participants remains until the end of the program, an investment level per participant based on historical outcome and a maximum outcome on the performance conditions corresponding to two (2) Performance Shares per Saving Share. For the share price at the end of the program, a development corresponding to the outcome of the performance condition earnings per share has been assumed.

#### *Reason for the proposal*

The Board of Directors’ reason for the abovementioned proposal on Share Saving Plan 2020-2023 is that a personal long-term owner commitment in the company by the employees is expected to stimulate an increased interest for the company’s operation and earnings, and to increase the motivation and affinity with the company. The offering and participation in the Share Saving Plan shall be considered as a part of the total remuneration package. Therefore, the Board of Directors assesses that the Share Saving Plan is favorably for both the company and its shareholders. It is the Board of Directors’ intention to annually return to the Annual General Meeting with proposals for share saving plans with equivalent conditions and effects. In case the conditions for the assumptions on number of employees that may be offered to participate in the share saving program or otherwise that is the basis for the calculations of the maximum size of the program change, the Board of Directors’ intends to return with a supplementary proposal to the Annual General Meeting 2020 regarding repurchase and transfer of own shares within Share Saving Plan 2020-2023, in order to ensure that all employees as per 31 December 2019 who wish to participate in the program can do so.

#### *Effects on key ratios*

As per the date of the Board of Directors’ proposal, the number of shares in the Company amounts to 46,818,868. The Share Saving Plan 2020-2023 is expected to result in acquisition and transfer of a total of approximately 100,000 shares, which corresponds to approximately 0.21% of the total number of outstanding shares and votes. The key ratio earnings per share is not expected to be effected substantially.

#### *Majority resolution*

Decision on the Board of Directors’ proposal under items A, B and C shall be made as a joint decision. The proposal, to be valid, must be supported by shareholders holding at least nine-tenths of both the number of votes cast, as well as of the number of shares represented at the meeting.

#### **Information at the Annual General Meeting**

The Board and the CEO shall at the Annual General Meeting, if any shareholder so requests and the Board believes that it can be done without significant harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that



can affect the assessment of the company's or its subsidiaries' financial position and the company's relation to other companies within the group.

**Available documents**

The Annual Report and Auditor's Report for the Parent Company and the group for the 2018 financial year, the Board of Directors reasoned statement regarding the proposal for dividend, the Nomination Committee's reasoned statement and the Board of Directors complete proposal regarding items 14-16 and the auditors' statement on whether the current guidelines for remuneration to senior executives have been complied with, will be available at the company and on the company's website, [www.hms-networks.com](http://www.hms-networks.com), as of 4 April 2019, and will be sent to all shareholders who so request and state their postal address. A printed version of the Annual Report may be received by sending address details to [ir@hms.se](mailto:ir@hms.se).

**Number of shares and votes in the company**

At the time of this notice, the total number of shares and votes in the company amounts to 46,818,868. The company's holding of own shares amounts to 202,999, which do not entitle to any voting right as long as the company is the holder of the shares.

**Processing of personal data**

For information on processing of personal data, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

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Halmstad, March 2019  
**HMS Networks AB (publ)**  
*The Board of Directors*

**For more information please contact:**

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