



semcon

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

Thursday 29 April 2021

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PROPOSED AGENDA

1. Opening of the Annual General Meeting
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THE NOMINATION COMMITTEE'S PROPOSALS

The Nomination 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 applies until further notice. The Nomination Committee comprises Karin Dennford [JCE Group Aktieföretag] Chairman of the Nomination Committee, Mats Andersson [Nordea Investment Funds], Johan Hagberg and the Chairman of the Board Tore Bertilsson [co-opted member], who together represented 38.6 per cent of the votes associated with all the shares in the company as of 31 August 2020.

The Nomination Committee submits the following proposals to the Annual General Meeting on 29 April 2021:

Item 2 - Election of Chairman of the Annual General Meeting

The Nomination Committee proposes Tore Bertilsson, as Chairman of the Annual General Meeting.

Item 11 - Decision regarding the number of Board members and deputies

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

Item 12 - Decision regarding the number of auditors and deputy auditors or registered public accounting firm

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

Item 13 - Determination of remuneration to the Board of Directors

The Nomination 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 Nomination Committee proposes that no special fees be paid for work on Board committees.

Item 14 - Determination of remuneration to the auditors

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

Item 15 – Election of Chairman of the Board, Board members and possible deputies

The Board's current Chairman, Tore Bertilsson, has declined re-election.

The Nomination Committee proposes the re-election of Carl Backman, Eva Elmstedt, Jeanette Reuterskiöld and Karl Thedéen as Board members. The Nomination Committee proposes Carsten Browall as new Board member.

The Nomination Committee proposes Eva Elmstedt as new 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: 5,000.

Carsten Browall [born 1958].

Qualifications: MSc in Business and Economics.

Professional background: Former EVP Nobel Biocare, EVP Capio AB and CEO RaySafe AB. Leading positions at Mölnlycke Healthcare.

Nationality: Swedish.

Other board assignments: Chairman of Global Health Partner AB [publ] and Cellink AB [publ]. Board member of Bure Equity AB [publ].

Shareholdings in Semcon: 0.

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

Shareholdings in Semcon: 4,500.

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

Qualifications: Construction engineer.

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

Nationality: Swedish.

Other board assignments: Chairman of the Board of Sweden Green Building

Council, Gunnar Nordfeldts AB and HRM Affärsutveckling i Sverige AB.
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 AB [publ.]. 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.

Nationality: Swedish.

Shareholding in Semcon: 14,750.

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.

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 Nomination Committee's work was conducted.

Item 16 - Election of auditors and any deputy auditors or registered public accounting firm

The 2020 Annual General Meeting elected Ernst & Young Aktiebolag as auditor of the company until the close of 2021 Annual General Meeting. The Nomination 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 Nomination Committee from the Board.

Supplement A

Statement by the Nomination Committee concerning its proposals for the Board

Composition of the Nomination 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 2020, in order of priority, the three largest shareholders in Semcon in terms of voting rights in Semcon as of 31 August, to establish a Nomination Committee. The Nomination Committee's composition was made public in a press release on 14 September 2020, after which this information has been available on the company's website.

The Nomination Committee consisted of the following members:

Karin Dennford, 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 Karin Dennford the Nomination Committee's Chairman. The shareholders that appointed members to the Nomination Committee represented at the time of its creation 38,6 per cent of the votes associated with all the shares in the company.

Presentation of the work of the Nomination Committee

The Nomination Committee held five minuted meetings and between meetings kept in contact by telephone and email. As a basis for its work concerning proposals regarding Board members, the Nomination 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 Nomination Committee has interviewed and spoken with 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 Nomination 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 Nomination Committee has therefore discussed and considered whether the Board meets the stipulated requirements. The Nomination 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 Nomination 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 *Nomination Committee* section, where Semcon's shareholders have been given the opportunity to communicate with the Nomination Committee. The Nomination Committee has considered proposals which have been received by the Nomination Committee.

Statement by the Nomination Committee concerning its proposals for the Board

Tore Bertilsson has declined re-election.

The Nomination Committee proposes the re-election of Carl Backman, Eva Elmstedt, Jeanette Reuterskiöld and Karl Thedéen as Board members. The Nomination Committee proposes Carsten Browall as new Board member. The Nomination Committee proposes Eva Elmstedt as new 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 Nomination 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 Nomination 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 Nomination Committee has also considered that a gender balance should be sought where the proportion of women on the Board over the last eight 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 Nomination Committee applied Item 4.1 of the Swedish Corporate Governance Code as its diversity policy and with reference to this, the Nomination Committee deems that the Board members offer a diversity and breadth in terms of expertise, experience and background. The Nomination 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 Nomination 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 Nomination 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 Nomination 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 in the Nomination Committee's proposal is available on Semcon's website, www.semcon.com.

Semcon AB's [publ] Nomination Committee, March 2021

THE BOARD'S PROPOSALS

The Board of Semcon AB [publ], corporate identity number 556539-9549, proposes that the Annual General Meeting of 29 April 2021 make the following decisions:

Item 9 - Decision regarding appropriation of the company's profits according to the adopted balance sheet

The Board proposes that the funds available to the Annual General Meeting, SEK 343,933,637, are carried forward to a new account and that no dividend be paid to shareholders.

Item 17 - Decision regarding changes to the Articles of Association

The Board of Directors proposes that the Annual General Meeting resolves to adopt an updated Articles of Association in accordance with the following [changes in bold in the table]:

Provision	Current wording	Proposed wording
§1	The registered name of the company is Semcon AB. The company is a public limited liability company [publ].	The name of the company is Semcon AB. The company is a public limited liability company [publ].
New provision - §18		The Board of Directors may collect powers of attorney in accordance with the procedures stipulated in Chapter 7, Section 4, second paragraph of the Swedish Companies Act [2005:551]. Prior to a General Meeting of Shareholders, the Board of Directors may resolve that shareholders shall be able to exercise their voting rights by post before the General Meeting of Shareholders.

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 18 - Presentation and approval of the Board's remuneration report

The Board of Directors proposes that the Annual General Meeting resolves to approve the remuneration report prepared by the Board for the 2020 financial year.

Item 19 - Decision to authorise the Board to decide on new issues of 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 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 20 - 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 B.

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.

Item 21 - Decision on introducing a long-term performance-based share savings scheme for senior executives and key employees, including the authorisation of the Board to transfer own ordinary shares to participants in the programme, etc.

Background and reasons for the proposal

The reason for the proposal, and the reason for deviating from preferential rights for existing shareholders, is that the Board of the company wishes to create the conditions to retain and recruit senior executives and key employees to the Semcon Group by increasing share ownership among these individuals. Employees' share ownership in Semcon is expected to stimulate an increased interest in operations and the earnings trend, to raise motivation, increase the sense of loyalty to the company [and its subsidiaries] and to create a Group-wide focus. In light of this, a decision to introduce a long-term performance-based share savings scheme in accordance with the proposal ["Performance-based Share Savings Scheme 2021"] is expected to have a positive impact on the continued development of the Semcon Group and thus benefit both shareholders and employees in the Semcon Group who participate in the programme.

The 2017 and 2018 Annual General Meetings agreed to introduce the Performance-based Share Savings Scheme 2017 and the Performance-based Share Savings Scheme 2018, which will end in 2021 and 2022, respectively. The conditions for the Performance-based Share Savings Scheme 2021 correspond to the conditions for the earlier share savings schemes for 2017 and 2018, with the exception of the performance criteria and the number of individuals offered participation in the programme. Approximately 25 senior executives and key employees will be offered to participate in the Performance-based Share Savings Scheme 2021 [compared with the programmes in 2017 and 2018 when a total of 21 senior executives and key employees participated]. The performance criteria for the programmes in 2017 and 2018 used Semcon's average annual percentage increase in earnings per share [EPS], while the Performance-based Share Savings Scheme 2021 is based on three performance criteria as referred to in the table below. The Board is still of the opinion that the structure of the programme supports the aim. Consequently, and as the investment period for both the Performance-based Share Savings Scheme 2017 and

Performance-based Share Savings Scheme 2018 have expired, the Semcon Board proposes that a new share savings scheme be established in accordance with the conditions below.

The Performance-based Share Savings Scheme 2021 will include a maximum of 100,000 ordinary shares equivalent to a maximum of 0.55 per cent of the number of issued shares and voting rights on the date of the Annual General Meeting. In conclusion, about 25 senior executives and key employees in the Semcon Group will be invited to participate in the programme through investments for 12 months from the date on which the programme will be implemented. Participation requires own investment equivalent to at most 10 per cent of the participant's gross salary for the purchase of ordinary shares. On the condition that the shares purchased by the employee are retained for three years, then the employee will receive the same amount of ordinary shares ["matching shares"] free of charge and, as long as performance requirements have been met, then a further two to four ordinary shares ["performance shares"] will be issued for each purchased share.

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

	Performance criteria for the Performance-based Share Savings Scheme 2021	Relative weighting
1.	<p>Average annual sales growth between 2021-2023: Minimum level: 7.5 per cent Maximum level: 15 per cent</p> <p>The maximum number of performance-based shares in accordance with Item 1 [relative weighting 25 per cent] will be issued if the average annual sales growth for Semcon Group for the 2021-2023 financial years is 15 per cent or more [<i>maximum level</i>]. Performance shares will not be issued if the average annual sales growth is equal to or less than 7.5 per cent [<i>minimum level</i>].</p>	25%
2.	<p>Average annual EBITA margin between 2021-2023: Minimum level: 8 per cent Maximum level: 12 per cent</p>	25%

	<p>The maximum number of performance-based shares in accordance with Item 2 [relative weighting 25 per cent] will be issued if the Semcon Group's average annual EBITA margin for the 2021-2023 financial years is 12 per cent or more [<i>maximum level</i>]. Performance shares will not be issued if the average annual EBITA margin is equal to or less than 8 per cent [<i>minimum level</i>].</p> <p>The annual EBITA margin may be adjusted by the Board for non-operational non-recurring items.</p>	
<p>3.</p>	<p>Relative total return on the company's share compared with the Reference Group for 2021-2023:</p> <p>Minimum level: the median of the Reference Group's total return Maximum level: 10 per cent above the median of the Reference Group's total return</p> <p>The maximum number of performance-based shares in accordance with Item 3 [relative weighting 50 per cent] will be issued if the total return for the company's share including any dividend and share price development for the 2021-2023 period is more than 10 per cent above the median for the Reference Group's total return [<i>maximum level</i>]. Performance shares will not be issued if the median for the total return for the company's share is equal to or less than the median for the Reference Group's total return [<i>minimum level</i>].</p> <p>Total return will be measured on the basis of the volume-weighted average market price for the 20 days of trading preceding 1 January 2021 and the volume-weighted average market price for the 20 days of trading preceding 31 December 2023.</p> <p>The Reference Group is determined by the Semcon Board.</p>	<p>50%</p>

Matching of performance-based shares shall be linear between the *minimum level* and the *maximum level* as stipulated for each performance criteria in 1-3 above.

In accordance with earlier authorisation granted by the Annual General Meeting to the Board, Semcon has previously acquired own shares on Nasdaq Stockholm to ensure the supply of shares to participants within the framework of the earlier performance-based share savings schemes. All of the repurchased shares for earlier share savings schemes have not been used to fulfil the obligations towards participants in the earlier performance-based share savings schemes. In addition, Semcon has in accordance with authorisation granted by the Annual General Meetings in 2017, 2018 and 2019, acquired own shares on Nasdaq Stockholm to improve the company's capital structure. The total current holding of own shares held by Semcon is considered to cover the number of ordinary shares needed to fulfil obligations under previously approved Performance-based Share Savings Schemes 2017 and 2018 and the Performance-based Share Savings Schemes 2021 as now proposed.

Safeguarding measures and financing

The Board has observed various safeguarding measures for the transfer of ordinary shares to employees as part of the Performance-based Share Savings Scheme 2021, such as the transfer of own shares and a share swap agreement with a third party.

The Board believes the transfer of own ordinary shares is the most cost-efficient and flexible method to transfer ordinary shares for the Performance-based Share Savings Scheme 2021.

The company's current holding of own ordinary shares amounts to 698,772 ordinary shares, which will be used for both the Performance-based Share Savings Scheme 2017, the Performance-based Share Savings Scheme 2018 and the Performance-based Share Savings Scheme 2021. For more information, see the heading "Proposal for a decision" below.

As costs for a share swap agreement significantly exceed costs for the transfer of own ordinary shares, the main alternative proposed is that financial exposure and supply to participants under the Performance-based Share Savings Scheme 2021 be secured by the transfer of own shares.

Costs

A preliminary cost estimate for the Performance-based Share Savings Scheme 2021 is based on the assumption of 100 per cent support for the

programme, an expected employee turnover among participants of 5 per cent per year and that each participant makes an own investment equivalent to his or her highest permitted amount. The value of the matching shares and performance shares has been estimated based on a share price of SEK 94 [equivalent to the share price as of 19 March 2021] at the launch of the programme including a deduction for the current value of the estimated dividend for the 2021-2023 financial years. Estimated social security contributions are based on an assumed average share price at issue of SEK 125, which entails an annual rise in share price of 10 per cent.

The total effect on the income statement is expected to amount to a minimum of about SEK 3 million to a maximum of SEK 9 million, including social security contributions and administrative expenses, unevenly distributed during 2021-2025. The effect is dependent on the issue of performance shares where a maximum of SEK 9 million relates to estimated costs for the full issue of performance shares and a minimum of SEK 3 million relates to estimated costs with no issue of performance shares. Expenses should be viewed in relation to total salary costs in 2020 for companies currently included in the Semcon Group, which amounted to SEK 1,092 million including social security contributions.

Of the above-mentioned total costs, compensation expenses, equivalent to the value of ordinary shares transferred to employees, are estimated at a minimum of about SEK 2 million and a maximum of SEK 6 million. In addition, administrative expenses and costs for social security contributions is estimated at between SEK 1 and 3 million.

To the extent that share swap agreements are signed to safeguard commitments in the programme, costs are expected to rise by about SEK 1 million.

Dilution and impact on key figures

There are 18,112,534 issued shares in the company. As of 22 March 2021, the company held 698,772 own ordinary shares, which is sufficient to cover the company's obligations for the Performance-based Share Savings Scheme 2017, the Performance-based Share Savings Scheme 2018 and the Performance-based Share Savings Scheme 2021.

Of the total 100,000 ordinary shares required for the Performance-based Share Savings Scheme 2021, all ordinary shares can be transferred free of charge to employees, which may lead to a dilution of earnings per share of 0.55 per cent. The dilution effect of ordinary shares is independent of the share price on the matching date, since they are transferred free of charge to employees.

Preparation of the proposal

This proposal has been drawn up by the Board supported by external advisers and certain large shareholders have been informed. With the exception of the officials who have drafted this issue for the Board, no employee who may participate in the Performance-based Share Savings Scheme 2021 has taken part in the preparation of the terms and conditions. The CEO has not taken part in drafting this issue.

PROPOSAL FOR A DECISION

A. Decision on introducing a Performance-based Share Savings Scheme 2021

The Board proposes that the Annual General Meeting resolves on the introduction of a Performance-based Share Savings Scheme 2021 including the issue of up to 100,000 ordinary shares, largely in accordance with the following guidelines:

- 1) About 25 key employees in the Semcon Group, with the exception of what is specified in Item 3) below, will be invited to take part in the Performance-based Share Savings Scheme 2021.
- 2) Employees who participate in the Performance-based Share Savings Scheme 2021 can save an amount equivalent to 10 per cent [category 2 below] or 5 per cent [category 1 below] respectively of their fixed gross salary to purchase ordinary shares on Nasdaq Stockholm over a 12-month period from the date the scheme is implemented. If the shares bought by the employee are retained for three years from the time of the investment and employment, or equivalent employment, within the Semcon Group throughout the entire three-year period, then the employee will receive the same amount of matching shares from the Semcon Group and - as long as performance requirements have been met in accordance with Item 4 - then a further two to four performance shares will be issued for each share acquired as follows.

Category 1 Approximately 20 senior executives and key employees, e.g. management teams for the Semcon Group's business areas, may have the right to additional matching of up to two performance shares for each share acquired.

Category 2 Approximately 5 senior executives in Semcon's Group management may have the right to additional matching of up to four performance shares for each share acquired.

The Board, or the person(s) the Board appoints, will choose which managers and other key employees in the Semcon Group and which senior

executives, including management teams for Semcon Group's business areas, are to be invited to take part in the programme [Category 1]. The Board is to choose which senior executives in Semcon's Group management are to be invited to take part in the programme [Category 2].

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

3) Participation in the Performance-based Share Savings Scheme 2021 requires in part that participation can legally take place, and in part that participation in the company's assessment is possible with reasonable administrative expenses and economic effort. The Board has the right to introduce an alternative incentive solution for employees in countries where participation in the Performance-based Share Savings Scheme 2021 is not suitable. This type of alternative incentive solution shall, as far as practically possible, be designed with equivalent terms and conditions as the Performance-based Share Savings Scheme 2021.

4) The terms and conditions for receiving performance shares as part of the Performance-based Share Savings Scheme 2021 are based on the following:

	Performance criteria for the Performance-based Share Savings Scheme 2021	Relative weighting
1.	<p>Average annual sales growth between 2021-2023: Minimum level: 7.5 per cent Maximum level: 15 per cent</p> <p>The maximum number of performance-based shares in accordance with Item 1 [relative weighting 25 per cent] will be issued if the average annual sales growth for Semcon Group for the 2021-2023 financial years is 15 per cent or more [<i>maximum level</i>]. Performance shares will not be issued if the average annual sales growth is equal to or less than 7.5 per cent [<i>minimum level</i>].</p>	25%
2.	<p>Average annual EBITA margin between 2021-2023: Minimum level: 8 per cent Maximum level: 12 per cent</p>	25%

	<p>The maximum number of performance-based shares in accordance with Item 2 [relative weighting 25 per cent] will be issued if the Semcon Group's average annual EBITA margin for the 2021-2023 financial years is 12 per cent or more [<i>maximum level</i>]. Performance shares will not be issued if the average annual EBITA margin is equal to or less than 8 per cent [<i>minimum level</i>].</p> <p>The annual EBITA margin may be adjusted by the Board for non-operational non-recurring items.</p>	
<p>3.</p>	<p>Relative total return on the company's share compared with the Reference Group for 2021-2023: Minimum level: the median of the Reference Group's total return Maximum level: 10 per cent above the median of the Reference Group's total return</p> <p>The maximum number of performance-based shares in accordance with Item 3 [relative weighting 50 per cent] will be issued if the total return for the company's share including any dividend and share price changes for the 2021-2023 period is more than 10 per cent above the median for the Reference Group's total return [<i>maximum level</i>]. Performance shares will not be issued if the median for the total return for the company's share is equal to or less than the median for the Reference Group's total return [<i>minimum level</i>].</p> <p>Total return will be measured on the basis of the volume-weighted average market price for the 20 days of trading preceding 1 January 2021 and the volume-weighted average market price for the 20 days of trading preceding 31 December 2023.</p> <p>The Reference Group is determined by the Semcon Board.</p>	<p>50%</p>

Matching of performance-based shares shall be linear between the minimum level and the maximum level as stipulated for each performance criteria in 1-3 above.

- 5) Before a final decision can be taken on the number of performance shares to issue, the Board will assess if any significant changes have taken place in the company, the Group or in the market. If the Board finds this to be the case, it can decide to reduce the number of performance shares issued to a lower number of shares that the Board finds suitable for all or some participants in the programme.
- 6) The number of matching and performance shares shall be recalculated in the event of an intermediate bonus issue involving the issue of new shares, a share split or reverse share split or other similar measures.
- 7) The Board is responsible for the detailed structure and management of the Performance-based Share Savings Scheme 2021 within the framework of the stipulated guidelines.
- 8) A decision in accordance with this Item A shall be conditional on the approval by the Annual General Meeting in line with the Board proposal in Item B below or approval in accordance with the Board's proposal in line with Item C below.

B. Decision regarding authorising the Board to decide on the transfer of own ordinary shares to participants in the Performance-based Share Savings Scheme 2021

In order to issue matching shares and performance shares according to the terms and conditions for the Performance-based Share Savings Scheme 2021, the Board proposes that the Annual General Meeting authorises the Board to resolve on the transfer of up to 100,000 own shares with the following conditions.

- With deviation from shareholders' preferential rights, only participants in the Performance-based Share Savings Scheme 2021 and subsidiaries in the Semcon Group have the right to acquire shares, whereby such subsidiaries shall be required to immediately transfer ordinary shares free of charge to those of their employees taking part in the Performance-based Share Savings Scheme 2021. Acquisitions shall be free of charge.
- Participants in the Performance-based Share Savings Scheme 2021 and subsidiaries in the Semcon Group shall, on one or more occasion, exercise their rights to acquire shares during the period when participants in the Performance-based Share Savings Scheme 2021

have the right to receive ordinary shares in accordance with the terms and conditions for the Performance-based Share Savings Scheme 2021.

- The reason for deviating from preferential rights for existing shareholders is to create a cost-efficient solution in order to fulfil the company's commitments under the terms and conditions for the Performance-based Share Savings Scheme 2021.
- If a share split or reverse share split, a bonus issue involving the issue of new shares, and/or other similar measures is taken before the transfer of shares, the number of shares transferred can be increased or reduced so that, following the measure, these are equivalent to an unchanged share of the company's shares.

C. Share swap agreement with a third party

If the required majority for a decision cannot be reached, in line with Item B above, the Board proposes that the Annual General Meeting resolves that the company can enter into a share swap agreement with a third party to ensure the supply of shares to participants in the Performance-based Share Savings Scheme 2021, whereby the third party in its own name is to acquire and transfer ordinary shares in the company to employees included in the Performance-based Share Savings Scheme 2021. The acquisition of shares by a third party will be on Nasdaq Stockholm.

Majority requirements

For a decision to be valid on the introduction of a Performance-based Share Savings Scheme 2021 in accordance with item A above, the proposal must be supported by shareholders with a minimum of half of the voting rights represented at the meeting. The decision of the AGM regarding authorising the Board to decide on the transfer of own ordinary shares in accordance with item B above, must be supported by a majority of at least nine-tenths of voting rights represented at the meeting.

For a decision on the entering into a share swap agreement with a third party, in accordance with item C above, the proposal must be supported by shareholders with a minimum of half of the voting rights represented at the meeting.

The Board for Semcon AB [publ]
Göteborg March 2021

Supplement B

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 29 April 2021; Item 20 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 2020 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 2020 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 2020 is presented in the 2020 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 20 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 19 March 2021, a repurchase of a maximum of 10 per cent would amount to around SEK 170 million.

The company's non-restricted equity as of 31 December 2020 is presented in the 2020 Annual Report and amounts to around SEK 387 million. The Board has proposed to the Annual General Meeting that no dividend be paid to shareholders.

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 2020 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 2021