Over the last few years, which have been marked by the pandemic, global unrest and component shortages, HMS has demonstrated how, with good leadership, an efficient organization and dedicated employees, we have continued to deliver both growth and good earnings. In terms of order intake, sales and operating profit, 2022 was another record year.

With new, and above all rapidly changing, conditions occurring both locally and globally, it is becoming increasingly important to have control over the value chain. Furthermore, many industrial companies have taken note of the growing trend of digitalization through automation and robotics and have integrated this into their strategies for not only increasing their own robustness, but also lowering their environmental impact. HMS and our offering meet that very need and we have obtained a strong market position via both new and existing customer contacts.

For a growth company in a fast-growing sector, the Board has an important role to play both in governance and in a more supportive role. The latter is important in connection with the broadening of product and application areas that has taken place in recent years, which increases the demands on HMS management to be able to handle a greater complexity of markets and products. For the Board, it is important to actively support the management team in strategic matters, ensure a good balance between risk and opportunities, access to the right human capital and to ensure that set plans are followed.

The Board’s work follows a fixed annual cycle with planned meetings and a division of work and responsibilities established in the rules of procedure. One of the Board meetings is specifically focused on strategy, although strategic aspects of the business are continuously addressed because experience has shown that quick decisions and agility are crucial when it comes to dealing with fluctuations in both directions. Despite the tough macroeconomic conditions, we have made significant progress towards achieving the 2025 goals.

The work of the Board functions very well and we have a good balance of different skills and experiences. During the year, a Board evaluation was performed based on a model developed by the Latour Group. The results of these evaluations help ensure that the work done by the Board is efficient and they provide us with valuable feedback on whether the composition and competence of the Board is adequate. This year’s summary once again showed a well-functioning Board work, with good dynamics both internally within the Board and between the Board and management. The committee work also functions well. The audit and remuneration committees aim to ensure that we work efficiently with both financial management, accounting and staff issues, while the development committee pays special attention to the important issues surrounding product and technology development.

The Board’s challenges in the future are to assist and help the management to continue to develop HMS business during our journey to achieve the goals we have set for HMS 2025.

Charlotte Brogren
Chairman of the Board
Corporate governance report

The goal of good corporate governance is to ensure that the HMS Group is run in an efficient, sustainable and responsible way in order to generate value to its shareholders. It is achieved via a clear allocation of responsibilities within the governing bodies and internal control systems, along with an application of various external control instruments.

STRUCTURE FOR CORPORATE GOVERNANCE

Corporate governance is based on the Articles of Association, the Swedish Companies Act, the Annual Accounts Act, the board’s rules of procedure, the stock exchange’s regulations and the Swedish Corporate Governance Code. Corporate governance at HMS is primarily exercised at the Annual General Meeting and through the work done by the Board. In a broader perspective, corporate governance also applies to management, its duties and the Group’s control and reporting functions. The Board is responsible to the shareholders for the organization of the Group and the administration of the Group’s affairs. The auditors report their findings at the Annual General Meeting.

SHAREHOLDERS AND AGM

The shareholders exercise their right to decide on the company’s affairs and governance is exercised at the general meeting of shareholders, which is the company’s highest decision-making body. The Annual General Meeting (AGM) decides on the adoption of the income statements and balance sheets, appropriation of profits, discharge of responsibility for the Board, election of Board members and auditors, as well as remuneration to the Chairman of the Board, other Board members and auditors. The AGM also decides on guidelines for remuneration to the management team and how the nomination committee shall be appointed.

In addition, the AGM decides on any changes to the company’s Articles of Association, new share issues and the introduction of any share-based incentive schemes. The Articles of Association is the fundamental governing document for the company. It stipulates the type of operations, the size of share capital, shareholders’ right to attend the AGM and the agenda of the AGM. Any shareholder who wishes to have a particular item dealt with at the AGM must submit a written request to the Board well in advance so that the item can be included in the notice of the AGM. Information on the deadline for submitting such requests to the Board is available on the company’s website. Information relevant to the AGM and the minutes from the AGM are available on the company’s website: www.hms-networks.com.

The AGM must be held within six months following the end of the financial year. All shareholders registered in the shareholders’ register on the record day (six calendar days before the day of the AGM) who have applied, have the right to attend. Each share entitles the shareholder to one vote. Notice of the AGM must be issued no earlier than six weeks and no later than four weeks in advance by advertising in Dagens Industri and the Swedish Gazette.

Both Investment AB Latour and Staffan Dahlström (through own holdings) have shareholdings in excess of one-tenth of the total number of shares in the company. More information on the exact number of votes is provided in the section on the nomination committee.

ANNUAL GENERAL MEETING 2022

The AGM was held on 21 April 2022. Shareholders representing approximately 51 per cent (76%) of the number of shares and votes participated in the AGM. The Chairman of the Board, Charlotte Brogren and CEO Staffan Dahlström were present. Shareholders at the AGM decided:

- to pay dividends to SEK 3.00 (2.00) per share. Corresponding to a paid dividend of SEK 139,928 (93,323) thousand.
- that the Board of Directors shall consist of six Board Members elected at the AGM, without Deputies.
- to re-elect Charlotte Brogren as Chairman of the Board and to re-elect Anders Mörcck, Fredrik Hansson, Cecilia Wachtmeister and Niklas Edling as Directors.
- to elect Anna Kleine as Director.
- that remuneration to the Board would be SEK 2,025 thousand for the next term, of which SEK 675 thousand to the Chairman of the Board and SEK 270 thousand to each of the other AGM-elected Board members.
- that remuneration for work in the audit committee would be SEK 110 for the Chairman of the committee and SEK 55 thousand for each of the other members.
- to elect Öhrlings PricewaterhouseCoopers AB (PwC) as auditor, with Johan Palmgren, Authorized Public Accountant, in charge.
- regarding the Board’s remuneration report.
- regarding guidelines for remuneration to senior executives.
- on the authority of the Board to issue new shares.
- to set up a share savings plan open to all permanent employees of the Group.
- to purchase own shares in HMS Networks AB in connection with the established Share Savings Plan.

Inform/report

Elects/appoints
NOMINATION COMMITTEE
The AGM appoints the members of the nomination committee and must also adopt a set of instructions for them. It is the duty of the nomination committee to submit proposals for a Chairman of the Board and other Board members, as well as fees and other compensation for Board assignments. The nomination committee also submits proposals on choice of auditor and auditor fees.

In accordance with the nomination committee instructions adopted by the AGM, the company must have a nomination committee consisting of at least five members, one of whom shall be the Chairman of the Board. The Chair of the nomination committee shall be the member appointed by the largest shareholder unless the nomination committee agrees otherwise. Staffan Dahlström’s knowledge and experience, in this context, is considered to be so wise. Staffan Dahlström’s knowledge and experience, in this context, is considered to be so important to the nomination committee’s work that it justifies having him represented on the committee.

The composition of the nomination committee is published on the company’s website no later than six months before the next AGM. The aim of this is to provide a good basis for the Board of Directors to develop a composition that sufficiently covers the needs of the company, that is, to have a composition that is effective.

The AGM appoints the members of the nomination committee with the results of that instruction for the CEO. The central governing instructions for the CEO. The central governing instructions are adopted by the AGM to review the company’s annual report and consolidated financial statement as well as the administration of the Board and CEO. The audit is conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing practices in Sweden.

The auditor works on the basis of an established audit plan and reports their observations to the audit committee and certain members of the Group management team continuously during the year. The auditor must also report to the Board at least once per year. The auditor also participates in the AGM to present the audit report, as well as describe the audit work that was done and any findings.

At the 2022 AGM, shareholders elected Ohrings PricewaterhouseCoopers AB (PwC) as the audit firm, with Authorized Public Accountant Johan Palmgren as the auditor in charge until the date of the next AGM. In addition to the audit, PwC also provides advisory services relating to financial reporting and taxes. This advice is not considered to be biased.

In 2022 total remuneration paid to PwC amounted to SEK 2,035 (1,883) thousand. Further information regarding auditors’ remuneration is available in Note 7.

EXTERNAL AUDITORS
Auditors are appointed by the AGM to review the company’s annual report and consolidated financial statement as well as the administration of the Board and CEO. The audit is conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing practices in Sweden.

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THE BOARD’S RESPONSIBILITIES
The Board is responsible for how the company is organized and for administration of the company’s affairs on behalf of the owners. The Board assesses the company’s financial situation on an ongoing basis and makes sure that it is organized such that there are adequate controls on its accounting, fund management and other financial matters. The Board sets policies and instructions for how this is to be achieved. It also adopts rules of procedure for the Board and instructions for the CEO. The central governing documents specify how responsibilities and authority are allocated between the Board and its committees, as well as between the Chairman of the Board and the CEO. The Board appoints the CEO. The Chairman is responsible for evaluating the work of the Board and providing the nomination committee with the results of that evaluation.

BASIS FOR BOARD WORK
The fundamental issues concerning the division of responsibility between the Board of Directors, Board committees, Chairman and CEO are expressed in the Board’s rules of procedure and instructions for the CEO. The rules of procedure regulate such things as how often the Board convenes and the items that it should address at Board meetings. The rules of procedure also explain the allocation of responsibility between the Board, its Chairman and the CEO.

The Board is responsible for adopting strategies, business plans, budgets, quarterly reports, financial statements and the annual report. The Board is also responsible for appointing and dismissing the CEO and decisions involving significant changes to the HMS organization and operations. The rules of procedure state the thresholds that apply when the Board must decide on investments, company mergers and acquisitions, loans, etc.

EVALUATION OF THE BOARD’S WORK
Evaluation of the Board’s work and performance occurs on an ongoing basis via a systematic and structured process. It covers both the work done by the Board overall and the contribution of its individual members. The purpose is to ensure that the HMS Board of Directors has the right structure in terms of its expertise and dedication, as well as ensuring that sustainability is included in its work. Each year, the work done by the Board is evaluated by having every member of the Board answer a number of questions, which the Chairman then compiles and presents to the Board. The evaluation includes an assessment of how the Board has managed the sustainability impact. The evaluation, which is also distributed to the nomination committee, is important for ensuring that the work done by the Board is effective.

BOARD STRUCTURE
The Board consists of six members elected by the AGM and two employee representatives. The AGM-elected Board members have extensive professional experience and are, or have at some time, been CEOs and/or senior executives in large companies and many are also Board members in large companies. Several of the company’s Board members have served on the Board for a long time and they are well acquainted with the company’s operations.

The Swedish Code of Corporate Governance stipulates that the majority of elected Board members must be independent in relation to the company and Group management. Furthermore, at least two of the independent members must also be independent in relation
to the shareholders that control 10 per cent or more of the shares or voting rights in the company. The nomination committee has, during a joint assessment of each member’s relationship to the company, Group management and major shareholders, found that all members are independent in relation to the company and its management. Except for Anders Mörck, all the members have been assessed as being independent in relation to major shareholders. The unique expertise of individual members and thereby also the cumulative expertise of the Board, along with information on remuneration and attendance at Board meetings is provided in the section on Board in this Corporate Governance Report and in Note 9.

DIVERSITY POLICY

HMS Networks, through the nomination committee, applies rule 4.1 of the Swedish Code of Corporate Governance as its diversity policy when preparing nominations for the election of board members. The rule stipulates that the Board should have a composition appropriate to the company’s operations, phase of development and other relevant circumstances. The Board members elected by the shareholders’ meeting must, as a whole, reflect diversity and breadth in terms of their qualifications, experience and background. The company must also strive for gender balance on the Board. The aim of the diversity policy is to satisfy the need of sufficient diversity on the Board regarding gender, age and nationality, as well as experience, work background and business areas. The nomination committee has concluded that the Board of HMS Networks in this respect has an appropriate composition.

CHAIRMAN OF THE BOARD

The Board’s rules of procedure stipulate that the Chairman must ensure that the Board’s work is run effectively and that the Board meets its obligations. This includes organizing and leading the Board’s efforts and creating the best possible conditions for meeting its responsibilities. It is also the duty of the Chairman to ensure that Board members regularly update and hone their know-how about the company and that new members receive the requisite introduction and training. The Chairman must also, together with the Board, evaluate the work done by the CEO and address this matter within the Board each year. In addition, it is the Chairman’s duty to ensure that the work of the Board is evaluated annually and that a report on this evaluation is provided to the nomination committee.

At the AGM, Charlotte Brogren was elected as Chairman of the Board. The Chairman of the Board is not involved in the operational management of the company.

THE BOARD’S WORK DURING THE YEAR

Since the AGM of 21 April 2022, the Board has held 10 minutes meetings up to the adoption of this annual report. It expects to have one additional meeting prior to the AGM on 25 April 2023. Both the CEO and CFO of HMS Networks AB participate in Board meetings, with the CEO serving as rapporteur and the CFO serving as secretary. At each of its meetings, the Board has dealt with the mandatory standing items, as stipulated in the Board’s rules of procedure. This includes discussion of the company’s business situation, budgets, quarterly reports and annual financial statements. The work of the Board otherwise focused on the further development of previously established market and acquisition strategies and a review of the sustainability work. Besides its scheduled meetings, the Board’s work consists of regular follow-up on financial matters, strategic product development, providing recommendations on remuneration levels, dealing with company acquisition issues and matters having to do with accounting and auditing.
REMUNERATION COMMITTEE
The Board appoints some of its members to serve on the remuneration committee, which is responsible for regularly reviewing the remuneration and employment terms of senior executives by making comparisons with individuals holding similar positions in other companies. The committee also prepares matters that the Board will decide on regarding principles for remuneration levels and other employment terms for senior executives. Besides that, any ongoing and concluded variable remuneration programs for senior executives are evaluated and such programs must be linked to pre-determined, measurable criteria that are designed to promote long-term value creation.

The remuneration committee consists of the Chairman of the Board (Charlotte Brogren) and one other Board member (Cecilia Wachtmeister) who was appointed by the Board. Cecilia Wachtmeister was elected as Chairman of the remuneration committee. The attendance was 100 per cent at all the meetings.

AUDIT COMMITTEE
The audit committee monitors the financial reporting by examining critical audit issues and other conditions that might affect the reliability of the financial statements. Effectiveness of the company’s internal control and risk management system is evaluated. The committee also monitors sustainability reporting and its process, along with the external auditors’ impartiality and independence. The audit effort is evaluated and a position is taken on services from the company’s auditor that do not relate to auditing. The audit committee also assists the nomination committee in preparing its proposal for selection of the auditor. The committee has regular contact with the external auditors and they report to the committee any of the important findings from the statutory audit. This covers, in particular, any deficiencies in the internal control regarding the financial reporting.

The audit committee consists of two Board members appointed by the Board (Anders Mörck and Fredrik Hansson). Anders Mörck was elected as Chairman of the audit committee. Attendance was 100 per cent at all the meetings.

DEVELOPMENT COMMITTEE
The Board appoints some of its members to serve on the development committee. This committee is meant to serve as a sounding board for the HMS management team on issues having to do with research and development, specific projects and the company’s portfolio of development projects, the organizational structure of the R&D department and how it is managed, as well as the training and development of employees. Furthermore, the committee should serve as a resource when it comes to preparing and obtaining support for R&D initiatives that require a decision by the Board due to the strategic importance, investment decisions or collaboration with others. The committee should ensure that the HMS Board stays up to date on R&D issues relevant to the company and its future.

The development committee consists of three appointed Board members (Charlotte Brogren, Niklas Edling and Anna Kleine). During the year, Anna Kleine replaced Ulf Södergren when he resigned from the Board. Niklas Edling was elected as Chairman of the development committee. Each of the elected committee members had 100 per cent attendance at the meetings.

CEO AND GROUP MANAGEMENT
The Group management team is headed by the CEO and its other members are the Chief Financial Officer (and Deputy CEO), the Chief Technology Officer, the Chief Commercial Officer, the Chief Marketing Officer and the Senior Vice President Information Centric. For more information in the Group management team, please see the section Group management in this Corporate Governance Report and in Note 9.

The Group management team has overall responsibility for ensuring that the activities of the Group are in accordance with the strategy and long-term objectives stipulated by the Board. They meet 10 to 15 times per year and deal with matters of strategic importance to the Group. The meetings are led by the CEO, who makes decisions after consulting with the other members of the Group management team. The CEO is responsible for developing the company’s business, as well as leading and coordinating daily operations in accordance with the instructions and directions adopted by the Board. The CEO also ensures that the company’s goals, policies and strategic plans are being followed and that they are updated whenever necessary. The CEO appoints the other members of the Group management team. Furthermore, the CEO is responsible for providing the Board with required information and supporting documentation for decisions. Such information must be sent to each Board member at least seven days prior to scheduled Board meetings, where the CEO serves as rapporteur. The CEO keeps the Board and its Chairman updated about the company’s and Group’s financial position and growth.

REMUNERATION TO GROUP MANAGEMENT 2022, SEK THOUSANDS

<table>
<thead>
<tr>
<th></th>
<th>Basic salary</th>
<th>Variable remuneration</th>
<th>Pension costs</th>
<th>Share-related remuneration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>3,620</td>
<td>1,356</td>
<td>1,082</td>
<td>323</td>
<td>6,381</td>
</tr>
<tr>
<td>Group management, other (5 individuals)</td>
<td>9,898</td>
<td>3,043</td>
<td>3,731</td>
<td>402</td>
<td>17,074</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,518</strong></td>
<td><strong>4,399</strong></td>
<td><strong>4,813</strong></td>
<td><strong>725</strong></td>
<td><strong>23,454</strong></td>
</tr>
</tbody>
</table>

CEO is responsible for developing the company’s business, as well as leading and coordinating daily operations in accordance with the instructions and directions adopted by the Board. The CEO also ensures that the company’s goals, policies and strategic plans are being followed and that they are updated whenever necessary. The CEO appoints the other members of the Group management team. Furthermore, the CEO is responsible for providing the Board with required information and supporting documentation for decisions. Such information must be sent to each Board member at least seven days prior to scheduled Board meetings, where the CEO serves as rapporteur. The CEO keeps the Board and its Chairman updated about the company’s and Group’s financial position and growth.

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Board’s internal control report

The internal control consists of processes and methods to limit the risks of material errors in the financial reporting and to provide reasonable assurance about the reliability and accuracy of the financial reporting. The internal control is maintained by the Board, management and employees. The work with internal controls provides value by clarifying roles and responsibilities, improving the efficiency of processes, increasing risk awareness and improving the reliability and quality of financial reporting.

DESCRIPTION
At HMS, the internal controls over financial reporting are an integral part of corporate governance. They consist of processes and methods for protecting the Group’s assets and ensuring the accuracy of its financial reporting. The purpose of such internal controls is to protect the owners’ investment. To organize and further improve this work, HMS uses the COSO framework, which provides structure when evaluating and monitoring the internal controls over financial reporting.

CONTROL ENVIRONMENT
The foundation for internal controls consists of the overall control environment that has been established by the Board and management team. This is built on an organization with clear decision-making paths where authority and responsibility are defined with clear instructions. It is also built on a corporate culture with common values and individual awareness of each person’s role in maintaining good internal control.

The Group strives to ensure that the entire organization lives by these values. There is much emphasis on making sure that the core values guide all behavior, both internally and externally. HMS has established a Code of Conduct. It explains the desired behavior in different situations. As before, there is a global program in place for raising the knowledge of the employees of information security. The goal is to gain a better understanding of the risks associated with information security, along with the operational, reputational and financial consequences.

The Board has overall responsibility for the internal controls concerning financial reporting. The Board has established written rules of procedure that clarify the Board’s responsibilities and how the work within the committees should be allocated. The Board has also appointed an audit committee, which is primarily responsible for ensuring the reliability of financial reporting and adequacy of internal controls. It also interacts with the company’s auditors for that same purpose. Furthermore, the Board has drawn up instructions for the CEO and instructions for financial reporting to the Board. Responsibility for maintaining an effective control environment and the ongoing work concerning internal controls is delegated to the CEO who in turn delegates function-specific responsibility to managers at different levels throughout the Group. A minimum requirement is for the control activities to address the key identified risks within the Group.

Responsibility and authority are defined in the instructions for the right to sign on behalf of the company, manuals, policies and routines. Examples include HMS’s manual for accounting and reporting, the finance and credit policy, information policy, IT security policy and HR policies. These guidelines, together with laws and other external regulations, are the components of the control environment. All employees must follow these guidelines.

RISK ASSESSMENT
Risk assessment includes identifying and evaluating the risk of a material error in the accounting and reporting, as well as risks of irregularities and fraud. When assessing risks that impact the internal control regarding financial reporting, an assessment is made based on likelihood and impact. The overall financial risks are liquidity & financing risk, currency risk and interest rate risk. These are primarily dealt with via the accounting and finance functions, in accordance with the Group’s financial policy. For more detailed information, please see Note 20. Through the risk analyses that have been carried out based on the Group’s balance sheet and income statement, HMS identifies the key risks that could pose a threat to the company achieving its business objectives and financial targets. Risk assessment involves identifying the risks that could arise if the fundamental requirements on financial reporting (completeness, accuracy, valuation and presentation) by the Group are not fulfilled. For internal control, the focus is on risks in the financial reporting related to significant income statement and balance sheet items, which are more dependent on an underlying complex process or where the effect of errors could be very large, since the transaction amounts are significant.

OVERALL CONTROL ENVIRONMENT

FINANCIAL OBJECTIVES

RISK ASSESSMENT

CONTROL

FOLLOW UP

INFORMATION AND COMMUNICATION

1) Financial reporting consists of the interim reports, year-end report, annual report and internal reporting.
CONTROL ACTIVITIES

Control activities are designed to prevent, discover and remedy deviations. There are controls at all levels of the company and within all functions. The control activities include both overall and individual controls that are automatic and/or manual.

The central Group function is responsible for the consolidated financial statements, as well as the financial and administrative control systems. The function’s responsibilities also include ensuring that relevant instructions for the financial reporting are made known and available to the employees concerned. The Group function regularly performs reconciliations and controls of the reported amounts, analyzing such things as the income statements and balance sheets, cash flows and working capital. The function analyzes and follows up on any budget deviations, makes forecasts, monitors significant fluctuations over defined periods and reports findings to the rest of the company, thus minimizing the risk of errors in the financial reporting. The control function also performs control activities at all levels of the company.

A high degree of IT security is required for good internal control in financial reporting. Rules and guidelines are therefore in place to ensure accessibility, accuracy, confidentiality and traceability of the information in the ERP. Access to the various components of the ERP is limited, based on the employee’s authorization level, responsibilities and position. Furthermore, Segregation of Duties helps prevent both intentional and unintentional entries.

There is a Group-wide internal control program for significant processes that has been implemented at both subsidiary and Group levels. The internal control program covers significant process and is aimed at ensuring that suitable controls have been designed and implemented to prevent errors from occurring in the financial reporting based on the risks that exist in the processes. The Group’s reporting units regularly perform self-evaluations on the effectiveness of the internal control over financial reporting. The evaluations are reported back to the group function, which assesses effectiveness and reviews the evaluations with the units. There is also a dialog on how, if applicable, the internal control environment can be improved. If there are any critical deviations arising from the self-evaluations, careful follow up will be done to ensure that the deviations have not impacted the financial reporting. Results are compiled and reported to the audit committee for discussion on any measures to be taken and continuous monitoring.

INFORMATION AND COMMUNICATION

HMS has internal information and communication channels aimed at ensuring completeness and accuracy in the financial reporting. One example of that is governing documents in the form of internal guidelines, directives and policies. Regular updates and messages about changes in accounting policies, reporting requirements or other dissemination of information is made available to, and known for the employees concerned. Through the Group’s intranet, the organization has access to all central governing documents for internal control and governance.

HMS has a whistleblower system, WhistleB, to increase accessibility for all employees to anonymously report problems and/or irregularities within the business. Employees are continually reminded about the whistleblower system and its availability.

The HMS Group’s accounting policies and any changes that are made to them are always communicated by direct mail to all employees concerned within the organization. Furthermore, each month, all subsidiaries prepare a report, which contains information about its financial status and performance.

To ensure that information reported externally is correct and complete, the Board has established an information policy. It specifies which items must be communicated, who is responsible for communicating the information, and how this should be done. There are also instructions for how financial information should be communicated between managers and other employees. There must also be adequate information security routines to ensure correct dissemination of information. HMS’s information routines and systems aim at providing the market with relevant, reliable, correct and current information about the Group’s development and financial position.

Financial information is regularly published in the form of:

- Quarterly and year-end reports, which are published as press releases
- Annual reports
- Press releases about important news and events that could have a significant impact on the share price
- Presentations and teleconferences for financial analysts, investors and the media on the same day as the financial statements and quarterly reports are published and in conjunction with the publication of other important information, and
- Meetings with financial analysts and investors.

All reports, presentations and press releases are published simultaneously on the Group’s website at: www.hms-networks.com.
CORPORATE GOVERNANCE

Auditor’s report on the Corporate Governance Statement

To the general meeting of the shareholders of HMS Networks AB (publ), corporate identity number 556661-8954

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the corporate governance statement for the year 2022 on pages 30-36 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR’s auditing standard RevR 16 The auditor’s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Halmstad, 23 March, 2023
Öhrlings PricewaterhouseCoopers AB

Johan Palmgren
Authorised Public Accountant

FOLLOW UP

Follow up and tests of controls are regularly performed to ensure that all risks have been taken into account and dealt with satisfactorily. Follow up includes both formal and informal routines used by managers, process owners and controllers. If controls are ineffective, actions are taken to address the problem and correct whatever weaknesses were identified.

The Board studies and approves all the Group’s interim reports, year-end reports and annual reports prior to publication. The Board also receives monthly financial reports concerning the Group’s position and earnings trend and the Group’s financial situation is discussed at each Board meeting. The central Group function carries out detailed monthly analyses of financial reports.

Budgets and forecasts are other important components of Group-wide internal control. Sales are budgeted at the product level by managers within the sales organization. They are then consolidated and validated in conjunction with compilation of the complete, overall budget for operations. This is done during the fourth quarter of the year, to be approved by the Board. Besides the budget, a forecast is also prepared during May-June. Besides the forecast and budget, Group management also works with overall strategic plans.

The audit committee follows up the financial reports and receives information from the company’s auditor about their findings and recommendations. Checks on how well internal control activities are working are regularly performed at various levels within the Group and reported back to the Group by the audit committee. In view of the scope of the business and the existing internal control program, the Board has decided that there is no need to introduce an internal audit function.

The Board is of the opinion that the company complies with the Swedish Code of Corporate Governance with regard to internal audit and the composition of members of the nomination committee. Motivation for this is provided in the current Corporate Governance Report.

Halmstad, March 23, 2023

Charlotte Brøgren
Chairman of the board

Fredrik Hansson
Director

Niklas Edling
Director

Anders Mörck
Director

Anna Kleine
Director

Cecilia Wachtmeister
Director

Mikael Mårtensson
Employee representative

Freddy Dahlberg
Employee representative

Hans Fredriksson, Cecilia Uggla
Employee representatives

The Board is of the opinion that the company complies with the Swedish Code of Corporate Governance with regard to internal audit and the composition of members of the nomination committee. Motivation for this is provided in the current Corporate Governance Report.