

Annual General Meeting 2019

The Board's proposals



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English translation for information purposes only. If there are differences between the English translation and the Swedish original, the Swedish text will take precedence.

PROPOSED AGENDA

1. Opening of the meeting
2. Election of Chair of the meeting
3. Preparation and approval of voting list
4. Approval of the agenda
5. Election of one or two persons to approve the minutes
6. Examination of whether the meeting has been duly convened
7. CEO's address
8. Presentation of the annual report and auditor's report, and also the group accounts and auditor's report for the group
9. Resolution on:
 - a) adoption of the profit and loss account and balance sheet, and also the consolidated profit and loss account and consolidated balance sheet;
 - b) allocation of the company's results in accordance with the adopted balance sheet and determination of the record day for dividends; and
 - c) discharge from liability towards the company for the Directors and the CEO for the financial year 2018
10. Resolution on number of Directors and number of auditors
11. Resolution on Directors' fees and auditor's fees
12. Election of Directors and Chair of the Board
13. Election of auditor
14. Resolution on guidelines for remuneration to senior executives
15. Resolution on a performance-based stock savings program for senior executives
16. Resolution on:
 - a) authorisation for the Board to resolve on acquisition of own shares,
 - b) authorisation for the Board to resolve on transfer of own shares,
 - c) transfer of own shares to participants in LTI 2019
17. Closure of the meeting

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THE BOARD'S PROPOSAL FOR RESOLUTION ON GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The company has established principles and forms of remuneration payable to its senior executives. After preparation by the Remuneration Committee, the Board decides on the form of remuneration scheme and the size and forms of remuneration payable to senior executives. The Board proposes that the following guidelines for determining salaries and other remuneration payable to the company's Chief Executive Officer (CEO) and other senior executives be adopted at the meeting. The term "senior executive" means the members of the company's group management team. These guidelines apply to agreements concluded after the meeting's resolution and where amendments are made to existing agreements after that time.

The Board may deviate from the guidelines set out below in individual cases where particular reasons or needs exist.

General

It is of fundamental importance to the company and its shareholders that the guidelines for remuneration payable to senior executives create good conditions in the near and long term to attract and retain competent employees and executives. To this end, it is important to establish fair and internally balanced conditions that are also competitive in terms of their structure, scope and level of remuneration.

Conditions of employment for senior executives should comprise a balanced combination of fixed salary, annual variable remuneration, long-term incentive program, pension and other benefits, along with conditions governing termination/severance payments.

Total annual cash remuneration, i.e. fixed salary plus variable remuneration and other long-term cash remuneration, shall be at market level in the relevant geographical market in which the individual works and is employed. Total remuneration should be reviewed annually to ensure it is in line with the market for equivalent positions in the relevant geographical market in which the individual operates.

Remuneration should be based on performance, be competitive and based on a principle of "post-performance-pay". It should therefore comprise an attractive combination of fixed salary and

variable remuneration, of which the variable component may constitute a relatively large portion of the total remuneration but capped at a predetermined maximal amount.

The annual report states the total remuneration and other benefits received by the company's senior executives during the year.

Remuneration and forms of remuneration

The company's remuneration program involves various forms of remuneration aimed at creating balanced remuneration supporting near and long-term management by objectives and achievement of targets.

Fixed salary

Fixed salary shall be individual and is based on each person's responsibility and role, along with that person's competence and experience in the relevant position.

Short-Term Incentive/Annual variable remuneration

Senior executives receive an annual variable remuneration payable on an annual basis. The annual variable remuneration is expressed as a percentage of the fixed salary. Variable remuneration targets should primarily be related to achievement of the company's financial targets, as well as any clearly defined individual targets relating to specific duties of employment. The latter are used to ensure focus on non-financial targets of particular interest.

Financial targets for the variable remuneration are adopted annually by the Board in order to ensure that they are in line with the company's business strategy and earnings targets. When evaluating the individual performance, an overall assessment is made.

The portion of the total remuneration comprising annual variable remuneration varies depending on position, and may total 70 per cent of fixed annual salary when targets are fully achieved by the CEO, and up to 50 per cent of fixed annual salary when targets are fully achieved by other senior executives. Targets are formulated so that no variable remuneration is payable unless a minimum level of performance is achieved.

The company's cost for the annual variable remuneration to senior executives during 2019 will at most amount to roughly SEK 9,3 million (excluding costs for social security contribution).

Long-Term incentive program

In order to ensure a long-term perspective in the decision-making and to ensure long-term achievement of goals, the Board may propose the general meeting to resolve on long-term incentive programs.

The Board uses long-term incentives in order to strengthen the Alimak group's ability to recruit and maintain employees, to broaden and increase share ownership amongst the key employees, and to ensure a common focus on long-term growth in shareholder value which ensures that shareholders and the relevant employees will have the same targets. The Board is of the opinion that a performance-based stock savings program is the best approach in order to link rewards provided to the key employees' rewards to the future earnings and growth of the company.

Remuneration payable to Directors

In certain cases Directors elected by the general meeting should be able to receive fees and other remuneration for work carried out on the company's behalf, alongside their Board work. Fees at market rates, to be approved by the Board, may be payable for such services.

Pensions

Senior executives qualifying for pension who enters into new pension agreements should have defined contribution pension agreements. Senior executives retire in accordance with the pension regulations of the relevant country. The general rule is that provisions made for pensions are based on fixed salary alone. Certain individual adjustments may be done in line with practice in the relevant geographical market.

Other benefits

Other benefits, such as a company car, wellness allowance, health care and health insurance, should comprise a minor portion of the total remuneration and should be in line with market practice in the relevant geographical market.

Additional remuneration

In addition to the remuneration described above, agreement may be reached in exceptional cases on further remuneration, e.g. when this is considered necessary to attract and retain key competence or to persuade individuals to relocate or accept a new position. However, additional remuneration of this kind should be subject to a time limit, which should not exceed 36 months. Nor should the additional remuneration exceed twice the remuneration the holder of the position would have received if no agreement on additional remuneration had been concluded.

Conditions governing termination and severance payments

Conditions governing termination and severance payments should correspond with practice in the relevant geographical market. The company's CEO should have 6 months' notice if the CEO leaves of its own volition and 12 months' notice if the company terminates the employment. Other senior executives have notice periods of up to 6 months. When a new employment contract is concluded, a severance payment not exceeding 12 months' fixed salary may be agreed upon with a senior executive. This applies solely to termination by the company. Practice in the relevant geographical market where the executive works applies in other respects.

Stockholm in February 2019
Alimak Group AB (publ)
The Board of Directors

Appendix - Information on previously decided remuneration that has not been due

Performance-based stock saving program for senior executives (LTI 2018)

The annual general meeting of 2018, in accordance with the Board's proposal, to adopt a performance-based stock savings program for senior executives, LTI 2018. The program has a duration of approximately three years and will be offered to a group of 50 people consisting of key employees within the Alimak Group alongside with senior executives within Alimak.

Participation requires an investment in Alimak shares. Each acquired Alimak share entitles the participant to receive a certain number of shares, free of charge, after a three-year period, provided that certain performance targets regarding earnings per share are met.

A maximum of 73,500 Alimak shares can be allocated to the participants, which corresponds to approximately 0.14 percent of outstanding shares and votes in Alimak. The profit for the participants is limited in a way that the participants may receive a value increase of a maximum of 300 percent of the average share price during the program's application period.

With full target fulfilment and an average share price during the program's application period of SEK 140 (which means that the maximum value increase that the participants may be credited totals SEK 560), the cost of LTI 2018, including social security contributions, can amount to a maximum of approximately SEK 23.3 million, which corresponds to approximately SEK 7.8 million on an annual basis. Under the assumption of a target fulfilment of 50 per cent and an average share price during the program's application period of SEK 140, the total cost of LTI 2018, including social security contributions, is estimated to amount to a maximum of approximately SEK 16.8 million, which corresponds to SEK 5.6 million on an annual basis.

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THE BOARD'S PROPOSAL FOR RESOLUTION ON A PERFORMANCE-BASED STOCK SAVINGS PROGRAM FOR SENIOR EXECUTIVES

The Board proposes that the general meeting resolve to adopt a performance-based stock savings program ("LTI 2019") for senior executives and key employees within the Alimak group. If the meeting adopts LTI 2019, the Board intends to subsequently provide notice of target levels and results not later than at the annual general meeting in 2021. LTI 2019 does not entail any dilution for the existing shareholders of the company.

The Board's intention is that the incentive program will run over a long-term period, consequently the Board intends to propose the general meeting in the coming years to resolve upon similar incentive programs.

Summary and reasons

The program covers maximum 50 senior executives and key employees within the Alimak group. In order to participate in the program, a personal investment in the company's shares is required. After the qualifying period, the participants will be allotted shares in the company without any payment of consideration provided that certain qualifying terms and conditions have been fulfilled. In order for these so-called Performance Share Rights to entitle the participant to receive shares in the company, continued employment with the Alimak group is required during the qualifying period and the employee's own investment in shares in the company must have been maintained in its entirety throughout the same period of time. In order for allotment of shares to take place, a financial performance target related to the average earnings per share for the Alimak group during the 2019 and 2020 financial years must also be achieved.

The reasons for the proposal by the Board regarding LTI 2019 are to strengthen the Alimak group's ability to recruit and maintain employees, to broaden and increase share ownership amongst senior executives and key employees, and to ensure a common focus on long-term growth in shareholder value which ensures that shareholders and the relevant employees will have the same targets.

Through a performance-based stock savings program, the rewards provided to senior executives and

key employees can be linked to the Alimak group's future earnings and growth thereby prioritizing long-term growth and ensuring that the shareholders and relevant employees have the same targets.

Performance Share Rights

Performance Share Rights mean that participants in the program are entitled, for each Performance Share Right, to receive one share in the company free of charge provided that the below qualifying terms and conditions have been fulfilled ("**Performance Share Right**"). Performance Share Rights are allotted without payment of any consideration.

Participant terms and conditions for LTI 2019

LTI 2019 covers maximum 50 senior executives and key employees within the Alimak group (the "**Participants**") who are divided into three categories as follows:

- Category 1: 1 participant – the CEO
- Category 2: 20 participants – group management and certain country managers
- Category 3: 29 participants – country managers and key employees

In order to receive an allotment of Performance Share Rights, the Participants must acquire the following number of shares in the company on the market ("**Savings Shares**"):

- Category 1: 1,500 Savings Shares
- Category 2: 1,000 Savings Shares
- Category 3: 500 Savings Shares

For each acquired Saving Share as set forth above, the Participant is entitled to receive allotment of Performance Share Rights as follows:

- Category 1: 1 acquired Savings Share entitles the holder to three Performance Share Rights (Maximum 4,500 Performance Share Rights).
- Categories 2 and 3: 1 acquired Savings Share entitles the holder to two Performance Share Rights (Maximum 40,000 or 29,000 Performance Share Rights).

In the event the Participant has insider information and he/she is therefore prohibited from acquiring Savings Shares in the company at the time of the application to participate in the program, the acquisition of Savings Shares shall take place as soon as possible but within three months of submitting the application.

Qualifying terms and conditions

In order for the Participant to be able to exercise their Performance Shares Rights and receive allotment of shares in the company, the following qualifying terms and conditions must be fulfilled:

Retention

The participant may not have sold any of the originally held Savings Shares during the time of the acquisition of the Savings Shares until the day after publication of the company's interim report for the first quarter of 2022 (the "**Qualifying Period**").

Employment

The Participant must remain an employee of the Alimak group during the Qualifying Period.

Performance

The Alimak group must achieve a financial performance target (the "**Performance Target**").

The number of Performance Share Rights which entitle the holder to allotment depends on the degree of target fulfilment of an interval established by the Board regarding the Alimak group's earnings per share during the 2019 and 2020 financial years. The results will be measured between the established minimum level and the established maximum level and need not be linear. In the event the minimum level in the interval is not achieved, the Performance Share Rights will not entitle the holder to any shares and if the maximum level of the interval is achieved, each Performance Share Right will entitle the holder to one share. The Board will provide notice regarding target levels and results not later than at the annual general meeting in 2021.

Other terms and conditions and profit limits

The following terms and conditions otherwise apply to the Performance Share Rights:

Participants are not entitled to transfer, pledge, or sell the Performance Share Rights, or to exercise any shareholder rights with respect to the Performance Share Rights, during the qualifying period.

The profit per allotted share is limited to a maximum amount corresponding to an increase in value of approximately 300 percent of the share price during the application period of the program. In the event the profit exceeds this limit, an adjustment shall be made by recalculating downwards to a corresponding extent the number of shares the participant will receive.

Structure and administration

The Board is responsible for the more detailed structure and administration of LTI 2019 as well as the detailed terms and conditions which shall apply between the company and the Participant under the program, within the scope of the terms and conditions and guidelines set forth herein. In conjunction with this, the Board shall be entitled to establish different terms and conditions for the program regarding, among other things, the Qualifying Period and allotment of shares, in the event of termination of employment during the Qualifying Period as a consequence of, for example early retirement. The Board shall also be entitled to make adjustments in order to fulfil specific rules or market conditions abroad.

If the Participant's acquisition of Saving Shares or the company's delivery of shares cannot be made at a reasonable cost or with reasonable administrative effort due to circumstances abroad, the Board is authorised to decide that the Participant will be offered a comparable cash-based alternative instead.

In certain cases, the Board shall be entitled to reduce the final allotment of shares or to terminate the program early, in whole or in part, without payment of any compensation to the Participants in the event of significant changes in the Alimak group or on the market.

Maximum quantity

The maximum number of Performance Share Rights which may be issued according to LTI 2019 is 73,500, corresponding to approximately 0.14 percent of the outstanding shares and votes in the company.

According to the specific conditions adopted by the Board, the number of shares covered by LTI 2019 may be subject to recalculation due to a bonus issue, reverse share split or share split, rights issue, or similar measures carried out by the company, taking into consideration customary practice for corresponding incentive programs. Recalculation may also be made so that extraordinary payments of dividends are taken into consideration. Upon recalculation, the profit limit per share may also be subject to any corresponding recalculation.

Security measures

In order to secure delivery of shares under LTI 2019, the Board proposes that the Board be entitled to resolve to carry out alternative methods for transfers of shares under the program. Consequently, the Board proposes that it be entitled to transfer repurchased shares to the Participants (according to section 16 c) or to enter into share swap agreements with third parties in order to fulfil the obligations under the program. If delivery of shares is secured through share swap agreements, it is proposed that the Board be entitled to transfer repurchased shares on Nasdaq Stockholm in order to finance

potential costs related to the agreement and the program (according to section 16 b). The Board is of the opinion that the first alternative, i.e. transfers of repurchased shares to the Participants, is the most cost-efficient and flexible method for delivery of shares and for covering certain costs, primarily employer payroll taxes.

Costs for LTI 2019

Assuming full results for the Performance Target and a share price at the end of the Qualifying Period of a maximum of SEK 540 (300 percent) increase based on a starting share price of SEK 135), the total cost for LTI 2019, including employer payroll taxes, is estimated to amount to a maximum of approximately SEK 22 million which corresponds on an annual basis to approximately SEK 7 million. Assuming results for the performance target of 50 percent and a share price at the close of the Qualifying Period of a maximum of SEK 500, the total cost for LTI 2019, including employer payroll taxes, is estimated to amount to a maximum of SEK 11 million, which on an annual basis corresponds to circa SEK 4 million.

The costs of the program are booked as personnel costs in the income statement during the Qualifying Period in accordance with IFRS 2 – Share-based payment. Employer payroll taxes will be booked on the income statement according to UFR 7 during the qualifying period. The amount of these costs will be calculated based on the share price performance during the Qualifying Period and the allocation of the Performance Share Rights.

The Board believes that the positive earnings effects which can be achieved from the fact that senior executives and key employees will increase their shareholdings, and also be permitted to further increase their shareholdings through the program, outweigh any costs related to LTI 2019.

Preparation of the matter

LTI 2019 was initiated by the Board of the company and has been prepared in consultation with Advokatfirman Westermark Anjou AB. The program was prepared in the Board's Remuneration Committee and at the Board meeting in February 2019.

Other long-term incentive programs

The company does currently have one outstanding long-term incentive program in place, which started in 2018.

The Board's proposal for a resolution

In consideration of the aforementioned description, the Board proposes that the annual general meeting resolve to implement LTI 2019.

Majority requirement

The Board's proposal for a resolution implementing LTI 2019 requires that the resolution be supported by shareholders representing more than one half of the votes cast at the annual general meeting.

Stockholm in February 2019
Alimak Group AB (publ)
The Board of Directors

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THE BOARD'S PROPOSAL FOR RESOLUTION ON AUTHORISATION FOR THE BOARD TO RESOLVE ON ACQUISITION OF OWN SHARES

The Board proposes that the general meeting authorises the Board to resolve acquisition of own shares on one or several occasions during the period up to the annual general meeting 2020 in accordance with the following.

1. Acquisition of own shares must be made on Nasdaq Stockholm.
2. Own shares may be acquired to the extent the company's holdings of own shares in total amounts to no more than one tenth of all shares in the company.
3. Acquisition of own shares on Nasdaq Stockholm shall be made in cash and at a price within the stock market price interval registered at any given time, such interval being the interval between the highest purchase price and the lowest sales price.

The reasons for the proposed authorisation to repurchase own shares are:

- (i) to increase the flexibility of the Board in connection to potential future corporate acquisitions,
- (ii) to enable share transfers of own shares to participants in LTI 2018, LTI 2019 as well as to participants in future incentive programs, and
- (iii) to enable divest holdings of shares to cover costs for LTI 2018, LTI 2019 and future incentive programs.

A resolution passed by the general meeting in accordance with this proposal is valid only when supported by shareholders holding at least two thirds of the votes cast as well as of the shares represented at the annual general meeting.

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THE BOARD'S PROPOSAL FOR RESOLUTION ON AUTHORISATION FOR THE BOARD TO RESOLVE ON TRANSFER OF OWN SHARES

The Board proposes that the general meeting authorises the Board to resolve on transfer of own shares on one or several occasions during the period up to the annual general meeting 2020 in accordance with the following.

1. Transfer of own shares must be made either on Nasdaq Stockholm or in another manner.
2. Transfer of own shares may be made with disapplication from the shareholders' pre-emption rights.
3. The maximum number of shares that may be transferred is the total number of own shares held by the company at the time of the Board's resolution to transfer the shares.
4. Transfer of own shares on Nasdaq Stockholm shall be made at a price within the stock market price interval registered at any given time, such interval being the interval between the highest purchase price and the lowest sales price, transfer of own shares in another manner shall be made at a minimum price that shall be determined in close connection with the shares' market value at the time of the Board's resolution to transfer the shares.
5. Payment for the transferred shares may be made in cash, by contribution in kind or by way set-off.
6. The Board will be entitled to determine the other terms and conditions of the transfer which, however, shall be in accordance with the market practice.

The reasons for the proposed authorisation to transfer own shares and for the disapplication from the shareholders' pre-emption rights are:

- (i) to cover costs relating to LTI 2018 and LTI 2019, and
- (ii) to increase the flexibility of the Board in connection to potential future corporate acquisitions by facilitating a fast and cost-efficient financing by divesting holdings of own shares.

A resolution passed by the general meeting in accordance with this proposal is valid only when supported by shareholders holding at least two thirds of the votes cast as well as of the shares represented at the annual general meeting.

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THE BOARD'S PROPOSAL FOR RESOLUTION ON TRANSFER OF OWN SHARES TO PARTICIPANTS IN LTI 2019

The Board proposes that the general meeting resolves on transfer of own shares in accordance with the following.

1. The maximum number of shares that may be transferred is 73,500.
2. The participants in LTI 2019 are, with disapplication from the shareholders' pre-emption rights, entitled to acquire the shares with right for each of the participants to acquire no more than the maximum number of shares allowed under the terms and conditions for LTI 2019.
3. The participants' right to acquire shares are conditional upon the fulfilment of all of the conditions set up in LTI 2019.
4. The shares must be transferred within the time period set out in the terms and conditions of LTI 2019.
5. The shares must be transferred free of charge to the participants in LTI 2019 under the established terms and conditions of LTI 2019.
6. The number of shares that may be transferred to the participants in LTI 2019 may be recalculated due to bonus issue, share split, rights issue and similar events in accordance with the terms and conditions of LTI 2019.

The reason for the proposed transfer and for the disapplication from the shareholders' pre-emption rights is to enable delivery of shares under LTI 2019.

The Board proposes that a resolution under this proposal is to be subject to the general meeting having resolved to pass the Board's proposal on LTI 2019 under item 15 on the agenda.

A resolution passed by the general meeting in accordance with this proposal is valid only when supported by shareholders holding at least nine tenths of the votes cast as well as of the shares represented at the annual general meeting.

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REPORT BY THE BOARD ON THE REMUNERATION COMMITTEE'S EVALUATION OF REMUNERATION PAYABLE TO SENIOR EXECUTIVES

The Board has appointed a Remuneration Committee for the purpose of performing the duties incumbent on a Remuneration Committee under the Swedish Corporate Governance Code. Among other things, the Remuneration Committee is tasked with monitoring and evaluating schemes offering variable remuneration to the company's management, implementation of the company's guidelines for remuneration payable to senior executives, and the current remuneration structure and remuneration levels at the company.

In accordance with Rule 10.3 of the Swedish Corporate Governance Code, the Board hereby presents the following report on the results of the Remuneration Committee's evaluation.

The Remuneration Committee, in accordance with its mandate, continuously monitored and evaluated the company's program for variable remuneration to the CEO and other senior executives, as well as applicable guidelines for remuneration to the CEO and other senior executives. The Remuneration Committee has established that the company's program for variable remuneration has been effective and that the current guidelines for remuneration to the CEO and other senior executives have been correctly applied and fulfilled their objectives and worked well. The Remuneration Committee has also followed and evaluated the remuneration structures and remuneration levels existing in the company, whereby the Remuneration Committee finds that these are on market terms and well balanced.

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STATEMENT BY THE BOARD PURSUANT TO CHAPTER 18, SECTION 4, SWEDISH COMPANIES ACT

The Board has proposed that the annual general meeting resolve to a dividend per share of SEK 2.75. Accordingly, the Board issues the following statement in accordance with Chapter 18, Section 4, of the Swedish Companies Act.

The meeting has at its disposal profits carried forward of SEK 2,703.2 million (including SEK 1,750.6 million in the share premium reserve (*överkursfond*)), which is reduced with the net loss for the year of SEK – 1.9 million. Thus, the general meeting has in total a non-restricted equity of SEK 2,701.3 million. The proposed dividend totals SEK 148.7 million, representing 5.1 percent of the company's equity and 4.4 percent of the group's equity. If the dividend resolution is passed at the meeting, the company's equity/assets ratio will decrease from 80.9 per cent to 76.7 per cent and the group's equity/assets ratio will decrease from 56.5 per cent to 54.1 per cent.

The company's dividend policy is that dividends should equal approximately 50 per cent of the group net earnings over an economic cycle. Before arriving at the dividend proposal the Board has taken into account that the proposed dividend of SEK 148.7 million comprises 43.2 percent of the groups net earnings.

The financial position of the company and the group as of 31 December 2018 will be described in the annual report of 2018. The annual report will furthermore set out the principles applied when valuing assets, allocations and liabilities. The equity of the company and the group is considered to be sufficient in relation to the nature, scope and risks of the business, notwithstanding the dividend payment to the shareholders. The Board has taken into account factors including the historical performance of the company and the group, their budgeted performance and the economic situation. As of the balance sheet date the company did not own any financial instruments that have been valued at their actual value in accordance with Chapter 4, section 14 a of the Annual Accounts Act. Material events subsequent the balance sheet date do not affect the company's ability to pay a dividend.

The Board has made an assessment of the financial position of the company and the group, and also of the ability of the company and the group to meet their commitments in the near and long term. After the dividend it is considered that the equity/assets ratio of the company and the group will remain good in relation to the sector in which the company and the group operate.

The ability of the company and the group to meet their payment obligations will not be affected by the dividend. The company and the group have good access to both short and long-term credit. These are available at short notice, for which reason the Board considers that the company and the group are well prepared to cope with changes in liquidity and other unforeseen events. The liquidity of the company and the group is also good in relation to the sector in which the company and the group operate.

The Board considers that the company and the group have the ability to take business risks in the future and also to withstand potential losses. The ability of the company and the group to make further commercially justified investments in accordance with the Board's plans will not be adversely affected by the dividend.

In view of the above, and also based on other factors of which the Board is aware, and following a assessment of the financial position of the company and the group, the Board considers that the proposed dividend is defensible in light of the provisions of Chapter 17, section 3, second and third paragraphs of the Companies Act. The proposed dividend is considered to be defensible taking into account the demands made of the amount of equity by the nature, scope and risks associated with the business and the consolidation requirements, liquidity and general financial position of the company and the group.

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STATEMENT BY THE BOARD PURSUANT TO CHAPTER 19, SECTION 22, SWEDISH COMPANIES ACT

The Board has proposed that the annual general meeting to resolve on acquisition of shares in the company on one or several occasions during the period up to the annual general meeting in 2020. The Board's proposal on acquisition of own shares allows for own shares to be acquired to the extent that the company's holdings of own shares in total amounts to no more than one tenth of all shares in the company. Acquisition of own shares under the Board's proposal must be made in cash and at a price within the stock market price interval registered at any given time, such interval being the interval between the highest purchase price and the lowest sales price. Following the Board's proposal, the Board makes the following statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act.

The meeting has at its disposal profits carried forward of SEK 2,703.2 million (including SEK 1,750.6 million in the share premium reserve (*överkursfond*)), reduced with the net loss for the year of SEK – 1.9 million. Consequently, the general meeting has in total a non-restricted equity of SEK 2,701.3 million is thus available for allocation at the meeting. If the proposed repurchase mandate is fully utilised it totals SEK 9.9 million¹, representing 0.34 percent of the company's equity and 0.29 percent of the group's equity. If the authorisation for the Board is fully utilised, the company's equity/assets ratio will decrease from 80.9 percent to 80.6 percent and the group's equity/assets ratio will decrease from 56.5 percent to 56.4 percent.

The financial position of the company and the group as of 31 December 2018 will be described in the annual report of 2018. The annual report will furthermore set out the principles applied when valuing assets, allocations and liabilities. The equity of the company and the group is considered to be sufficient in relation to the nature, scope and risks of the business, even if the authorisation for the Board is fully utilised. The Board has taken into account factors including the historical performance of the company and the group, their budgeted performance and the economic situation. As of the balance sheet date the company did not own any financial instruments that have been valued at their actual value in accordance with Chapter 4, section 14 a of the Annual Accounts Act. Material events subsequent the balance sheet date do not affect the company's ability to fully utilise the repurchase mandate.

¹ Based on the presumption that the share price is SEK 135.

The Board has made an assessment of the financial position of the company and the group, and also of the ability of the company and the group to meet their commitments in the near and long term. Even if the authorisation for the Board is fully utilised it is considered that the equity/assets ratio of the company and the group will remain good in relation to the sector in which the company and the group operate.

The ability of the company and the group to meet their payment obligations will not be affected if the authorisation for the Board is fully utilised. The company and the group have good access to both short and long-term credit. These are available at short notice, for which reason the Board considers that the company and the group are well prepared to cope with changes in liquidity and other unforeseen events. The liquidity of the company and the group is also good in relation to the sector in which the company and the group operate.

The Board considers that the company and the group have the ability to take business risks in the future and also to withstand potential losses. The ability of the company and the group to make further commercially justified investments in accordance with the Board's plans will not be adversely affected if the authorisation for the Board is fully utilised.

In view of the above, and also based on other factors of which the Board is aware, and following a assessment of the financial position of the company and the group, the Board considers that the proposed repurchase authorisation is defensible in light of the provisions of Chapter 17, section 3, second and third paragraphs of the Companies Act. The proposed repurchase authorisation is considered to be defensible taking into account the demands made of the amount of equity by the nature, scope and risks associated with the business and the consolidation requirements, liquidity and general financial position of the company and the group.

The Board will also propose that the general meeting resolve on dividend of SEK 2.75 per share. The Board's assessment in this statement applies even if the company pays dividend, in accordance with the Board's proposal. The Board has issued a separate statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act by reason of the dividend proposal.

The proposed dividend and a full utilisation of the repurchase authorisation (of SEK 9.9 million²) total SEK 158.6 million, which comprises 5.5 percent of the company's equity and 4.7 percent of consolidated equity. If the meeting resolves on the proposed dividend and the authorisation for the Board is fully utilised, the company's equity to assets ratio is reduced from 80.9 percent to 76.4 percent and the group's equity to assets ratio is reduced from 56.5 percent to 53.9 percent.

² Based on the presumption that the share price is SEK 135.

Stockholm in February 2019
Alimak Group AB (publ)
The Board of Directors