

## **NOTICE TO ATTEND THE ANNUAL GENERAL MEETING OF SEMCON AB (PUBL).**

Shareholders of Semcon AB [publ], corporate identity number 556539-9549, are hereby invited to attend the Annual General Meeting on Wednesday 26 April 2017 at 3.00 p.m. at the company's office on Lindholmsallén 2 in Göteborg, Sweden.

### **Participation in the Annual General Meeting and registration**

Shareholders wishing to participate in the Annual General Meeting must be registered in the shareholders' register maintained by Euroclear Sweden AB as of Thursday, 20 April 2017 and have notified the company of their intention to attend by 4:00 p.m. on Thursday, 20 April 2017. Shareholders may be accompanied by not more than two advisors, provided that the company is notified of this by the above date. Notification of attendance at the Annual General Meeting must be made in writing to Semcon AB, attn: Annika Tedenhag, 417 80 Göteborg, Sweden, by e-mail to [annika.tedenhag@semcon.com](mailto:annika.tedenhag@semcon.com) or by telephone to +46 [0] 736 840 799. Notification should include the shareholder's name, personal identity number or corporate identity number, address, telephone number [business hours], shareholding and name[s] of any advisor[s].

### **Shares registered to trustees**

Shareholders whose shares are registered in the name of a trustee and who would like to attend the Annual General Meeting must temporarily re-register their shares in their own name. Re-registration must be requested from the trustee and be executed at Euroclear Sweden AB not later than Thursday, 20 April 2017. Shareholders who request such re-registration must notify their trustees well in advance of this date.

### **Proxy**

If a shareholder is represented by a proxy, the proxy must bring a written, signed and dated proxy form [original] to the Annual General Meeting. The proxy form may not be more than one year old, unless a longer period of validation [no more than five years] is stated on the form. If the proxy form 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. To facilitate entry to the meeting, copies of the proxy form and other necessary documents must have reached the company by 20 April 2017 at the latest via the above e-mail or postal addresses and be attached to the notification of attendance at the meeting. Proxy forms are available in Swedish and English on the company's website at [www.semcon.com](http://www.semcon.com) and may also be ordered from the addresses and telephone number used for notification of attendance at the meeting.

### **Number of shares and votes**

There are 18,112,534 shares and votes in the company. All shares are ordinary shares. On the date of publication of the notice to attend, the company holds 242,718 own shares. The company may not vote using its own shares.

### **Proposed agenda**

1. Opening of the Annual General Meeting
2. Election of Chairman of the Annual General Meeting
3. Drafting and approval of the voting list
4. Approval of the agenda
5. Election of two people to approve the minutes together with the Chairman
6. Review as to whether the Annual General Meeting has been duly convened
7. Presentation of the Annual Report, auditors' report and consolidated accounts and consolidated auditors' report, along with a presentation of the work of the Board during the year, presentation by the CEO and questions from the shareholders to the Board and management team
8. Decision regarding adoption of the income statement and balance sheet and the consolidated income statement and the consolidated balance sheet

9. Decision regarding appropriation of the company's profits according to the adopted balance sheet and record date for dividend
10. Decision regarding discharge of liability for the Board members and the CEO
11. Presentation of the work and proposals of the Nominations Committee
12. Decision regarding the number of Board members and deputies
13. Decision regarding number of auditors and deputy auditors or registered public accounting firm
14. Determination of remuneration to the Board
15. Determination of remuneration to the auditors
16. Election of the Chairman of the Board, Board members and possible deputies
17. Election of auditors and any deputy auditors or registered public accounting firm
18. Decision regarding the Nominations Committee
19. Decision regarding guidelines for determining salaries and other remuneration to senior executives
20. A) Decision on introducing a long-term performance-based share savings scheme for senior executives and key employees,  
B) decision to authorise the Board to transfer own ordinary shares to participants of the programme, and  
C) decision on a share swap agreement with a third party
21. Decision to authorise the Board to decide on new issues of shares
22. A) Decision to authorise the Board to decide on the acquisition of the company's own shares, and  
B) decision to authorise the Board to decide on the transfer of own shares
23. Other matters
24. Closing of the Annual General Meeting

#### **Proposed resolutions**

##### **Item 2 - Election of Chairman of the Annual General Meeting**

The Nominations Committee, which was appointed in accordance with the procedure resolved on by the 2016 Annual General Meeting, comprises Ulf Gillberg [JCE Group Aktiebolag] Chairman of the Nominations Committee, Evert Carlsson [Swedbank Robur Fonder], Mats Andersson [Nordea Investment Funds], and the Chairman of the Board, Tore Bertilsson [co-opted member], who together represent about 34.0 per cent of the votes for all shares in the company. The Nominations Committee proposes the Chairman of the Board, Tore Bertilsson, as Chairman of the Annual General Meeting.

##### **Item 9 - Decision regarding appropriation of the company's profits according to the adopted balance sheet and record date for dividend**

The Board proposes that a dividend of SEK 2.25 per share be paid out and that all remaining profits at the Annual General Meeting's disposal be carried forward. It is proposed that the record date for the dividend be 28 April 2017. If the Annual General Meeting votes in accordance with the proposal, payment is expected to be made via Euroclear Sweden AB on 4 May 2017.

##### **Item 12 - Decision regarding the number of Board members and deputies**

The Nominations Committee proposes that there be five Board members elected by the Annual General Meeting and no deputies.

##### **Item 13 - Decision regarding number of auditors and deputy auditors or registered public accounting firm**

The Nominations Committee proposes that a registered public accounting firm be appointed auditor of the company.

**Item 14 - Determination of remuneration to the Board**

The Nominations Committee proposes a total remuneration of SEK 1,720,000 [an increase from SEK 1,610,000] be paid to the Board members elected by the Annual General Meeting, of which SEK 600,000 [an increase from SEK 550,000] to the Chairman of the Board and SEK 280,000 [an increase from SEK 265,000] to each of the other members elected by the Annual General Meeting. Furthermore, the Nominations Committee proposes that no special fees be paid for work on Board committees.

**Item 15 - Determination of remuneration to the auditors**

The Nominations Committee proposes that the fee paid to auditors be made on open account, approved by the company.

**Item 16 - Election of Chairman of the Board, Board members and possible deputies**

The Nominations Committee proposes the re-election of Tore Bertilsson, Marianne Brismar, Jan Erik Karlsson, Jeanette Saveros and Karl Thedéen as Board members.

The Nominations Committee proposes the re-election of Tore Bertilsson as Chairman of the Board.

The proposed Board members are considered independent in relation to the company, company management and major shareholders in the company, with the exception of Tore Bertilsson who is deemed to be dependent in relation to major shareholders in the company as he is a Board member of a company that is a large shareholder in Semcon, and Jan Erik Karlsson who is considered to be dependent in relation to major shareholders in the company as he is an advisor to a major shareholder in Semcon. The Nominations Committee's reasoned statement regarding proposals to the Board and information about the proposed Board members are available on the company's website, [www.semcon.com](http://www.semcon.com). The statement also contains a brief account of how the Nominations Committee's work was conducted.

**Item 17 - Election of auditors and any deputy auditors or registered public accounting firm**

The 2016 Annual General Meeting elected Deloitte AB as auditors of the company for the period until the close of the 2017 Annual General Meeting. The Nominations Committee proposes that the registered auditing firm Ernst & Young Aktiebolag be elected as auditor for the period of one year.

**Item 18 - Decision regarding the Nominations Committee**

In line with the preceding year, the Nominations Committee proposes that the company should have a Nominations Committee, that no remuneration should be paid to the members of Nominations Committee, although the company shall pay the costs of the Nominations Committee, and that there be a nominations process with the following content: The Nominations Committee shall comprise three or, in some cases, four members. In addition, the Chairman of the Board shall be a co-opted member. Based on shareholder statistics on 31 August, the Chairman of the Board is to contact the three largest shareholders [based on number of votes] and ask each of them to appoint one member of the Nominations Committee. If a shareholder waives this right, the offer is to be made to the next largest shareholder. The member proposed by the shareholder holding the most votes will serve as Chairman of the Nominations Committee. If there are changes in the shareholder structure after 31 August and earlier than two months prior to the Annual General Meeting, and if a shareholder consequently becomes one of the three largest shareholders and requests to be represented on the Nominations Committee, then this shareholder shall have the right to either appoint an additional committee member or, if the Nominations Committee so decides, to appoint a representative to replace the representative of the shareholder who has the least number of votes after the ownership changes. If a member resigns or is unable to carry out his or her assignment, then the Chairman of the Nominations Committee shall, without undue delay, invite the shareholder that has appointed the member to appoint a new member within a reasonable period of time. If the shareholder does not exercise the right to appoint a new member then, and if the number of shareholder-appointed members of the Nominations Committee is thereby less than three, then other major shareholders are to be invited to appoint

a member to the Nominations Committee. If such an offer is given, it is to be offered to the next largest shareholder in terms of voting rights who has not already appointed a representative or who has refrained from doing so. The proceedings shall continue until the Nominations Committee consists of three members and the Chairman of the Board as co-opted member. The Nominations Committee is to perform the duties that from time to time are required under the Swedish Corporate Governance Code. The duties of the Nominations Committee include making proposals for [i] Chairman of the Annual General Meeting, [ii] Chairman of the Board and other Board members, [iii] fees and other remuneration for Board assignments for each Board member, [iv] fees for auditors, [v] selection of auditors and [vi] fees for members of the Nominations Committee and proposals for the nomination process in general.

The Nominations Committee will provide the company with the information required for the company to meet its information disclosure requirements under the Swedish Corporate Governance Code.

**Item 19 – Decision regarding guidelines for determining salaries and other remuneration to senior executives**

The Board proposes that the Annual General Meeting establish guidelines for determining salaries and other remuneration to senior executives with the following main content. The company is to have remuneration levels and other terms of employment required to retain and recruit senior executives with the expertise and capacity to achieve established targets. Total remuneration – made up of various components such as fixed salary, bonus, participation in share-based incentive schemes, pension benefits and other remuneration and benefits – is to be reasonable, competitive and market-based, and be decided with consideration for, among other factors, performance, position and importance for the Group. A fixed salary will be paid for satisfactory work and normally be reviewed once a year. A bonus may be offered, but be primarily based on results and bonus targets, and be established once a year and amount to a maximum of six months' salary. Senior executives are to be entitled to arrange individual pension solutions under certain provisions via salary or bonus waivers. Pension solutions shall be premium based. Notice of resignation from senior executives is to be a minimum of six and maximum of 12 months.

Notice of dismissal by the company is to be a maximum of 12 months. Dismissal pay and severance pay combined must not exceed 12 months' salary. In addition, other remuneration and benefits may be offered to facilitate possibilities to complete work assignments. The Board has the right to deviate from these guidelines in individual cases if there is good reason. To ensure continuity, the Board's proposals are in line with previous years' remuneration principles and agreements.

**Item 20 – Decision on introducing a long-term performance-based share savings scheme for senior executives and key employees, including the authorisation of the Board to transfer own ordinary shares to participants in the programme, etc.**

**Background and reasons for the proposal**

The reason for the proposal, and the reason for deviating from preferential rights for existing shareholders, is that the Board wishes to create the conditions to retain and recruit senior executives and key employees to the Semcon Group by increasing share ownership among these individuals. Employees' share ownership in Semcon is expected to stimulate an increased interest in operations and the earnings trend, to raise motivation, increase the sense of loyalty to the company (and its subsidiaries) and to create a Group-wide focus. In light of this, a decision to introduce a long-term performance-based share savings scheme in accordance with the proposal ["Performance-based Share Savings Scheme 2017"] is expected to have a positive impact on the continued development of the Semcon Group and thus benefit both shareholders and employees in the Semcon Group who participate in the programme.

The 2015 Annual General Meeting agreed to introduce the Performance-based Share Savings Scheme 2015, which will end in 2019. The conditions for the Performance-based Share

Savings Scheme 2017 correspond to the conditions for the Performance-based Share Savings Scheme 2015, with the exception that the average increase in earnings per share after dilution will be 20 per cent or more (previously 15 per cent) for receiving the maximum allocation under the programme. In addition, about 40 (previously 110) senior executives and key employees will be invited to take part in the programme and to make an investment of at most 10 per cent (previously 5 per cent) of the participant's gross salary. The reason for the changes is to ensure that the programme has the desired effect for both shareholders and the employees who take part in the programme. The Board is otherwise of the opinion that the structure of the programme supports the aim. Consequently, and as the investment period for the Performance-based Share Savings Scheme 2015 has expired, the Board in Semcon AB proposes that a new share savings scheme be established in accordance with the conditions below.

The Performance-based Share Savings Scheme 2017 will include shares equivalent to a maximum of 200,000 of the number of issued shares and voting rights. In conclusion, about 40 senior executives and key employees in the Semcon Group will be invited to participate in the programme, which will run for 12 months from the date on which the programme will be implemented. Participation requires own investment equivalent to at most 10 per cent of the participant's gross salary for the purchase of ordinary shares. On the condition that the shares purchased by the employee are retained for three years, then the employee will receive the same amount of ordinary shares ["matching shares"] free of charge and – as long as performance requirements have been met – then a further two to four ordinary shares ["performance shares"] will be issued for each purchased share.

The stipulated conditions, in addition to the requirement that the employee must retain the purchased shares for three years, for receiving performance shares is based on the following:

Semcon's average annual percentage increase in earnings per share between 2016 and 2019 is to be at least 5 per cent. The 2016 earnings per share for continuing operations will serve as the reference value for calculating this increase in earnings per share. The maximum number of performance shares will be issued if the average increase in earnings per share is 20 per cent or more. Performance shares will not be issued if the average annual earnings per share increase are equal to or less than 5 per cent. Matching of performance shares with an annual increase in earnings per share of between 5 and 20 per cent will be on a linear basis.

In accordance with earlier authorisation granted by the Annual General Meeting to the Board, Semcon has acquired own ordinary shares on Nasdaq Stockholm to ensure the supply of shares to participants within the framework of the Performance-based Share Savings Scheme 2015. In view of the fact that the issue within the Performance-based Share Savings Scheme 2015 is expected to require fewer ordinary shares than the total number of shares repurchased to cover the transfer to participants, all of the repurchased shares will not be used to fulfil the obligations towards participants in the programme. The current holding of own ordinary shares held by Semcon is therefore considered to also cover the number of ordinary shares needed to fulfil obligations under the Performance-based Share Savings Scheme 2017 as now proposed.

#### **Safeguarding measures and financing**

The Board has observed various safeguarding measures for the transfer of ordinary shares to employees as part of the Performance-based Share Savings Scheme 2017; such as the transfer of own ordinary shares and a share swap agreement with a third party. The Board believes the transfer of own ordinary shares is the most cost-efficient and flexible method to transfer ordinary shares for the Performance-based Share Savings Scheme 2017. The company's current holding of own ordinary shares amounts to 242,718 shares, which will be used for both the Performance-based Share Savings Scheme 2015 and the Performance-based Share Savings Scheme 2017. For more information, see the heading "Proposal for a decision" below. As costs for a share swap agreement significantly exceed costs for the transfer of own ordinary shares, the main alternative proposed is that financial exposure and supply to participants under the Performance-based Share Savings Scheme 2017 be secured by the transfer of own shares.

## **Costs**

A preliminary cost estimate for the Performance-based Share Savings Scheme 2017 is based on the assumption of 100 per cent support for the programme, an expected employee turnover among participants of 5 per cent per year and that each participant makes an own investment equivalent to his or her highest permitted amount. The value of the matching shares and performance shares has been estimated based on a share price of SEK 57 [equivalent to the share price as of 20 March 2017] at the launch of the programme including a deduction for the current value of the estimated dividend for the 2017-2019 financial years. Estimated social security contributions are based on an assumed average share price at issue of SEK 76, which entails an annual rise in share price of 10 per cent. The total effect on the income statement is expected to amount to about SEK 5 to 13 million, including social security contributions and administrative expenses, unevenly distributed during 2017-2021. The effect is dependent on the issue of performance shares where SEK 13 million relates to estimated costs for the full issue of performance shares and SEK 5 million relates to estimated costs with no issue of performance shares. Expenses should be viewed in relation to total salary costs in 2016 for companies currently included in the Semcon Group, which amounted to SEK 1,112 million including social security contributions. Of the above-mentioned total costs, compensation expenses, equivalent to the value of ordinary shares transferred to employees, are estimated at about SEK 3 to 8 million. In addition, administrative expenses have been estimated at a maximum amount of SEK 1 million. The cost for social security contributions is estimated at between SEK 2 and 4 million. To the extent that share swap agreements are signed to safeguard commitments in the programme, costs are expected to rise by about SEK 1 million.

## **Dilution and impact on key figures**

There are 18,112,534 issued shares in the company. As of 31 December 2016, the company held 242,718 own ordinary shares, which is sufficient to cover the company's obligations for both the Performance-based Share Savings Scheme 2015 and the Performance-based Share Savings Scheme 2017. Of the total 200,000 ordinary shares required for the Performance-based Share Savings Scheme 2017, all ordinary shares can be transferred free of charge to employees, which may lead to a dilution of earnings per share of 1.10 per cent. The dilution effect of ordinary shares is independent of the share price on the matching date, since they are transferred free of charge to employees.

## **Preparation of the proposal**

This proposal has been drawn up by the Board supported by external advisers and certain large shareholders have been informed. With the exception of the officials who have drafted this issue for the Board, no employee who may participate in the Performance-based Share Savings Scheme 2017 has taken part in the preparation of the terms and conditions. The CEO has not taken part in drafting this issue.

## **PROPOSAL FOR A DECISION**

### **A. Decision on introducing a Performance-based Share Savings Scheme 2017**

The Board proposes that the Annual General Meeting resolves on the introduction of a Performance-based Share Savings Scheme 2017 including the issue of up to 200,000 ordinary shares, largely in accordance with the following guidelines:

- 1] About 40 key employees in the Semcon Group, with the exception of what is specified in Item 3] below, will be invited to take part in the Performance-based Share Savings Scheme 2017.
- 2] Employees who participate in the Performance-based Share Savings Scheme 2017 can save an amount equivalent to 10 per cent [category 2 below] or 5 per cent

[category 1 below] respectively of their fixed gross salary to purchase ordinary shares on the Nasdaq Stockholm over a 12-month period from the date the scheme is implemented. If the shares bought by the employee are retained for three years from the time of the investment and employment, or equivalent employment, within the Semcon Group throughout the entire three-year period, then the employee will receive the same amount of matching shares from the Semcon Group and - as long as performance requirements have been met in accordance with Item 4) - then a further two to four performance shares will be issued for each share acquired as follows.

Category 1                      Approximately 30 senior executives, e.g. management teams for the Semcon Group's business areas, may have the right to additional matching of up to two performance shares for each share acquired.

Category 2                      Approximately 7 senior executives in Semcon's Group management may have the right to additional matching of up to four performance shares for each share acquired.

The Board, or the person(s) the Board appoints, will choose which managers and other key employees in the Semcon Group and which senior executives, including management teams for Semcon Group's business areas, are to be invited to take part in the programme [Category 1]. The Board is to choose which senior executives in Semcon's Group management are to be invited to take part in the programme [Category 2].

The Board is to have the right to allow early matching, meaning matching despite not fulfilling the three-year requirement for the holding period or employment, although only in good-leaver situations.

- 3] Participation in the Performance-based Share Savings Scheme 2017 requires in part that participation can legally take place, and in part that participation in the company's assessment is possible with reasonable administrative expenses and economic effort. The Board has the right to introduce an alternative incentive solution for employees in countries where participation in the Performance-based Share Savings Scheme 2017 is not suitable. This type of alternative incentive solution shall, as far as practically possible, be designed with equivalent terms and conditions as the Performance-based Share Savings Scheme 2017.
- 4] The terms and conditions for receiving performance shares as part of the Performance-based Share Savings Scheme 2017 are based on the following:

Semcon's average annual percentage increase in earnings per share between 2016 and 2019 is to be at least 5 per cent. The 2016 earnings per share for continuing operations will serve as the reference value for calculating this increase in earnings per share. The maximum number of performance shares will be issued if the average increase in earnings per share is 20 per cent or more. Performance shares will not be issued if the average annual earnings per share increase is equal to or less than 5 per cent. Matching of performance shares with an annual increase in earnings per share of between 5 and 20 per cent will be on a linear basis.

- 5] Before a final decision can be taken on the number of performance shares to issue, the Board will assess if any significant changes have taken place in the company, the Group or in the market. If the Board finds this to be the case, it can decide to reduce the number of performance shares issued to a lower number of shares that the Board finds suitable for all or some participants in the programme.

- 6] The number of matching and performance shares shall be recalculated in the event of an intervening bonus issue involving the issue of new shares, a share split or reverse share split or other similar measures.
- 7] The Board is responsible for the detailed structure and management of the Performance-based Share Savings Scheme 2017 within the framework of the stipulated guidelines.
- 8] A decision in accordance with this Item A shall be conditional on the approval by the Annual General Meeting in line with the Board proposal in Item B below or approval in accordance with the Board's proposal in line with Item C below.

**B. Decision regarding authorising the Board to decide on the transfer of own ordinary shares to participants in the Performance-based Share Savings Scheme 2017**

In order to issue matching shares and performance shares according to the terms and conditions for the Performance-based Share Savings Scheme 2017, the Board proposes that the Annual General Meeting authorises the Board to resolve on the transfer of up to 200,000 own ordinary shares with the following conditions.

- With deviation from shareholders' preferential rights, only participants in the Performance-based Share Savings Scheme 2017 and subsidiaries in the Semcon Group have the right to acquire shares, whereby such subsidiaries shall be required to immediately transfer ordinary shares free of charge to those of their employees taking part in the Performance-based Share Savings Scheme 2017. Acquisitions shall be free of charge.
- Participants in the Performance-based Share Savings Scheme 2017 and subsidiaries in the Semcon Group shall, on one or more occasion, exercise their rights to acquire shares during the period when participants in the Performance-based Share Savings Scheme 2017 have the right to receive ordinary shares in accordance with the terms and conditions for the Performance-based Share Savings Scheme 2017.
- The reason for deviating from preferential rights for existing shareholders is to create a cost-efficient solution in order to fulfil the company's commitments under the terms and conditions for the Performance-based Share Savings Scheme 2017.
- If a share split or reverse share split, a bonus issue involving the issue of new shares, and/or other similar measures is taken before the transfer of shares, the number of shares transferred can be increased or reduced so that, following the measure, these are equivalent to an unchanged share of the companies' shares.

**C] Share swap agreement with a third party**

If the required majority for a decision cannot be reached, in line with Item B above, the Board proposes that the Annual General Meeting resolves that the company can enter into a share swap agreement with a third party to ensure the supply of shares to participants in the Performance-based Share Savings Scheme 2017, whereby the third party in its own name is to acquire and transfer ordinary shares in the company to employees included in the Performance-based Share Savings Scheme 2017. The acquisition of shares by a third party will be on Nasdaq Stockholm.

**Item 21 – Decision to authorise the Board to decide on new issues of shares**

- 1] The reason for the proposal, and the reason for deviating from preferential rights for existing shareholders, is that the Board wishes to create cost-efficient and flexible opportunities for making payments for acquisitions of companies or businesses or parts thereof. The Board proposes that the Annual General Meeting authorise the Board, up to the time of the next Annual General Meeting, on one or more occasions, to decide on the new issue of ordinary shares in the company on the following conditions:
- 2] New shares may only be issued to enable use of ordinary shares as liquidity in the acquisition of companies or businesses or parts thereof.

- 3] New shares may be issued with deviation from existing shareholders' preferential rights.
- 4] The new share issue shall comprise a maximum of 1,811,253 ordinary shares.
- 5] The subscription price is to correspond to the ordinary share's assessed market value at the time of issue.
- 6] Payment for the subscribed ordinary shares in the company is to be in capital contributed in kind.
- 7] The Board has the right to set other conditions for new issues.

On full utilisation of the authorisation to issue new shares, the total number of shares and votes in the company can increase by 1,811,253, representing dilution of around ten per cent of current shares and votes.

**Item 22 - Decision to authorise the Board to decide on the acquisition and transfer of the company's own shares**

The reason for the proposal, and the reason for deviating from preferential rights for existing shareholders, is that the Board wishes to create cost-efficient and flexible opportunities to: [i] improve the company's capital structure and thereby increase share value and [ii] to make payments for acquisitions of companies or businesses or parts thereof.

**A. Decision to authorise the Board to decide on the acquisition of own shares**

The Board proposes that the Annual General Meeting authorise the Board, up to the time of the next Annual General Meeting, on one or more occasions, to decide on the acquisition of ordinary shares in the company on the following conditions:

- 1] Purchases are only to be made to [i] improve the company's capital structure and [ii] to enable use of ordinary shares as liquidity in making payments for acquisition of companies or businesses or parts thereof.
- 2] Purchases may only be made on Nasdaq Stockholm or through purchase offers directed to all owners of ordinary shares in the company.
- 3] Purchases of ordinary shares in the company on each occasion are to represent a maximum of ten per cent of all shares in the company following the purchase.
- 4] Purchases on Nasdaq Stockholm shall be at a price per share within the current share price range for ordinary shares, or in the event that the Board assigns a stock exchange member to accumulate a specific amount of the company's shares in their own account for a specific period, at a price per share within a specified price range for the period or equivalent volume-weighted average share price, and purchases linked with an acquisition offer are to be made at a maximum price per share equivalent to the market price of the ordinary share in the company at the date of the offer plus an additional amount of not more than 20 per cent.
- 5] Payment for ordinary shares shall be made in cash.
- 6] The appropriate terms in the listing agreement with Nasdaq Stockholm shall be observed for purchases.
- 7] The Board has the right to set other conditions for purchases.

**B. Decision to authorise the Board to decide on the transfer of own shares**

The Board proposes that the Annual General Meeting authorises the Board, up to the time of the next Annual General Meeting, on one or more occasions, with deviation from shareholders' preferential rights, to decide on the transfer of ordinary shares in the company on the following conditions:

- 1] Transfers may only be made to use ordinary shares as liquidity for acquisition of companies and businesses or parts thereof.
- 2] Transfers on each occasion may be for the total number of ordinary shares owned by the company.
- 3] Transfers are to be made at a price corresponding to the ordinary share's assessed market value in connection with transfer.
- 4] Payment for ordinary shares is to be in capital contributed in kind.
- 5] The Board has the right to set other conditions for transferring shares.

**Special majority requirements**

For decisions to be valid in accordance with Item 20 A, the proposal must be supported by shareholders with a minimum of half of the voting rights represented at the meeting. For decisions to be valid in accordance with Item 20 B, the proposal must be supported by a majority of at least nine-tenths of voting rights represented at the meeting. For decisions to be valid in accordance with Item 20 C, the proposal must be supported by more than half of the voting rights represented at the meeting. For decisions to be valid in accordance with Items 21 and 22 A and B respectively, the proposal must be supported by at least two-thirds of voting rights represented at the meeting.

**Disclosure of information at the Annual General Meeting**

The Board and CEO shall, at the request of any shareholder at the Annual General Meeting, and if the Board deems that it can be done without inflicting material damage to the company, provide information on circumstances that can affect the assessment of matters on the agenda, conditions that can affect the assessment of the company's or subsidiaries' financial situation, or the company's relationship to other Group companies.

**Accounts and full presentations of proposals, etc.**

The Annual Report containing the auditors' report for 2016, the auditors' statement in accordance with Chapter 8, Section 54 of the Companies Act, the Nominations Committee's complete proposals in accordance with Items 19-22, and the Board's statement in accordance with Chapter 18, Section 4 and Chapter 19, Section 22 of the Companies Act, are available on the company's website, [www.semcon.com](http://www.semcon.com). They will also be available from the company at the above address and will be sent free of charge to shareholders who request a copy and provide their postal address.

Göteborg, March 2017

The Board in Semcon AB [publ]