

The proposal of the board of directors of Handicare Group AB (publ), reg. no 556982-7115, regarding allocation of the profits of the company

The board of directors' proposal regarding allocation of profit¹

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	-15,481,956
Current year results	-4,597,916
Total	253,717,796

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 SEK 0.50 per share to the shareholders	2,869,698 ²
Carried forward	250,848,098
Total	253,717,796

The board of directors proposes that the dividend for the year ended 31 December 2017 is adopted to SEK 0.50 per share (corresponding to approximately EUR 0.05 based on the forward rate the company has entered into a hedging arrangement to).

The board of directors proposes Wednesday, 11 May 2018 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 Wednesday, 16 May 2018

Report by the board of directors regarding the proposed allocation of profit 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, consideration shall be taken to the requirements on the amount of the parent company's and the group's equity in light of the nature, scope and risks associated with the business; and the parent company's and the group's consolidation requirements, liquidity and financial position in general.

As of December 31, the interest-bearing net debt of the group amounted to EUR 89.0 million. An aggregated EUR 253.7 million are at the disposal of the annual general meeting. Should the annual general meeting resolve in accordance with the proposed allocation of profit an amount of EUR 250.8 million will remain of the company's equity, 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.

¹ Based on the number of outstanding shares as of 31 December 2017 (58,939,000 shares). The company does not hold any shares of its own.

² Based on the forward rate the company has entered into a hedging arrangement to.

The board of directors apprehend that Handicare following the proposed dividend will have a continued good financial capacity to handle the demands posed by the nature, scope, need for investments and risk of the business to the equity of the company and the group. Hence the proposal is justifiable concerning 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 board of directors, the equity of the company and the group will, after distribution of the dividend, be sufficient in proportion to the nature, scope and risks of the business. The board of directors has in this connection taken into consideration factors such as the historic development of the company and the group, the development according to budget and the state of the market.

Consolidation needs, liquidity and position in general

Consolidation needs

The board of directors has made a comprehensive judgment of the financial position of the company and the group as well as the ability of the company and the group to fulfil short and long-term obligations. The proposed dividend constitutes in total approximately 1.1 per cent of the equity of the company and approximately 1.7 per cent of the equity of the group.

After executed dividend distribution, the company's and the group's equity/assets ratio will amount to approximately 91.4 per cent and 49.5 per cent, respectively. The proposed dividend to the shareholders will reduce the equity/asset ratio of the company and the group by 1.1 percentage units from 92.5 per cent respectively 0.9 percentage units from 50.4 per cent. Accordingly, the equity/assets ratio of the company and the group is satisfactory in view of 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 dividend will not have a negative impact on the company's and the group's ability to make further investments justified from a business perspective according to the plans of the board of directors.

Liquidity

The proposed dividend will not affect the company's and the group's ability to fulfil their payment obligations in the short and long term. 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 dividend is not justifiable.

Stockholm, April 2018
Handicare Group AB (publ)
The board of directors