

# SEMCON

Proposals for decisions

to be made by the

Annual General Meeting

of shareholders in

Semcon AB (publ)

Thursday 28 April 2016, 3 p.m.

Lindholmsallén 2, Gothenburg

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## **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 meeting 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 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 firms
14. Determination of remuneration to the Board of Directors
15. Determination of remuneration to the auditors
16. Election of Board chairman, Board members and possible deputies
17. Election of auditors and deputy auditors or registered public accounting firms
18. Decision regarding the Nominations Committee
19. Decision regarding guidelines for determining salaries and other remuneration to senior executives
20. Decision regarding authorizing the Board to decide on new issues of ordinary shares

21. Decision regarding authorizing the Board to decide on the acquisition and transfer of the company's own shares
22. Other matters
23. Closing of the Annual General Meeting

## **NOMINATIONS COMMITTEE'S PROPOSALS**

The Nominations Committee of Semcon AB (publ), corporate registration number 556539-9549, was appointed in accordance with the procedure decided by the 2015 Annual General Meeting and comprises Olof Cato (JCE Group Aktiebolag) Chairman of the Nominations Committee, Evert Carlsson (Swedbank Robur Fonder), Katja Bergqvist (Handelsbanken Fonder), and Semcon's Chairman Kjell Nilsson, who together represent around 33.6 per cent of the votes associated with all the shares in the company.

The Nominations Committee submits the following proposals to the Annual General Meeting on 28 April 2016:

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

The Nominations Committee proposes Kjell Nilsson as Chairman of the Annual General Meeting.

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

The Nominations Committee proposes that there be five ordinary Board members and no deputies.

### **Item 13 – Decision regarding the number of auditors and deputy auditors or registered public accounting firms**

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

### **Item 14 – Determination of remuneration to the Board of Directors**

The Nominations Committee proposes, similarly to last year, that a total fee of SEK 1,610,000 shall be paid to Board members elected by the meeting, of which SEK 550,000 to the Chairman and SEK 265,000 to each of the other members elected by the meeting. The Nominations Committee further 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 Board chairman, Board members and possible deputies**

The Nominations Committee proposes the re-election of Marianne Brismar as Board member and that current Board member Tore Bertilsson be elected as Chairman. The Nominations Committee furthermore proposes that Karl Thedéen, Jan Erik Karlsson and Jeanette Saveros be elected Board members.

Chairman Kjell Nilsson and Board members Gunvor Engström and Håkan Larsson have declined re-election.

Tore Bertilsson (born 1951), MBsc. Elected to the Board in 2015. Tore Bertilsson was formerly Executive Vice President and CFO of SKF. Other board assignments: Chairman of PRI Pensionsgaranti, Perstorp Holding AB and Aktiebolaget Ludvig Svensson. Member of the IKEA Group Board, Gunnebo AB, Stampen AB, JCE Group Aktiebolag, Ågrenska AB (svb) and SEB Trygg Liv. Shareholding in Semcon: 6,000 shares. Citizen of Sweden.

Marianne Brismar (born 1961), Chemist and Economist. Elected to the Board in 2008. Marianne Brismar was formerly CEO and owner of Atlet AB. Other board assignments: Member of Beijer Alma AB, Concentric AB, Axel Johnson International Aktiebolag, Lindab International AB, JOAB Recycling AB and Creades AB. Shareholding in Semcon: 5,000 shares. Citizen of Sweden.

Karl Thedéen (born 1963), MSc. Karl is Senior Vice President and Business Unit Manager at Infiera's metronet division and former CEO of Transmode AB (publ). Before then he held a number of senior positions at the Ericsson Group. Karl Thedéen was a Board of Latour Industries between 2012 - 2015 and HMS NetWorks AB (publ) in 2013 - 2015. Shareholding in Semcon: 0. Citizen of Sweden.

Jan Erik Karlsson (born 1949), Bachelor of Arts. Jan Erik Karlsson was previously CEO of Capgemini Sverige AB and held other senior positions at the Capgemini Group. Other Board assignments: Chairman of Feelgood Svenska AB, IC Quality AB, and BiTA Service Management AB. Member of Itera AS and Cybercom Group AB. Shareholding in Semcon: 0. Citizen of Sweden.

Jeanette Saveros (born 1974), Construction engineer. Jeanette Saveros was previously CEO of the Hifab Group AB. Other Board assignments: Member of Svenska Teknik&Designföretagen, Sweden Green Building Council, Svenska Markservice AB. Shareholding in Semcon: 0. Citizen of Sweden

In addition to the holdings stated above, none of the persons proposed, or their close associates, own shares or share-related instruments in the company.

The proposed Board members can be considered independent in relation to the company, the senior management team and major shareholders, except for Tore Bertilsson who is not considered independent in relation to the major shareholders in the company, since he is a Board member of a company that is a major shareholder in the company.

The Nominations Committee's justifications for these proposals to the Board are available on the company's website, [www.semcon.com](http://www.semcon.com) and can also be found in Supplement A. The report also contains a brief account of how the Nominations Committee's work is carried out.

#### **Item 17 – Election of auditors and deputy auditors or registered public accounting firms**

The 2015 Annual General Meeting elected Deloitte AB as auditors of the company up to the time of the end of the 2016 Annual General Meeting. The Nominations Committee

proposes that the registered public accounting firm Deloitte AB be re-elected as the company's auditor for a period of one year.

### **Item 18 – Decision regarding the Nominations Committee**

The Nominations Committee proposes that the company shall have a Nominations Committee that no remuneration be paid to the Nominations Committee although the company shall pay the costs of the Nominations Committee, and that there be a nominations process with the following content.

1. The Nominations Committee shall comprise three, or in some cases (see point 6 below), four additional members. In addition, the Chairman of the Board shall be a co-opted member in the Nominations Committee.
2. Based on the shareholder statistics received from Euroclear Sweden AB each year on 31 August, the Chairman of the Board shall without undue delay contact the three largest shareholders (based on number of votes) and ask each of them to appoint, within a reasonable period, one member of the Nominations Committee. If any of the three largest shareholders declines to appoint a member to the Committee, the other major shareholders will be asked to appoint a member to the Committee. If such an offer is made, it will go in turn to the largest shareholders (i.e., first to the fourth largest shareholder, then the fifth largest shareholder, etc.). The proceedings shall continue until the Nominations Committee consists of three members and the Chairman of the Board as a co-opted member. The Nominations Committee shall be constituted at the latest one month after it has been appointed, i.e. 30 September.
3. The member proposed by the shareholder holding the most votes shall act as chairman of the Nominations Committee.
4. Membership of the Nominations Committee applies until a new committee is appointed.
5. The names of the members of the Nominations Committee shall be announced as soon as the committee is appointed and six months before the next Annual General Meeting at the latest.
6. If there are changes in the shareholder structure after 31 August and earlier than two months before the Annual General Meeting, and if a shareholder consequently becomes one of the three largest shareholders and makes a request to the Nominations Committee's Chairman 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 following the changes in ownership structure.
7. If a member of the Nominations Committee resigns during the mandate period or is unable to fulfil his or her obligations, then the Chairman of the Nominations

Committee shall without delay ask the shareholder to appoint a new representative within a reasonable time. If the shareholder declines to replace a new representative, the Chairman shall - provided that the number of shareholder appointed members of the Nomination Committee thus will be less than three – ask other larger shareholders to appoint a member to the Nominations Committee. If such an offer is given, it shall be offered to the largest shareholder in terms of voting rights (i.e. to the shareholder with the largest number of voting rights who has not already appointed or who has declined to appoint a member, then the next largest shareholder who has not already appointed or declined to appoint a member of the Nomination Committee, etc.). The proceedings shall continue until the Nomination Committee consists of three members and the Chairman of the Board as co-opted member.

8. The Nominations Committee shall perform the duties that from time to time arise in accordance with Swedish Code of Corporate Governance. 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 Nomination Committee will provide the company with the information required for the company to meet its information liability according to the Swedish Code of Corporate Governance.

### **Statement by the Nominations Committee concerning its proposals for the Board of Directors**

#### **Nominations Committee's composition**

In accordance with the decision made by Semcon AB's (publ), co.reg.no. 556539-9549, ("Semcon" or the "company") Annual General Meeting in 2015, Kjell Nilsson, the Chairman of the Board, contacted in September 2015, in order of priority, the largest shareholders in Semcon in terms of voting rights in Semcon as of 31 August, to establish a Nominations Committee. The Nominations Committee's composition was made public in a press release on 9 September 2015, since when this information has been available on the company's website.

The Nominations Committee consists of the following members:

Olof Cato, JCE Group Aktiebolag  
Evert Carlsson, Swedbank Robur Fonder  
Katja Bergqvist, Handelsbanken Fonder  
Kjell Nilsson, Chairman of the Board of Semcon

In accordance with the decision made by the Annual General Meeting in 2015, the member nominated by the largest shareholders in terms of voting rights will be the Chairman. JCE Group Aktiebolag is Semcon's largest shareholder, making Olof Cato the Nominations Committee's Chairman. The shareholders that appointed members to the Nominations Committee represent around 33.6 per cent of the voting rights of all shares in the company.

#### **Nominations Committee's work**

The Nominations Committee held five minuted meetings and between meetings kept in contact by telephone and email. As a basis for its work concerning proposals for the Board members, the Nominations Committee had access to the evaluation carried out by the Board, received a presentation and review of Semcon's business activities carried out by the company's CEO and been privy to the Chairman of the Board's accounts for the Board's work and Semcon's business activities and objectives. In addition, the Nominations Committee met with all the proposed members.

For assessing to what extent the proposed Board members meet the requirements that will be set on the Board over the coming mandate period, the company's situation and future alignment has been discussed. This has been carried out mainly emphasizing the Board members' respective industry experience, international experience, business acumen and financial expertise and experience.

On Semcon's website, under the heading "Corporate Governance" is a specific "Nominations Committee" section, where Semcon's shareholders have been given the opportunity to communicate with the Nominations Committee. One proposal for a new Board member has been received, which the Nominations Committee has taken into consideration.

The Nominations Committee works in accordance with requirements set out in the Swedish Code of Corporate Governance.

### **Statement concerning proposed Board members**

The Nominations Committee proposes the re-election of Marianne Brismar as Board member.

Chairman of the Board, Kjell Nilsson and the Board members Gunvor Engström and Håkan Larsson have declined re-election.

Because Kjell Nilsson, Gunvor Engström and Håkan Larsson have declined re-election, and considering the evaluation carried out, the Nominations Committee proposes that the Annual General Meeting appoints current Board member Tore Bertilsson as the new Chairman of the Board and Karl Thedéen, Jan Erik Karlsson and Jeanette Saveros as new Board members.

Tore Bertilsson has been a Semcon Board member for one year and has extensive experience in domestic and international industrial operations as well as from management and executive management, and from positions on the Board of Directors of global corporations. In addition, Tore Bertilsson has major experience and wide knowledge in both economic and financial matters. The Nominations Committee believes that Tore Bertilsson's experience brings valuable expertise and that he is very well suited as a Chairman of the Board of Semcon.

Karl Thedéen has extensive experience in domestic and international IT and telecoms business activities and of executive management in international high-tech companies. The Nominations Committee considers that Karl Thedéen will provide valuable expertise to the work of the Board and that he is very well suited as a Board member of Semcon.

Jan Erik Karlsson has extensive experience of consultancy business and of executive management from a large international consultancy firm. Jan Erik Karlsson is also an experienced Board member of listed and non-listed companies. The Nominations Committee also believes that Jan Erik Karlsson's experience will add valuable expertise to the work of the Board and that he is very well suited as a Board member of Semcon.

Jeanette Saveros has extensive experience of project management and consultancy, and of executive management from a listed company providing project management services. The Nominations Committee also believes that Jeanette Saveros's experience will add valuable expertise to the work of the Board and that she is very well suited as a Board member of Semcon.

The Nominations Committee's proposal implies that the number of Board members remains unchanged at five with no deputies.

The Nominations Committee has specifically considered the Board's structure in terms of the need for versatility, expertise and experience. The Nominations Committee has also considered that a gender balance should be sought where the proportion of women on the Board over the last three years has amounted to 40 per cent. This year's proposal also means that the proportion of women of the Board is 40 per cent. Against this background

the Nominations Committee considers that the Board, in accordance with the proposal, is suitably structured, considering Semcon's business, future development and general conditions.

Further information about the proposed Board members is available in the Nominations Committee's proposals, available on Semcon's website, [www.semcon.com](http://www.semcon.com).

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Semcon AB's (publ) Nominations Committee, March 2016

## **BOARD'S PROPOSALS**

The Board of Semcon AB (publ), corporate registration number 556539-9549, proposes that the Annual General Meeting of 28 April 2016 make the following decisions:

### **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 remaining profits of SEK 272,261,715 at the disposal of the meeting be allocated as follows:

Dividend of SEK 1.25 per share to shareholders	SEK 22,640,668
<u>Carried forward to new account</u>	<u>SEK 249,621,048</u>
Total	SEK 272,261,715

The maximum amount of the dividend is SEK 22,640,668 if the company owns none of its shares on the record date for the dividend. On the date for notification for the Annual General Meeting, the company had 18,112,534 shares, of which at that time 242,718 shares do not give entitlement to a dividend and are own shares. The total amount of the dividend, SEK 22,640,668 could, with this background, be lower depending on the amount of own shares acquired on the record date for the dividend.

It is proposed that the record date for the dividend be 2 May 2016. If the Annual General Meeting in accordance with the proposal, payment is expected to be made via Euroclear Sweden AB on 6 May 2016.

In connection with the proposal, the Board has made assurances in accordance with chapter 18, § 4 of the Swedish Companies Act, see Supplement B.

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

The Board proposes that the Annual General Meeting decides to establish the following guidelines for determining salaries and other remuneration to senior executives up to the time of the 2017 Annual General Meeting.

1. In these guidelines, senior executives are the CEO and President and the other members of the Semcon Group's senior management team.
2. These guidelines shall apply for agreements reached after the 2016 Annual General Meeting and for previous agreements changed after the 2016 Annual General Meeting.
3. The company shall have a remuneration level and other employment terms that are needed to recruit and keep senior executives with the right skills and capabilities to achieve the company's objectives. Total remuneration – made up of various components such as fixed salary, bonus, participation in share-linked incentive scheme, pension benefits and other remuneration and benefits – shall be reasonable, com-

petitive and market-based, and shall be decided with regard to, among other things, performance, position and importance for the Group.

4. Fixed salary shall be paid for satisfactory work and shall normally be reviewed once a year.
5. A bonus of a maximum of 6 months' salary shall be offered to senior executives. This bonus shall be primarily based on results and bonus targets, established once a year.
6. In addition to applicable collective agreements and similar, senior executives shall be given the right to arrange individual pension solutions, whereupon salary and bonus relinquishment may be utilized to increase pension payments provided no increased cost is incurred for the company over time. All pension solutions agreed in future shall be premium-based.
7. Notice of resignation for senior executives shall be a minimum of 6 months and maximum of 12 months. Notice of dismissal from the company's side shall be at most 12 months. Dismissal salary and severance compensation combined shall not exceed 12 months' salary.
8. In addition, other remuneration and benefits may be offered to senior executives to facilitate possibilities to complete work assignments.
9. The Board has the right to deviate from these guidelines in individual cases if there is special reason.

To ensure continuity, the Board's proposals are in line with previous years' remuneration principles and agreements.

The Board has in one case exercised its right to deviate from the guidelines for determining salaries and other remuneration to senior executives set at the 2015 Annual General Meeting. The difference relates to the length of the period of notice in an employment contract concluded with one senior executive. According to the contract a longer period of notice from the company's side is applicable than that specified in the guidelines during the first two years of the contract. In the first year, the notice period from the company's side is 24 months. The length of the notice period then decreases in stages so that, in the event that notice is given from the company's side after the second year of employment, it will be in line with previously adopted guidelines. The reason for the deviation is to adapt the terms to current market practice.

In other matters, see the 2015 Annual Report for details of remuneration paid to senior executives in 2015.

## **Item 20 – Decision regarding authorizing the Board to decide on new issues of ordinary shares**

### **Background and reasons for the proposal, etc.**

The Board has in previous years been authorized to decide on the issue of new ordinary

shares. This proposal requests similar authorization.

On full utilization of the authorization 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, and the same dilution effect on the key indicators reported by the company regarding the Semcon share. The dilution effect is calculated as follows: 1,811,253 new shares divided by current 18,112,534 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 for making payments for acquisitions of companies or businesses or parts thereof. Against this background, a decision in accordance with the proposal is judged to be beneficial for shareholders.

### **Decision regarding authorizing the Board to decide on a new share issue**

Against the background of the statements above, the Board proposes that the Annual General Meeting authorize 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:

1. New shares may only be issued to enable use of ordinary shares as liquidity in the acquisition of companies or businesses or parts thereof.
2. New shares may be issued with deviation from existing shareholders' preferential rights.
3. The new share issue shall comprise a maximum of 1,811,253 ordinary shares.
4. The subscription price shall correspond to the ordinary share's assessed market value at the time of issue.
5. Payment for the ordinary shares shall be in capital contributed in kind.
6. The Board has the right to set other conditions for new issues.

The Board, or someone appointed by the Board, are authorized to make minor formal adjustments to the decision that may be necessary for registration with the Swedish Companies Registration Office.

### **Majority requirement**

For decisions to be valid requires the proposal to be supported by shareholders with a minimum of two-thirds of the voting rights and shares represented at the meeting.

### **Item 21 – Decision regarding authorizing the Board to decide on the acquisition and transfer of the company's own shares**

#### **Background and reasons for the proposal, etc.**

The Board has in previous years been authorized to decide on the acquisition and transfer

of ordinary shares. This proposal requests new authorization.

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, (ii) to make payments for acquisitions of companies or businesses or parts thereof, and (iii) ensure access to own shares in order to fulfil the company's commitments in the Performance-related Share Savings Scheme 2015. Against this background, a decision in accordance with the proposal is judged to be beneficial for shareholders.

### **Proposal for a decision**

#### **A. Decision regarding authorizing the Board to decide on the acquisition of own shares**

Against the background of the statements above, the Board proposes that the Annual General Meeting authorize 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 shall only be made to (i) improve the company's capital structure, (ii) to enable use of ordinary shares as liquidity in making payments for acquisition of companies or businesses or parts thereof or (iii) to ensure the fulfilment of the company's commitments in the Performance-related Share Savings Scheme 2015.
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 on each occasion shall be a maximum, after the purchase, of ten per cent of all shares in the company.
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 shall have as their maximum price per share the market price at the time of the offer plus at most twenty per cent.
5. Payment for ordinary shares shall be 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 the acquisition.

In connection with the proposal, the Board has made a statement in accordance with chapter 19 § 22 of the Swedish Companies Act, see Supplement C.

## **B. Decision regarding authorizing the Board to decide on the transfer of own shares**

Against the background of the statements above, the Board proposes that the Annual General Meeting authorizes 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 or businesses or parts thereof.
2. Transfers on each occasion may be of the total number of ordinary shares owned by the company.
3. Transfers shall be at a price corresponding to the ordinary share's assessed market value in connection with transfer.
4. Payment for ordinary shares shall be in capital contributed in kind.
5. The Board has the right to set other conditions for transferring shares.

### **Majority requirement**

For decisions to be valid requires the respective proposal to be supported by shareholders with a minimum of two-thirds of the voting rights and shares represented at the meeting.

### **Statement in accordance with chapter 18 § 4 of the Companies Act**

The Board of Semcon AB (publ), corporate registration number 556539-9549, makes the following statement in accordance with chapter 18 § 4 of the Companies Act in connection with the proposal to pay a profit dividend of SEK 1.25 per share, which would mean a maximum of SEK 22,640, 668 (based on the ownership of zero own shares) shall be paid. The Board has submitted this proposal for a decision by the Annual General Meeting to be held on 28 April 2016; item 9 on the proposed agenda.

### **Justification**

In accordance with Semcon's financial targets, the dividend paid to shareholders over the long term shall amount to at least one third of earnings after tax. The Board's view is that the size of future dividends should be based on Semcon's long-term growth and profit trend, as well as capital requirement for continued expansion with consideration for these financial targets. The Board considers the proposed dividend justifiable taking into account the long-term growth, profit trend and capital requirements for continued expansion.

The Board considers there to be full coverage for the company's restricted equity following the proposed profit dividend.

The Board also considers that the proposed dividend to shareholders is reasonable considering the parameters stated in chapter 17 §3, second and third paragraphs of the Companies Act (type, scope and risks of the business, and consolidation requirement, liquidity and general position). The Board will therefore make the following statement.

### **Type, scope and risks of the business**

The Board considers that the company's and Group's equity following the proposed profit dividend will be sufficiently large in relation to the business' type, scope and risks. In this context the Board takes into consideration, among other things, the company's and Group's historic development, the economic situation, expected development and investment plans.

### **Consolidation requirement, liquidity and general position**

The Board has made a general assessment of the company's economic position and the company's opportunities in the long term to meet its commitments. The proposed dividend constitutes 7.2% of the company's equity and 3.7% of the Group's equity. Following payment of the dividend the company's equity/assets ratio will be 48.1% and the Group's equity/assets ratio will be 44.3%. The company's and Group's equity/assets ratio is good considering current conditions for the industry. With this background, the Board considers that the company and Group have conditions for tackling future business risks and withstanding possible losses.

The company and Group have good liquidity and also good access to liquid reserves in the

form of both short and long term credit, which means that the company and Group are well equipped to meet any variations in liquidity or unforeseen circumstances. The Board therefore considers that the proposed profit dividend will not therefore affect the company's and Group's ability to meet its payment commitments at the right time.

The Board has considered all other known conditions that may have significance for the company's and Group's economic position and which were not included in the previous statements. No circumstance has thereby arisen which would make the proposed dividend unjustifiable.

Gothenburg, March 2016

The Board

### **Statement in accordance with chapter 19 § 22 of the Companies Act**

The Board of Semcon AB (publ), corporate registration number 556539-9549, makes the following statement in accordance with chapter 19 § 22 of the Companies Act in connection with the proposal for a decision authorizing the Board to decide on the purchase of the company's ordinary shares submitted by the Board to the Annual General Meeting of 28 April 2016; Item 21 A of the proposed agenda.

### **Type, scope and risks of the business**

The type and scope of the business are described in the articles of association and the 2015 Annual Report.

The business performed by Semcon and other companies in the Semcon Group, does not entail extra risks in addition to those generally associated with business of this type or what normally occurs, or may be expected to occur, in the industry.

With regard to significant events, reference is made to the directors' report in the 2015 Annual Report; in addition to these events, no events have occurred that affect the ability of the company to pay a dividend or acquire its own shares.

### **Consolidation requirement, liquidity and general position**

The financial position of the company and the Semcon Group as of 31 December 2015 is presented in the 2015 Annual Report. The Annual Report also presents the principles used to assess the value of assets, allocations and liabilities.

The proposal for a decision regarding authorizing the Board to decide on the purchase of the company's own ordinary shares in Item 21 A, shows that acquisitions may be made to a number that corresponds to a maximum of ten per cent of the total number of shares in the company, at present a maximum of 1,811,253 ordinary shares. Calculated at the current share price on 22 March 2016, a re-purchase of a maximum of ten per cent would amount to around SEK 66 million.

The company's non-restricted equity as of 31 December 2015 is presented in the 2015 Annual Report and amounts to around SEK 272.3 million. The Board will propose to the Annual General Meeting of 28 April 2016 that a dividend of SEK 1.25 per share be paid to shareholders, amounting to a maximum SEK 22,640,668.

There is full coverage for the company's restricted equity after execution of the proposed authorization.

The proposed authorization does not jeopardize completion of the investments considered necessary. Neither does the proposed authorization affect the company's or Group's ability to meet existing or expected payment commitments. The company's and Group's liquidity forecast, with consideration to the proposed authorization, includes plans to meet variations in ongoing payment commitments.

The company's and Group's financial position does not motivate any other assessment than that the company and Group can continue its business and that the company and Group can be expected to meet its commitments in both the short and long term.

It is the Board's judgment that the size of shareholders' equity as reported in the 2015 Annual Report is in reasonable proportion to the scope of the company's and Group's business and the risks associated with running the business even after execution of the proposed authorization.

### **Justification for the proposals**

Against the above background and other information considered by the Board, the Board considers that the authorization for the Board to decide on purchases of the company's own shares are justifiable with consideration to the requirements that the type, scope and risks of the business place upon the size of the company's and Group's shareholders' equity and the consolidation requirements, liquidity and position in general.

Gothenburg, March 2016

The Board