



**semcon**

# **Proposed resolutions, etc. ahead of Annual General Meeting in Semcon AB (publ)**

Wednesday 24 April 2019, 3.00 p.m.  
at Lindholmsallén 2, Göteborg

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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 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. Decision authorise the Board to decide on new issues of shares

21. 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
22. Other matters
23. Closing of the Annual General Meeting

## **NOMINATIONS COMMITTEE'S PROPOSALS**

The Nominations Committee of Semcon AB [publ], corporate identity number 556539-9549, was appointed in accordance with the procedure resolved on by the 2018 Annual General Meeting and comprises Ulf Gillberg [JCE Group Aktiebolag] Chairman of the Nominations Committee, Mats Andersson [Nordea Investment Funds], Faruk Tairi [Europea i Malmö] and the Chairman of the Board Tore Bertilsson [co-opted member], who together represented 37.9 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 24 April 2019:

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

The Nominations Committee proposes Tore Bertilsson, 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 Board members elected by the Annual General Meeting and no deputies.

### **Item 13 - Decision regarding the 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 of Directors**

The Nominations Committee proposes a total remuneration of SEK 1,785,000 [an increase of SEK 65,000 compared to 2018 when the total remuneration was SEK 1,720,000] be paid to Board members elected by the Annual General Meeting, of which SEK 625,000 [SEK 600,000 in 2018] to the Chairman and SEK 290,000 [SEK 280,000 in 2018] 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 the auditor 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, Jeanette Reuterskiöld and Karl Thedéen as Board members. The Nomination Committee proposes Eva Elmstedt and Carl Backman as new Board members.

Board members Marianne Brismar and Jan-Erik Karlsson has declined re-election.

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

Information about the suggested Board members as follows:

### **Carl Backman** [born 1971]

Qualifications: MSc in Engineering, MBA.

Professional background: CEO of JCE Group Aktiebolag, former investment director of Fouriertransform AB and former CEO of Bure Equity AB.

Nationality: Swedish.

Other board assignments: Chairman of Bruks Siwertell Group AB and Consafe Logistics AB. Board member of Jobro Holding AB and Cybercom Intressenter AB.

Shareholdings in Semcon: 0.

### **Eva Elmstedt** [born 1960]

Qualifications: Bachelor of Economy and Computer science.

Professional background: former EVP Global Services at Nokia Networks and Nokia Siemens Networks alongside leading positions at Ericsson, 3 and Semcon.

Nationality: Swedish

Other board assignments: Chairman of Proact IT Group AB [publ.]. Board member of Addtech AB [publ.], Gunnebo Group AB [publ.], Thule Group AB [publ.], Arjo AB [publ.] and Axiell Group AB.

Shareholdings in Semcon: 4,000.

**Tore Bertilsson** [born 1951], elected to the Board in 2015 and Chairman of the Board since 2016.

Qualifications: Master of Business Administration.

Professional background: Former deputy CEO and CFO of SKF and bank director of SEB.

Nationality: Swedish.

Other board assignments: Chairman of Aktiebolaget Ludvig Svensson, Försäkringsbolaget PRI Pensionsgaranti, Perstorp Holding AB, JCE Group Aktiebolag and Salinity AB. Board member of IKEA Gruppen.

Shareholding in Semcon: 20,000.

**Jeanette Reuterskiöld** [born 1974], elected to the Board in 2016.

Qualifications: Construction engineer.

Professional background: Business area manager Management WSP Sverige AB. Former CEO Arcona and Hifab Group.

Nationality: Swedish.

Other board assignments: Chairman of Sweden Green Building Council.

Shareholding in Semcon: 1,000.

**Karl Thedéen** [born 1963], elected to the Board in 2016.

Qualifications: MSc in Engineering.

Professional background: President and CEO of Edgeware. Former senior Vice President and Business Area Manager of Infinera, former CEO of Transmode [publ]. Before then, he held a number of senior positions at the Ericsson Group. Karl has been a Board member for Latour Industries 2012-2015 and for HMS Networks 2013-2015.

Nationality: Swedish.

Shareholding in Semcon: 11,750.

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 are considered independent in relation to the company, company management and major shareholders in the company, with the exception Carl Backman who is deemed to be dependent in relation to a major shareholder in Semcon as he is CEO of a company that is a large shareholder in Semcon and Tore Bertilsson who is deemed to be dependent in relation to a major shareholder in the company as he is Chairman of a company that is a large shareholder in Semcon.

The Nominations Committee's reasoned statement regarding 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 was conducted.

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

The 2018 Annual General Meeting elected Ernst & Young Aktiebolag as auditor of the company until the close of 2019 Annual General Meeting. The Nominations Committee proposes that the registered auditing firm Ernst & Young Aktiebolag be elected as auditor until the close of the next Annual General Meeting, in accordance with the recommendation received by the Nominations Committee from the Board.

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

The Nominations Committee proposes that the following principles regarding work and appointment of the Nominations Committee, which were adopted by the Annual General Meeting 2018, shall remain in force until a decision to amend the principles is taken by the Annual General Meeting, namely 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 members. In addition, the Chairman of the Board shall be a co-opted member in the Nominations Committee.
2. Based on shareholder statistics received from Euroclear Sweden AB each year on 31 August, the Chairman of the Board is to 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 not later than 30 September.
3. The member proposed by the shareholder holding the most votes will serve 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 prior to 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 Nominations Committee thus will be less than three - ask other large 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 to the Nominations Committee, etc.]. The proceedings shall continue until the Nominations Committee consists of three members and the Chairman of the Board as a co-opted member.

8. 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 disclosure requirements under the Swedish Corporate Governance Code.

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

### **Composition of the Nominations Committee**

In accordance with the decision made by Semcon AB's [publ], corporate identity number 556539-9549, ["Semcon" or the "company"] 2018 Annual General Meeting, Tore Bertilsson, the Chairman of the Board, contacted in September 2018, in order of priority, the three 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 17 September 2018, after which this information has been available on the company's website.

The Nominations Committee consisted of the following members:

Ulf Gillberg, JCE Group Aktiebolag  
Mats Andersson, Nordea Investment Funds  
Faruk Tairi, Europea i Malmö  
Tore Bertilsson, Chairman of the Board of Semcon [co-opted]

In accordance with the decision made by the 2018 Annual General Meeting, the member nominated by the largest shareholder in terms of voting rights will be the Chairman. JCE Group Aktiebolag is Semcon's largest shareholder, making Ulf Gillberg the Nominations Committee's Chairman. The shareholders that appointed members to the Nominations Committee represented at the time of its creation around 37,9 per cent of the votes associated with all the shares in the company.

### **Presentation of the work of the Nominations Committee**

The Nominations Committee held six minuted meetings and between meetings kept in contact by telephone and email. As a basis for its work concerning proposals regarding Board members, the Nominations Committee had access to the evaluation carried out by the Board and was privy to the Chairman of the Board's accounts for the Board's work as well as the Chairman of the Board's and the CEO's accounts for Semcon's business activities and objectives. In addition, the Nominations Committee has interviewed and spoken with all the proposed members.

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

The Nominations Committee works in accordance with requirements set out in the Swedish Corporate Governance Code and considered all issues incumbent on the Committee to consider in accordance with the Code. The Nominations Committee has therefore discussed and considered whether the Board meets the stipulated requirements. The Nominations Committee has specifically considered its aim for an even gender distribution on the Board and that the Board's composition should be characterized by diversity and breadth in terms of expertise, experience and background. The Nominations Committee applied Item 4.1 of the Swedish Corporate Governance Code as its diversity policy when preparing proposals for the election of Board members, which corresponds to the diversity policy used by the company.

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. No proposals have been received by the Nominations Committee.

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

Marianne Brismar and Jan-Erik Karlsson has declined re-election.

The Nominations Committee proposes the re-election of Tore Bertilsson, Jeanette Reuterskiöld and Karl Thedéen as Board members. The Nominations Committee proposes Carl Backman and Eva Elmstedt as new Board members. The Nominations Committee proposes the re-election of Tore Bertilsson as Chairman of the Board.

The Nominations Committee's proposal entails that the number of Board members will remain unchanged at five with no deputies.

Carl Backman has, amongst other things, a long experience in working with corporate governance, including experience from board assignments in other companies within the field of engineering services. The Nominations Committee's assessment is that Carl will add valuable competence and experience to the Board and that he is well suited to be included in the company's Board of Directors during the coming term.

Eva Elmsted has, amongst other things, a long experience of digitization in different aspects, consultant services, purchasing of consulting services and offshoring. Eva also has a wide experience of board assignments in listed companies. The Nominations Committee's assessment is that Eva will add valuable competence and experience to the Board and that she is well suited to be included in the company's Board of Directors during the coming term.

The Nominations Committee finds that the proposed Board members together have the expertise and experience that is important for Semcon's business, stage of development and conditions in general.

The Nominations Committee has specifically considered the Board's structure in terms of the need for versatility, expertise and experience in accordance with the Swedish Corporate Governance Code.

The Nominations Committee has also considered that a gender balance should be sought where the proportion of women on the Board over the last six years has amounted to 40 per cent. This year's proposal also means that the proportion of women on the Board remains 40 per cent.

The Nominations Committee applied Item 4.1 of the Swedish Corporate Governance Code as its diversity policy and with reference to this, the Nominations Committee deems that the Board members offer a diversity and breadth in terms of expertise, experience and background. The Nominations Committee sees the issue of diversity as important and considers it vital that future Nominations Committees continue to actively work to satisfy these perspectives on the Board.

There has been some discussion about the independence of the Board members and the Nominations Committee's assessment is that the proposal meets current requirements for members' independence, previous experience of Board positions in listed companies and accounting or auditing expertise.

The Nominations Committee's assessment based on recommendations in the Swedish Corporate Governance Code that the proposed Board members who have a number of other Board assignments in addition to Semcon have substantial expertise and lengthy experience of Board assignments, which is expected to benefit the company and ensure that assignments can be carried out effectively. Accordingly, these Board members are considered to have the necessary time and diligence to safeguard the interests of the company and its owners. In light of this, these Board members are considered highly suitable for Board work in Semcon.

Against this background, the Nominations Committee deems the Board, in accordance with the proposal, to be 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 2019

## **BOARD'S PROPOSALS**

The Board of Semcon AB [publ], corporate identity number 556539-9549, proposes that the Annual General Meeting of 24 April 2019 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 the remaining profits of 297,400,108 at the disposal of the meeting be allocated as follows:

Dividend of SEK 3.00 per share to shareholders	SEK 54,337,602
<u>Carried forward to new account</u>	<u>SEK 243,062,506</u>
Total	SEK 297,400,108

The maximum amount of the dividend is SEK 54,337,602 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 694,199 shares do not currently give entitlement to a dividend and are own shares. Accordingly, the total amount of the dividend, SEK 54,337,602, could 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 26 April 2019. If the Annual General Meeting decides in accordance with the proposal, payment is expected to be made via Euroclear Sweden AB on 4 May 2019.

In connection with the proposal, the Board has made assurances in accordance with Chapter 18, Section 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 establish guidelines for determining salaries and other remuneration to senior executives up to the time of the 2020 Annual General Meeting.

1. In these guidelines, senior executives are the CEO and President and the other members of the Semcon Group's Group management team.
2. These guidelines shall apply for agreements reached after the 2019 Annual General Meeting and for previous agreements changed after the 2019 Annual General Meeting.
3. 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.

4. Fixed salary will be paid for satisfactory work. Fixed salary will normally be reviewed once a year.
5. A bonus of a maximum of 9 months' salary may be offered to senior executives. This bonus will be primarily based on results and bonus targets, and be established once a year.
6. In addition to applicable collective agreements and similar agreements, senior executives shall be given the right to arrange individual pension solutions, whereupon salary and bonus relinquishment may be utilised 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 is to be a minimum of six months 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 18 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.

The Board has exercised its right to deviate from the guidelines for determining salaries and other remuneration to senior executives set at the 2018 Annual General Meeting when changing the employment contract for the CEO, implying a severance pay and notice salary up to a maximum of 18 monthly salaries [compared with a maximum of twelve monthly salaries for severance pay and notice salary in of the guidelines adopted by the AGM 2018]. The Board has, after evaluation, found that special reasons existed with reference to the need to ensure market conditions for the CEO. For the same purpose, the Board also proposes an adjustment of the above guidelines, which means that senior executives can be offered severance pay and notice salary of maximum 18 monthly salaries.

In other matters, see the 2018 Annual Report for details of remuneration paid to senior executives in 2018.

## **Item 20 - Decision to authorise the Board to decide on new issues of ordinary shares**

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

The Board has in previous years been authorised to decide on new issues of ordinary shares. This proposal requests similar authorisation.

On full utilization 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, 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 18,112,534 current 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 the shareholders.

### **Decision to authorise the Board to decide on new issues of ordinary shares**

Against the background of the statements above, 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 new issues 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 is to correspond to the ordinary share's assessed market value at the time of issue.
5. Payment for the subscribed ordinary shares in the company is to 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, is authorised 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, the proposal must be supported by shareholders with a minimum of two-thirds of the voting rights and shares represented at the meeting.

## **Item 21 - Decision to authorise 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 authorised to decide on the acquisition and transfer of ordinary shares in the company. This proposal requests new identical authorisation.

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. Against this background, a decision in accordance with the proposal is judged to be beneficial for the shareholders.

### **Proposal for a decision**

#### **A. Decision to authorise 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 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 10 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.

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

#### **B. Decision to authorise 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 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 or 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.

#### **Majority requirement**

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

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The Board for Semcon AB [publ]  
Göteborg March 2019

## **Statement in accordance with Chapter 18 Section 4 of the Companies Act**

The Board of Semcon AB [publ], corporate identity number 556539-9549, makes the following statement in accordance with Chapter 18 Section 4 of the Companies Act in connection with the proposal to pay a profit dividend of SEK 3.00 per share, which would mean a maximum of SEK 54,337,602 [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 24 April 2019; 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 requirements for continued expansion with consideration for these financial targets. The proposed dividend constitutes 57,8 per cent of the company's profit after tax, for continuing operations, which is in line with Semcon's financial targets 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 dividend.

The Board also considers that the proposed dividend to shareholders is reasonable considering the parameters stated in Chapter 17 Section 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 wishes therefore to 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 dividend will be sufficiently large in relation to the business's type, scope and risks. In this context, the Board considers, 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 15.9 per cent of the company's equity and 9.6 per cent of the Group's equity. Following payment of the dividend the company's equity/assets ratio will be 67.0 per cent and the Group's equity/assets ratio will be 57.5 per cent. 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 adequate prerequisites 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 dividend will not 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.

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The Board for Semcon AB [publ]  
Göteborg March 2019

## **Statement in accordance with Chapter 19 Section 22 of the Companies Act**

The Board of Semcon AB [publ], corporate identity number 556539-9549, makes the following statement in accordance with Chapter 19 Section 22 of the Companies Act in connection with the proposal for a decision authorising the Board to decide on the purchase of the company's ordinary shares submitted by the Board to the Annual General Meeting of 24 April 2019; 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 2018 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 2018 Annual Report; in addition to these events, no events have occurred that affect the ability of the company to pay a dividend or acquire own shares.

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

The financial position of the company and the Semcon Group as of 31 December 2018 is presented in the 2018 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 the authorisation of the Board to decide on the purchase of the company's own ordinary shares in Item 21 A, shows that acquisitions may be made in a number that corresponds to a maximum of 10 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 18 March 2019, a repurchase of a maximum of 10 per cent would amount to around SEK 110 million.

The company's non-restricted equity as of 31 December 2018 is presented in the 2018 Annual Report and amounts to around SEK 297 million. The Board will propose to the Annual General Meeting of 24 April 2019 that a dividend of SEK 3.00 per share be paid to shareholders, amounting to a maximum of SEK 54,337,602 [based on the ownership of zero own shares].

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

The proposed authorisation does not jeopardize completion of the investments considered necessary. Neither does the proposed authorisation 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 authorisation, 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 their business and that the company and Group can be expected to meet their commitments in both the short and long term.

It is the Board's judgment that the size of shareholders' equity as reported in the 2018 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 authorisation.

### **Justification for the proposals**

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

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The Board for Semcon AB [publ]  
Göteborg March 2019