

## **The proposal of the Board of Directors of Handicare Group AB (publ), reg. no 556982-7115, regarding allocation of the profits of the company**

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### **The Board of Directors' proposal regarding allocation of profit<sup>1</sup>**

The following earnings are at the disposal of the Annual General Meeting of Handicare Group AB (publ):

	<u>Euro</u>
Premium reserve	273,797,668
Accumulated profit	-22,950,272
Current year results	-304,145
<b>Total</b>	<b>250,543,251</b>

The Board of Directors proposes that the earnings at the disposal of the Annual General Meeting be allocated as follows:

	<u>Euro</u>
Dividend of EUR 0.05 per share to the shareholders	2,946,950
Carried forward	247,596,301
<b>Total</b>	<b>250,543,251</b>

The Board of Directors proposes that the dividend for the year ended 31 December 2018 is determined to EUR 0.05 per share.

The Board of Directors proposes Friday, 10 May 2019 as the record day. If the Annual General Meeting resolves in accordance with the Board of Directors' proposal, the dividend is expected to be paid through Euroclear Sweden AB on Friday, 17 May 2019. Payment is made in EUR, provided that EUR can be received on the shareholder's yield account; if not, payment will be distributed in SEK, whereby currency exchange is made in accordance with Euroclear Sweden AB's applicable procedures.

### **Report by the Board of Directors regarding the proposed distribution of profits pursuant to Chapter 18 Section 4 of the Swedish Companies Act**

With regards to the Board of Directors' proposal on distribution of profits, the Board of Directors hereby submits the following report pursuant to Chapter 18 Section 4 of the Swedish Companies Act. At distribution of profits, the requirements placed on the equity of the parent company and the group in light of the nature, scope and risks associated with the business as well as the consolidation requirements, liquidity and financial position in general of the parent company and the group, shall be taken into consideration.

As of 31 December 2018, the interest-bearing net debt of the group amounted to EUR 80.5 million. In aggregate, EUR 250.5 million are at the disposal of the Annual General Meeting. Should the Annual General Meeting resolve in accordance with the proposed allocation of profits, EUR 247.6 million of the company's equity would remain disposable in accordance with Chapter 17 Section 3 of the Swedish Companies Act. The equity of the company and the group will be fully covered after the proposal is executed.

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<sup>1</sup> Based on the number of outstanding shares as of 31 December 2018 (58,939,000 shares). The company does not hold any shares of its own.

It is the Board of Directors opinion that Handicare Group AB (publ), following the proposed distribution of profits, will have a continued good financial capacity to meet the requirements that the nature, scope, need for investments and risks of the business place on the equity of the company and the group. Hence, the proposal is justifiable considering the need for consolidation, liquidity and position of the group and the parent company in general.

#### **The nature, scope and risks of the business**

According to the assessment by Board of Directors, the equity of the company and the group will, after the distribution of profits, be sufficient in proportion to the nature, scope and risks of the business. The Board of Directors has taken into consideration, inter alia, the historic development of the company and the group, the budgeted development and the economic situation.

#### **Consolidation requirements, liquidity and position in general**

##### *Consolidation requirements*

The Board of Directors has made a comprehensive assessment of the financial position of the company and the group as well as the group's ability to fulfil short and long-term obligations. The proposed distribution of profits constitutes in total approximately 1.2 per cent of the equity of the company and approximately 1.7 per cent of the equity of the group.

Following the distribution of profits, the equity/assets ratio of the company and the group will amount to approximately 90.5 per cent and 50.1 per cent, respectively. The proposed distribution of profits to the shareholders will reduce the equity/assets ratio of the company and the group by 1.1 percentage units from 91.6 per cent and 0.9 percentage units from 51.0 per cent, respectively. Accordingly, the equity/assets ratio of the company and the group is satisfactory in relation to the group's line of business. The Board of Directors is of the opinion that the company and the group will be able to assume future business risks and also cope with prospective losses. The distribution of profits will not have a negative impact on ability of the company and the group to make further investments, which are justified from a business perspective according to the plans of the Board of Directors.

##### *Liquidity*

The proposed dividend will not affect ability of the company and the group to fulfil their short-term or long-term payment obligations. The company and the group have sufficient access to short-term as well as long-term credit facilities. The credits may be utilized at short notice and, accordingly, the Board of Directors considers that the company and the group are well prepared to handle any changes in liquidity as well as unexpected events.

##### *Position in general*

In addition to what is stated above, the Board of Directors has considered other known circumstances that may be of importance to the financial position of the company and the group. The Board of Directors has not noted any circumstances that would suggest that the proposed distribution of profits is not justifiable.

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Stockholm, April 2019  
**Handicare Group AB (publ)**  
*Board of Directors*