

## **Statement by the Board of Directors pursuant to Chapter 18, Section 4 of the Swedish Companies Act**

The Board of Directors has proposed that the Annual General Meeting resolve on the appropriation of profits entailing that shareholders be paid SEK 2,50 cash per share. The dividend will amount to SEK 102 524 023 for which the unrestricted shareholders' equity will be used. Due to the Board's above proposal (the "Proposal") the Board will therefore issue the following statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act.

Unappropriated earnings at the disposal of the Annual General Meeting of SEK 348 021 404. Should the Annual General Meeting resolve in accordance with the proposal for the appropriation of profits, SEK 245 497 381 of the unrestricted shareholders' equity will remain as available equity pursuant to Chapter 17, Section 3 of the Swedish Companies Act. Following the adoption of the Proposal, full coverage will be available for the company's and the group's restricted shareholders' equity.

According to the Board's assessment, the company's and group's shareholders' equity, following adoption of the Proposal, will be sufficiently large in relation to the type, scope and risks of the operation. The Board has also taken into account the company's and the group's historic trend, budgeted development and the economic climate. The Board has also conducted an assessment of the company's and the group's financial position and the company's and the group's potential to fulfil their obligations in the short and long-term. Even after the adoption of the Proposal, the company's and the group's financial solidity has been deemed good, in relation to the industry in which the group is active.

The Board believes that the company and the group have the prerequisites to take future business risks and also able to cope with possible losses. Adoption of the Proposal will not have any negative impact on the company's and the group's ability to conduct further business investments according to the Board's plans. Furthermore, adoption of the Proposal will neither in a short or a long-term perspective impact the company's and the group's ability to fulfil their payment obligations. The company and the group have good access to both short and long-term credit facilities. The credit facilities can be utilized at short notice, which is why the Board believes that the company and the group have good preparedness to handle changes in liquidity and unexpected events.

In addition to the above statements, the Board has considered other known conditions that may be significant to the company's and the group's financial position. No circumstances have thus arisen to make the Proposal not appear justifiable.

The equity has not increased or decreased as a result of valuation of assets or liabilities according to Chapter 4, Section 14 a of the Annual Accounts Act.

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Värnamo, February 2019

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*The Board of Directors*