



PRESS RELEASE

Halmstad, March 23, 2021

Notice of the Annual General Meeting of HMS Networks AB

The shareholders of HMS Networks AB (publ), Reg. no. 556661-8954, are hereby invited to the Annual General Meeting, which will be held on Friday, 23 April 2021.

The Board of Directors has decided that the Annual General Meeting should be conducted by way of postal vote pursuant to temporary legislation being in effect in 2021. This means that the Annual General Meeting will be held without the physical presence of shareholders, representatives or third parties. The shareholders will therefore only be able to exercise their voting rights by postal voting in the manner prescribed below.

Information on the decisions of the Annual General Meeting will be published as soon as the outcome of the postal voting is finally compiled on 23 April 2021.

Registration and notification with regard to Annual General Meeting by postal voting

Shareholders who wish to attend the Annual General Meeting must be registered in the share register kept by Euroclear Sweden AB (the Swedish Central Securities Depository) on Thursday, 15 April 2021 and must give notice of their attendance by casting their postal vote, in accordance with instructions under the heading "Postal Voting" below, so that the postal vote is available to Euroclear Sweden AB no later than Thursday, 22 April 2021.

Please note that notification of attendance to the Annual General Meeting can only be made through postal voting.

Nominee registered shares

In order to be entitled to participate in the Annual General Meeting, a shareholder whose shares are registered in the name of a nominee must, in addition to giving notice of participation in the Annual General Meeting by submitting its postal vote, register its shares in its own name so that the shareholder is listed in the presentation of the share register as Thursday, 15 April 2021. Such registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee in accordance with the nominee's routines at such a time in advance as decided by the nominee. Voting rights registrations that have been made by the nominee no later than Monday, 19 April 2021 will be taken into account in the presentation of the share register.

Postal voting

Shareholders may exercise their voting rights at the Annual General Meeting only by postal voting in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. A special form must be used for the postal vote. The form is available on the company's website www.hms-networks.com. The postal vote form is considered as notice to participate in the Annual General Meeting.



In order to be considered, the completed and signed form must be received by Euroclear Sweden AB no later than Thursday, 22 April 2021. The completed and signed form must be sent to by mail to HMS Networks AB, "Annual General Meeting", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden or by email to GeneralMeetingServices@euroclear.com. Shareholders who are natural persons may also cast their votes electronically through verification with BankID via the Euroclear Sweden AB's website <https://anmalan.vpc.se/EuroclearProxy/>. To be considered, such electronic votes must be submitted no later than Thursday, 22 April 2021.

If the shareholder submits its postal vote by proxy, a power of attorney must be attached to the postal voting form. Proxy forms in Swedish and in English are available on the company's website www.hms-networks.com and also upon request. A power of attorney is valid (1) year from its issue date or such longer time period as set out in the power of attorney, however not more than (5) years. If the shareholder is a legal person, a registration certificate or other authorization document, not older than one (1) year, must be attached to the form, listing the authorized signatories.

The shareholders may not provide special instructions or conditions to the postal vote. If so, the entire postal vote is invalid. Further instructions and conditions can be found in the postal voting form and at <https://anmalan.vpc.se/EuroclearProxy/>.

Proposed agenda

1. Election of Chairman of the Meeting
2. Election of one or two persons to approve the minutes
3. Preparation and approval of the voting list
4. Determination as to whether the Meeting has been duly convened
5. Approval of the Agenda
6. 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 12-14
7. 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
8. Determination of the number of Board Members and Deputies and Auditors
9. Determination of fees payable to Board Members and Auditor
10. Election of Board Members
11. Election of Auditor
12. Resolution on approval of remuneration report
13. Resolution on the Board of Directors' proposal for authorisation of the Board to resolve on new share issues
14. Resolution on the Board of Directors' proposal for (a) implementation of a performance-based Share Saving Plan 2022-2025 for all employees, (b) authorisation of the Board to resolve on repurchase of own shares within Share Saving Plan 2022-2025 and (c) transfer of own shares to participants in Share Saving Plan 2022-2025



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 1 and 8-11)

The Nomination Committee for 2021, comprising Chairman Johan Hjertonsson (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 1);
- that the Board of Directors shall consist of six Board Members elected by the General Meeting, without any deputies and that a registered public accounting firm shall be elected as Auditor (item 8);
- that fees to the Board members shall amount to a total of SEK 1,875,000 (1,625,000), excluding committee fees, of which SEK 625,000 (500,000) shall be paid to the Chairman, and SEK 250,000 (225,000) to each other Board Member elected by the General Meeting, that the fee for work in the Audit Committee shall amount to SEK 100,000 (100,000) to the Chairman and SEK 50,000 (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 9);
- that the Board Members Charlotte Brogren, Fredrik Hansson, Anders Mörck, Cecilia Wachtmeister, Ulf Södergren and Niklas Edling shall be re-elected as Board members and that Charlotte Brogren shall be re-elected as Chairman of the Board. (item 10); and
- that, in accordance with the Audit Committee's recommendation, Öhrlings PricewaterhouseCoopers AB is re-elected as the company's auditor, with Johan Palmgren as auditor in charge for a mandate period of one year (item 11).

Proposals from the Board of Directors

Election of one or two persons to approve the minutes (item 2)

The Board of Directors proposes Fredrik Lycke or, to the extent both or any of them are prevented, the person(s) appointed by the Board of Directors, as the person(s) to approve the minutes. The assignment to approve the minutes also includes checking the voting list and that the received postal votes are correctly reflected in the minutes of the meeting.

Preparation and approval of the voting list (item 3)

The voting list proposed to be approved is the voting list prepared by Euroclear Sweden AB on behalf of the company, based on the General Meeting share register and received postal votes, controlled and checked by the persons assigned to check the minutes.

Resolution concerning the allocation of the company's profit as set forth in the adopted Balance Sheet (item 7b)

The Board proposes that the parent company's profit of SEK 31,922 thousand and retained earnings of SEK 272,389 thousand, in total SEK 304,311 thousand is allocated so that SEK 2.00 per share, corresponding to SEK 93,323 thousand 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 Tuesday 27 April 2020. If the Annual General Meeting resolves in accordance with the proposal, the estimated date for payment of the dividend from Euroclear Sweden is Friday 30 April 2021.

Approval of remuneration report (item 12)

The Board of Directors proposes that the annual General Meeting resolves to approve the Board of Directors' report regarding compensation pursuant to Chapter 8, Section 53 a of the Swedish Companies Act.



Resolution on the Board of Directors' proposal for authorisation of the Board to resolve on new share issues (item 13)

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 2021.
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 2022-2025 for all employees, (b) authorisation of the Board to resolve on repurchase of own shares within Share Saving Plan 2022-2025 and (c) transfer of own shares to participants in Share Saving Plan 2022-2025 (item 14)

A. Implementation of performance-based Share Saving Plan 2022-2025 for all employees

The Board of Directors proposes that the Annual General Meeting resolves on implementation of the below described Share Saving Plan 2022-2025 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 2021 (approximately 800 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 2022-2025 shall be made no later than 31 December 2021. The investment shall take place during 2021 and shall be made to an amount corresponding to minimum 1% of the gross salary for 2021, with the possibility to further investment up to the fixed maximum amount.
2. For senior executives (approximately 90 persons), it is required that the own investment amounts to a minimum of 1% and a maximum of 6% of the gross salary for 2021. For other employees (approximately 710 persons), it is required that the own investment amounts to a minimum of 1%



and maximum of 3% of the gross salary for 2021.

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 2023-2025 (the “Measurement Period”). 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. Through the connection to earnings per share throughout the measurement period, the performance conditions contribute to the company’s long-term value creation.
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 2025. 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 2025, or does not remain in his or her employment or equivalent within the group as per this date.
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 2022-2025.
6. The Board of Directors shall be responsible for the detailed terms and conditions of Share Saving Plan 2022-2025 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 in other jurisdictions than Sweden and occurring market practice.

B. Authorisation for the Board of Directors to resolve on repurchase of own shares within Share Saving Plan 2022-2025

To enable the company’s delivery of Performance Shares according to Share Saving Plan 2022-2025, 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 2022.
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 2022-2025, 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 2022. To the extent that repurchase must be made after the Annual General Meeting 2022 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 2022-2025

To be able to deliver Performance Shares under Share Saving Plan 2022-2025, 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 2022-2025.
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 2022-2025, 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 2022-2025.
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 2022-2025.
4. The number of shares that may be transferred under Share Saving Plan 2022-2025 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 2022-2025.

Estimated costs

The program will generate costs related to the application of IFRS 2 "Share-related remuneration" amounting to approximately SEK 19 M and costs for social security contributions of approximately SEK 6 M for the shares which are allotted free of charge. The total effect on the income statement is estimated to amount to approximately SEK 25 M, distributed over the years 2022-2025.

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 SEK 19 M and will affect 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 2026, after that the shares has been allotted. Administrative costs for the program are estimated to amount to SEK 0.8 M 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 2022-2025 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 favourably 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 2022 regarding repurchase and transfer of own shares within Share Saving Plan 2022-2025, in order to ensure that all employees as per 31 December 2021 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 2022-2025 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 affected 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.

Shareholders' right to receive information

The Board of Directors and CEO shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that may affect the assessment of the company's or its subsidiaries' financial situation and the company's relation to another company within the group. A request for such information shall be made in writing to the company no later than ten days prior to the Annual General Meeting, i.e. no later than Tuesday, 13 April 2021, at HMS Networks AB "Annual General Meeting", box 4126, SE-300 04 Halmstad, Sweden or by email to ir@hms.se. The information will be made available on the company's website www.hms-networks.com and at the company's head office, [Stationsgatan 37, SE-302 50 Halmstad, Sweden], no later than Sunday, 18 April 2021. The information will also be sent to any shareholder who so requests and who states its address.

Available documents

The Annual Report and Auditor's Report for the parent company and the group for the 2020 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 12-14 and the auditors' statement on whether the current guidelines for remuneration to senior executives have been complied with, are presented by being available at the company and on the company's website, www.hms-networks.com, as of 31 March 2021, 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.



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 157,571, 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 2021
HMS Networks AB (publ)
The Board of Directors

For more information please contact:

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HMS Networks AB (publ) is a market-leading provider of solutions in industrial information and communication technology (Industrial ICT). HMS develops and manufactures products under the Anybus®, Ixxat®, Ewon® and Intesis® brands. Development takes place at the headquarter in Halmstad and also in Ravensburg, Nivelles, Igualada, Wetzlar Buchen and Delft. Local sales and support are handled by branch offices in Germany, USA, Japan, China, Singapore, Italy, France, Spain, the Netherlands, India, UK, Sweden, South Korea and UAE, as well as through a worldwide network of distributors and partners. HMS employs over 700 people and reported sales of SEK 1,467 million in 2020. HMS is listed on the NASDAQ OMX in Stockholm, category Mid Cap, Information Technology.