



semcon

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

Tuesday 25 April 2020, 2.00 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 changes to the Articles of Association
19. Decision regarding guidelines for 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 2019 Annual General Meeting and comprises Ulf Gillberg [JCE Group Aktiebolag] Chairman of the Nominations Committee, Mats Andersson [Nordea Investment Funds], Johan Hagberg and the Chairman of the Board Tore Bertilsson [co-opted member], who together represented 36.9 per cent of the votes associated with all the shares in the company as of 31 August 2019.

The Nominations Committee submits the following proposals to the Annual General Meeting on 28 April 2020:

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, like last year, a total remuneration of SEK 1,785,000 be paid to Board members elected by the Annual General Meeting, of which SEK 625,000 to the Chairman and SEK 290,000 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 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, Karl Thedéen, Eva Elmstedt and Carl Backman as Board members.

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], elected to the Board in 2019.

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 Baltic Safety Products AB and Consafe Logistics AB. Board member of Bruks Siwertell Group AB and Cybercom Intressenter AB.

Shareholdings in Semcon: 5000.

Eva Elmstedt [born 1960], elected to the Board in 2019.

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.], Arjo AB [publ.] and Smart Eye AB [publ.].

Shareholdings in Semcon: 4,500.

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 and Salinity AB. Board member of JCE Group and INGKA Holding [IKEA].

Shareholding in Semcon: 25,000.

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

Qualifications: Construction engineer.

Professional background: former business area manager Management WSP Sverige AB, CEO Arcona and Hifab Group.

Nationality: Swedish.

Other board assignments: Chairman of Sweden Green Building Council, Gunnar Nordfeldt and HRM Affärsutveckling.

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 Board member 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 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 2019 Annual General Meeting elected Ernst & Young Aktiebolag as auditor of the company until the close of 2020 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.

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"] 2019 Annual General Meeting, Tore Bertilsson, the Chairman of the Board, contacted in September 2019, 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 27 September 2019, 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
Johan Hagberg
Tore Bertilsson, Chairman of the Board of Semcon [co-opted]

In accordance with the decision made by the 2019 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 36,9 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 four 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

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

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 seven 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.

Semcon AB's [publ] Nominations Committee, March 2020

BOARD'S PROPOSALS

The Board of Semcon AB [publ], corporate identity number 556539-9549, proposes that the Annual General Meeting of 28 April 2020 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 307,431,690 at the disposal of the meeting be allocated as follows:

Dividend of SEK 3.40 per share to shareholders	SEK 61,582,616
<u>Carried forward to new account</u>	<u>SEK 245,849,074</u>
Total	SEK 307,431,690

The maximum amount of the dividend is SEK 61,582,616 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 754,416 shares do not currently give entitlement to a dividend and are own shares. Accordingly, the total amount of the dividend, SEK 61,582,616, 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 30 April 2020. If the Annual General Meeting decides in accordance with the proposal, payment is expected to be made via Euroclear Sweden AB on 5 May 2020.

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 18 - Decision regarding changes to the Articles of Association

The Board of Directors proposes that the AGM resolves to adopt an updated Articles of Association in accordance with the following, and partly regarding a new wording of a provision regarding shareholders' right to participate in § 12 of the Annual General Meeting:

§ 12 In order to participate in the Annual General Meeting, shareholders must register with the Company no later than the date stated in the notice to attend the Annual General Meeting. This day must not be Sunday, any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and not fall earlier than five weekdays before the Annual General Meeting;

But also with regard to new reference to legal act in § 17:

§ 17 The Company's shares must be registered in a record register in accordance with Swedish Central Securities Depositories and Financial Instruments Accounts Act [SFS 1998:1479].

The Board's proposal for a new Articles of Association is available from the company and at www.semcon.com

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 19 – Decision regarding guidelines for remuneration to senior executives

The Board proposes that the Annual General Meeting establish following guidelines for remuneration to senior executives at Semcon, to be valid up until the Annual General Meeting in 2024.

These guidelines includes senior executives within the Semcon Group. In these guidelines, senior executives refer to the company's President and CEO and the other persons who are part of the Semcon Group's management group. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2020. These guidelines do not apply to any remuneration decided by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

For more information regarding the company's business strategy, please see chapter "Strategy" in the company's Annual Report.

Long-term share-related incentive plans have been implemented in the company during 2017 and 2018. Such plans have been resolved by the Annual General Meeting and are therefore excluded from these guidelines. The plans include among others senior executives and the Business Areas management teams in the company. The performance criteria used to assess the outcome of the plans are distinctly linked to the business strategy

and thereby to the company's long-term value creation, including its sustainability. At present, these performance criteria comprise earnings per share. The plans are further conditional upon the participant's own investment and certain holding periods of several years. For more information regarding these incentive plans, including the criteria which the outcome depends on, please see note 9 in the company's Annual Report.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the Annual General Meeting may - irrespective of these guidelines - resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 75 per cent of the total fixed cash salary under the measurement period for such criteria.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria. The criteria can for instance be linked to the company's operating profit, cash flow, return on capital employed or similar key performance indicators or sustainability targets and shall be designed so as to contribute to the Group's business strategy and long-term interests, including its sustainability.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other senior executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

For the CEO, pension benefits, including health insurance [Sw: sjukförsäkring], shall be premium defined. Variable cash remuneration shall qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 35 per cent of the fixed annual cash salary and variable cash remuneration. For other senior executives, pension benefits, including health insurance, shall be premium defined unless the individual concerned is subject to defined

benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to not more than 35 per cent of the fixed annual cash salary and variable cash remuneration. Senior executives residing outside Sweden may be offered pension solutions that are competitive in the country where they are or have been resident or to which they have a significant connection, preferably premium-based solutions.

Other benefits may include, for example, life insurance, medical insurance [Sw: sjukvårdsförsäkring] and company cars or other remuneration and benefits that help facilitate the senior executive's ability to perform their duties. Premiums and other costs relating to such benefits may amount to not more than 5 per cent of the fixed annual cash salary for the CEO and not more than 10 per cent of the fixed annual cash salary for other senior executives.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Termination of employment

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's and other senior executives fixed cash salary for 18 months. The period of notice may not exceed six months without any right to severance pay when termination is made by the senior executive.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report from 2021.

Remuneration for members of the Board

To the extent that the Board members elected by the Annual General Meeting provide services to the company in addition to the work of the

Board, they shall be able to be remunerated for such work through consultancy fees to the Board member or to a company controlled by the Board member, provided that the work performed contributes to the implementation of the company's business strategy as well as the company's long-term plan, including its sustainability. The remuneration must be competitive and must be approved by the Board.

The decision-making process to determine, review and implement the guidelines

The Board of Directors shall, according to the Swedish Corporate Governance Code, establish a remuneration committee, but may also choose to fulfill this obligation in its entirety. The remuneration committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company.

The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the Annual General Meeting. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines. No derogations from the guidelines were made during 2019.

Decided remuneration not yet due for payment

On June 10, 2019, new rules were introduced in the Swedish Companies Act, including the design of the remuneration guidelines. According to the transitional provisions to the new rules, the proposal for remuneration guidelines must contain information on previously decided benefits that is not yet due for payment. In addition to the commitments to pay ongoing remuneration such as salary, pension and other benefits, there are no previously decided remuneration to any senior executives that is not due

for payment. For further information on remuneration to senior executives, see Note 9 in the company's Annual Report.

Description of material changes to the guidelines and how the views of shareholders' have been taken into consideration

The guidelines are in all material respects in line with the guidelines for remuneration to senior executives adopted at the 2019 Annual General Meeting.

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.

The Board for Semcon AB [publ]
Göteborg March 2020



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 3.40 per share, which would mean a maximum of SEK 61,582,616 [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 2020; 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 56,3 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 17.6 per cent of the

company's equity and 9.9 per cent of the Group's equity. Following payment of the dividend the company's equity/assets ratio will be 73.0 per cent and the Group's equity/assets ratio will be 52.6 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.

The Board for Semcon AB [publ]
Göteborg March 2020

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 28 April 2020; 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 2019 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 2019 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 2019 is presented in the 2019 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 2020, a repurchase of a maximum of 10 per cent would amount to around SEK 85 million.

The company's non-restricted equity as of 31 December 2019 is presented in the 2019 Annual Report and amounts to around SEK 307 million. The Board will propose to the Annual General Meeting of 28 April 2020 that a dividend of SEK 3.40 per share be paid to shareholders, amounting to a maximum of SEK 61,582,616 [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 2019 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.

The Board for Semcon AB [publ]
Göteborg March 2020