

Hexatronic Group AB Nomination Committee's proposal to the Annual General Meeting 2023

Report on the work of the Nomination Committee

During September 2022, the Nomination Committee was composed as follows:

- Staffan Ringvall, chairman of the Nomination Committee, representing Handelsbanken Fonder
- Mark H. Shay, representing Accendo Capital
- Jonas Nordlund, representing himself
- Angelica Hanson, representing AMF
- Anders Persson, chairman of the Board of Directors, co-opted

The composition of the Nomination Committee has been announced no later than six months before the Annual General Meeting, via press release on 11 October 2022.

The Nomination Committee meets the requirements for independence in accordance with the Swedish Code of Corporate Governance.

The Nomination Committee has held four recorded meetings during the period since the last Annual General Meeting.

The Nomination Committee has fulfilled its task:

- to evaluate the composition and work of the Board of Directors;
- to prepare proposals to the Annual General Meeting regarding the election of the Board of Directors and the Chairman of the Board;
- in cooperation with the Company's Audit Committee, prepare proposals to the Annual General Meeting regarding the election of auditors;
- to prepare proposals to the Annual General Meeting regarding fees to the Board of Directors, divided between the Chairman and other members, remuneration for committee work and auditor;
- to prepare proposals to the Annual General Meeting regarding the chairman of the Annual General Meeting; and
- where appropriate, to prepare proposals for amending the principles for the appointment of the upcoming Nomination Committee.

In the Nomination Committee's assessment of the composition of the Board, the Nomination Committee looks at the individual members' competence and experience as well as the Board as a whole based on cooperation and breadth for the company's strategic development, governance and control. Furthermore, the Nomination Committee takes into account the need for renewal compared to continuity, the size of the Board, independence and diversity, especially with regard to gender distribution.

With regard to the composition of the Board of Directors, as diversity policy, and its objectives, it has been applied as prescribed in item 4.1 of the Corporate Governance Code, which has resulted in the Nomination Committee's proposal to the Annual General Meeting regarding the election of the Board of Directors.

The Nomination Committee has taken note of the results of the Board's own evaluation of its work during the previous year, both at board and individual level. The Nomination Committee has also conducted interviews with all Board members and the CEO.

The Nomination Committee's proposal to the Annual General Meeting

Election of Chairman at the Annual General Meeting

The Nomination Committee proposes that the chairman of the Board of Directors, Anders Persson, is appointed Chairman at the Annual General Meeting.

Determination of the number of members of the Board of Directors, deputies, auditors and, deputy auditors

The Nomination Committee proposes that the Board shall consist of six (6) ordinary members without deputies.

The Nomination Committee proposes that a registered accounting firm is to be appointed as auditor without deputy auditors.

Determination of fees to the Board of Directors and the auditor

Amount from previous year in () for comparison

The Nomination Committee proposes that remuneration to the Board shall be paid with SEK 750,000 (600,000) to the Chairman of the Board and SEK 350,000 (275,000) to each of the other members of the Board.

Further, the Nomination Committee proposes that remuneration shall be paid with SEK 125,000 (85,000) to the Chairman of the Audit Committee and SEK 75,000 (55,000) to the member of the Audit Committee.

The Nomination Committee proposes that the fee to the auditor shall be paid in accordance with approved statement of costs.

Election of Board members, chairman of the Board of Directors and auditor

The Nomination Committee proposes that Anders Persson, Erik Selin, Helena Holmgren, Jaakko Kivinen, Per Wassén and Charlotta Sund are re-elected as members of the Board of Directors.

The Nomination Committee proposes that Anders Persson be re-elected as Chairman of the Board of Directors.

Information regarding the proposals is available on the company's website.

The Nomination Committee proposes, in accordance with the audit committee's recommendation, that, for the period until the end of the next Annual General Meeting, the registered accounting firm Öhrlings PricewaterCoopers AB be re-elected as auditor. In the event that Öhrlings PricewaterCoopers AB is re-elected, the Nomination Committee notes

that Öhrlings PricewaterCoopers has informed that public accountant Johan Malmqvist will be appointed as auditor in charge.

The Nomination Committee's reasoned statement regarding the Nomination Committee's proposal for Board members and auditors and fees to the Board members and the auditor

The Nomination Committee considers that the work of the Board of Directors is working well and that the current Board of Directors has contributed to the company's great development. All board members have announced that they are running for re-election.

All proposed members are deemed to be independent of the company, management and major shareholders. The proposal thus meets the Swedish Code of Corporate Governance's (the "Code")'s requirements for independence.

The Nomination Committee strives for an even gender distribution on the Board in line with the Code. The Nomination Committee proposes an unchanged Board of Directors and the gender distribution would thus remain unchanged in the up-coming year.

Anders Persson, who has been a member of Hexatronic's Board of Directors since 2014, is proposed to be re-elected as Chairman of the Board. Anders Persson is judged to be very suitable and has the competence and experience for the assignment as chairman and has confirmed that he can spend the time on the assignment as required.

The Nomination Committee has obtained the Audit Committee's evaluation of the auditor and a recommendation for the election of an auditor. The Audit Committee's evaluation of the auditor's work has taken place after consultation with the company's CFO and the Audit Committee's own experiences of working with the auditor during the year. Overall, the Audit Committee believes that PwC and the auditor in charge Johan Malmqvist and his team have a good commitment, good competence, good attitude and a high level of ambition that fits well with the company's degree of maturity and long-term planning. Information has been obtained that PwC will also appoint Johan Malmqvist as auditor for the up-coming year.

The Nomination Committee is aware that the timing of a major fee adjustment may seem inappropriate. A world marked by war and great geopolitical turmoil has dragged interest rates and commodity prices upwards, with high inflation as a result. In general, companies should be modest with increases in remuneration so as not to drive inflation further. But after such an exceptional development as Hexatronic has had, the management of the business has also become much more complex. In recent years, the company has also increased the pace of acquisitions. Larger companies and new geographies require integration and careful follow-up. This requires more board meetings and more complex issues to be addressed.

Growth in a company is based on an elaborate strategy and a good interaction where everyone contributes. According to the Nomination Committee's assessment, the work of the Board of Directors has worked very well in Hexatronic. Sales during the period 2020-2022 increased from SEK 2.1 billion to SEK 6.5 billion. At the same time, profitability (EBITA) has increased from SEK 0.2 billion to SEK 1.1 billion, with an increase in

operating margin from 9.8% to 16.6%. It's a fantastic development. An independent comparison with similar companies on the Stockholm Stock Exchange shows that fees for the work of the Board of Directors within Hexatronic have not kept up with this development at all and are not in line with the fees of comparable companies. The Nomination Committee's opinion is therefore that a major correction is justified. Otherwise, there is a risk that it will be difficult to retain and recruit new board members. The audit committee fees are also in need of a major correction for the reasons given.

The Nomination Committee's proposal for principles for the appointment of the Nomination Committee

The Nomination Committee proposes that the Annual General Meeting resolve unchanged on the following principles for the appointment of the Nomination Committee.

The Nomination Committee shall consist of four members, and the chairman of the Board shall be co-opted to the Nomination Committee. The members shall be appointed by the four largest shareholders in terms of votes in the company as per the end of August, on the basis of one of Euroclear Sweden AB provided list of registered shareholders and other reliable information that has been added Company. In the event that the chairman of the Board directly or indirectly constitutes one of the four largest shareholders the chairman of the Board shall refrain from nominating a member of the Nomination Committee.

If a shareholder refrains from appointing a member, the right to appoint a member passes to it in terms of voting rights the next largest shareholder.

The Chairman of the Nomination Committee shall consist of the largest shareholder in terms of votes at the time of the Nomination Committee's appointment, unless the Nomination Committee agrees otherwise, and shall not consist of the Chairman of the Board or another Board member.

The Chairman of the Board shall convene the first meeting of the Nomination Committee.

The composition and contact details of the Nomination Committee shall be published no later than six months before the Annual General Meeting on the company's website.

A majority of the members shall be independent in relation to the company and its management. At least one member shall be independent in relation to the largest shareholder in terms of voting rights or group of shareholders who collaborate on the management of the company.

No remuneration shall be paid to the members of the Nomination Committee. The company shall reimburse the reasonable costs that the members of the Nomination Committee may incur within the framework of their work.

The Nomination Committee's term of office shall extend until a new Nomination Committee is appointed.

The Nomination Committee shall remain unchanged with less,

- (i) a member wishes to resign early, whereby such a request must be sent to the chairman of the Nomination Committee (or in the event that it is the chairman who wishes to resign, to another member of the Nomination Committee) and the receipt means that the request has been executed,
- (ii) a nominating shareholder wishes to replace his or her representative on the Nomination Committee with another person, whereby such a request (containing the two relevant names) shall be sent to the Chairman of the Nomination Committee (or in the event that it is the Chairman who is to be replaced, to another member of the Nomination Committee) and the receipt shall mean that the request has been executed,
- (iii) a nominating shareholder sells his/her entire shareholding in Hexatronic Group AB, whereby the member representing the selling nominating shareholder shall be deemed to have resigned from the Nomination Committee automatically, or
- (iv) the Nomination Committee in its free election decides to offer unfilled seats in the Nomination Committee to shareholders or representatives of shareholders in order for the Nomination Committee thereby to reflect the ownership structure in Hexatronic Group AB.

If a member leaves the Nomination Committee before its work is completed, the Nomination Committee shall appoint a new member in accordance with the principles above, but on the basis of Euroclear Sweden AB's printout of the share register as soon as possible after the member has left his or her post. Changes in the composition of the Nomination Committee shall be announced immediately.