

## **The Board of Directors' complete proposal for a share savings program for all employees**

The Board of Directors of HMS Networks, 556661-8954, (the Company) proposes that the Annual General Meeting approve the introduction of the share savings program described below.

All permanently employees in the Group will be offered the opportunity to participate. Participants are offered the opportunity to invest between 1% and 6% of their annual fixed gross salaries in shares in the Company at the market price listed on NASDAQ OMX Stockholm ("Savings shares").

For senior executives (approximately 50 people) participation requires the investment of a minimum of 1% and a maximum of 6% of gross salary during the investment period. For other employees (approximately 320 people) participation requires the investment of a minimum of 1% and a maximum of 3% of gross salary during the investment period.

Investment will take place in 2016, and shall be made in an amount corresponding to a minimum of 1% of gross salary for 2015, with an opportunity for further investments up to a pre-determined investment ceiling. Investment amounts are to be paid in no later than 31 December 2016.

Under the condition that the Savings shares are held during the period up to 31 December 2019 and that the participant remains in the employment of the Group on this date, each Savings share entitles the participants to receive 1 share in the Company at no cost ("Matching share"). The participants may also receive an additional share in the Company per Savings share, on the condition that special performance conditions are fulfilled ("Performance share"). Performance conditions are based on growth and performance in accordance with the objectives determined by the Board of Directors for the financial years 2017 – 2019 (qualification period).

Both Matching and Performance shares are received within 60 days following the publication of the year-end report for 2019.

Participation in the program is contingent on the compliance of such participation with the applicable laws in the countries concerned, as well as on the condition that participation, according to the Board of Directors', can take place on the basis of reasonable administrative costs and economic contributions.

The Board of Directors will announce the defined objectives underlying the performance conditions after the qualification period.

The Board of Directors retains the right to make minor adjustments to the above guidelines, as required, for legal or administrative reasons.

### **Estimated costs**

The program will generate costs, partly as a result of the application of IFRS 2 “Share-based payment”, and partly as a result of paid social security contributions for the shares allocated at no cost.

The total effect on the income statement is estimated to amount to approximately SEK 14.7 m distributed over the years 2016 – 2019.

Approximately SEK 10.5 m refers to expenses in accordance with IFRS 2. These expenses do not influence cash flows or equity. SEK 3.5 m refers to social security contributions affecting the equity continuously and the cash flow in 2020. Administrative costs for the program are estimated to SEK 0.7 m during the term of the program.

Assessments are based on the assumption that all available shares as regards both Matching and Performance shares will be utilized. The share price is estimated to SEK 160 at the end of the program

### **Reasons for the proposal**

The Board of Directors’ reason for the above proposal is that a long-term, personal ownership engagement on the part of the employees can be expected to stimulate an increased interest in the business and the earnings trend, and to strengthen motivation and team spirit with the Company. The offering is to be regarded as part of the ordinary remuneration policy.

The Board of Directors, therefore, assesses that the offering is beneficial to the Company and its shareholders.

### **Delivery of shares**

The Board of Directors’ proposal regarding the introduction of a share savings program is based on the shares which the Company commits to provide to participants being acquired through repurchase on the market. Repurchase is expected to take place directly in connection with the investment period, that is, during 2016. Therefore, the Annual General Meeting 2016 is required to authorize the Board of Directors to undertake repurchases and transfers of shares.

### **Effects on key ratios**

The number of shares in HMS Networks AB amounts to 11,322,400. The share savings program is expected to result in the acquisitions and transfer of a total of approximately 78,840 shares, under the abovementioned conditions. Dilution at full participation and maximum savings results in a transfer of approximately 52,560 Matching and Performance shares, which corresponds to approximately 0.5 % of the total number of outstanding shares and votes. The assessment is based on the premise that all employees participate with a maximum investment and that the share price remains unchanged during the investment period.

Earnings per share are not expected to be significantly influenced.

It is the intention of the Board of Directors to present proposals for Share saving programs, according to the guidelines stated above, to the Annual General Meeting of shareholders in the following years.

### **The preparation process**

The Board of Directors' proposal for the Annual General Meeting to authorize the share savings program in accordance with the above was completed on 28 March 2015. The proposal has been prepared with support from external financial and legal advisers.

### **Majority requirement**

For the authority to be valid, the proposal requires the support of at least nine tenths of the votes and the shares represented by shareholders present at the Meeting.