

Press release on the 16 October 2020

Statement by the Board of Directors of Internationella Engelska Skolan in view of Peutinger AB's mandatory offer

Internationella Engelska Skolan's independent members of the Board of Directors unanimously recommends the shareholders not to accept the Offeror's mandatory public offer.

Background

This statement is made by Internationella Engelska Skolan i Sverige Holdings II AB (publ)'s ("IES" or the "**Company**") independent members of the Board of Directors (the "**Board**") pursuant to section II.19 of the Nasdaq Stockholm takeover rules (the "**Takeover Rules**").¹

On 25 September 2020, Peutinger AB² (the "**Offeror**"), owned by a consortium led by Paradigm Capital Value Fund SICAV, as well as Paradigm Capital Value LP, The Hans and Barbara Bergström Foundation, AB Tuna Holding, certain investors which are advised by Paradigm Capital AG ("Paradigm") (investment advisor to Paradigm Capital SICAV) and certain investors who have previously not been shareholders of IES (the "**Consortium**"), announced a mandatory public offer, in which the Offeror offers SEK 77.04 in cash for each share of IES (the "**Offer**"). The total value of the Offer, based on all issued and outstanding ordinary shares in IES, amounts to approximately SEK 3.1 billion.

The Board notes that the price per share which the Offeror is offering represents a premium of ³:

- approximately 5 per cent compared to the closing price of SEK 73.20 for IES's share on Nasdaq Stockholm on 29 July 2020, being the last day of trading before Paradigm Capital SICAV disclosed its change in major shareholdings as a result of entering into option contracts;
- approximately -1 per cent compared to the closing price of SEK 78.00 for IES's share on Nasdaq Stockholm on 24 September 2020, being the last day of trading before the announcement of the mandatory offer obligation and the Offer;
- approximately 4 per cent compared to the volume-weighted average share price of SEK 73.90 for IES's share on Nasdaq Stockholm during the last 90 trading days before the announcement of the Offer; and

¹ The Board Members Birker B. Bahnsen, Managing Director of TA Associates, and Brian Hatch, Head of Research at Paradigm Capital AG, have, due to a conflict of interest, not participated in the Board of Directors' evaluation of or discussions regarding the Offer due to TA Associates, indirectly, having divested all of its ordinary shares in IES to Paradigm Capital Value LP, which, together with inter alia Paradigm Capital SICAV, to which Paradigm Capital AG is an investment advisor, is a part of the Consortium. Furthermore, the employee representatives, Jessica Fryksten and Albert Lauschus, have participated in the discussions regarding the Offer but not in the Board of Directors' recommendation in relation to the Offer in light of the Board of Directors' having to present in its recommendation their opinion regarding the Offeror's strategic plans for IES and the anticipated effects such plans will have on employment and on the locations where the Company conducts its business, which constitutes a potential conflict of interests.

² Previously Grundstenen 300029 AB.

³ Based on information in the Offer Document.

- approximately 9 per cent compared to the volume-weighted average share price of SEK 70.87 for IES's share on Nasdaq Stockholm during the last 180 trading days before the announcement of the Offer.

The Offer was published in connection with the Offeror exercising call options as well as acquiring ordinary shares in IES entailing that the Offeror and members of the Consortium will own or otherwise control shares in IES corresponding to 73.19 per cent of the shares and votes. In addition, the Offeror has obtained irrevocable undertakings from certain shareholders in IES to accept the Offer, which together with the shares and call options held by the Offeror corresponds to 74.84 per cent of the total number of shares and votes in IES. The price paid for the shares acquired through the option contract (including option premium) was lower than the price in the Offer.

According to the timetable included in the offer document for the Offer which was made public on 2 October 2020 (the "**Offer Document**"), the acceptance period commenced on 5 October 2020 and will end on 2 November 2020 at 15:00 CET and settlement is expected to commence on or around 9 November 2020. For further information about the Offer, please see the Offer Document.

The Board has appointed an independent bid committee within itself, consisting of the Board Members Carola Lemne, Peter Wikström and Maria Rankka to prepare this statement which is submitted by the Board.

As part of the Board's assessment of the Offer, the Board has appointed Handelsbanken Capital Markets ("**Handelsbanken**") as provider of a fairness opinion regarding the Offer. Furthermore, the Board has appointed SEB Corporate Finance as financial advisor and Advokatfirman Vinge as legal advisor.

The Offer's impact on employees etc.

Under the Takeover Rules, the Board must, on the basis of the Offeror's statements in the Offer, present its opinion regarding the impact that the implementation of the Offer may have on IES, particularly in terms of employment, and its opinion regarding the Offeror's strategic plans for IES and the anticipated effects such plans will have on employment and on the locations where the Company conducts its business.

The leader of the Consortium, Paradigm Capital SICAV, has held ordinary shares in IES since the initial public offering and listing of IES in 2016 and sees the transaction as a possibility to continue to invest in a quality company that has a clear and focused business model and with a history of contributions to society. The Offeror's intentions do not currently entail that the implementation of the Offer will involve any material changes with regards to IES' management and employees, including their terms of employment, or IES's operations or the locations where IES conducts business, in accordance with information in the Offer Document. Paradigm also states that they intend to create long-term stability for IES.

The Board assumes that this description is correct and has in relevant respects no reason to take a different view.

The Board's recommendation

The Board's opinion of the Offer is based on an assessment of a number of factors that the Board has considered relevant for the evaluation of the Offer. These factors include, but are not limited to, the Company's current position and expected future development and possibilities and risks related thereto.

In evaluating the Offer, the Board has also analysed the Offer using the methods normally used for evaluating public offers for listed companies, including IES's valuation relative to comparable companies and comparable acquisitions, premiums in previous public offers on Nasdaq Stockholm, the stock market's expectations on the Company and the Board's view on the Company's long-term value based on its expected cash flow generation.

The assessment is also based on Handelsbanken's fairness opinion as to the fairness of the Offer from a financial point of view for the shareholders in IES. According to the fairness opinion, which has been attached to this press release, Handelsbanken's opinion is that the Offer, subject to the conditions and assumptions stated in the opinion, is not considered fair from a financial point of view for the shareholders in IES.

Following an overall assessment, the Board is of the opinion that the Offer does not reflect IES's growth potential and value from a financial point of view. In light of the above, and on the basis of the current market valuations, the Board therefore unanimously recommends IES's shareholders to not accept the Offer.

However, the Board is of the opinion that it is beneficial for the Company that a well-known and long-term investor becomes the new majority owner and can contribute to the Company's continued development. The Board therefore believes that the Consortium's entry as new majority owner of IES will be positive for the Company, its continued development and employees. The Board notes that, as a result of the Offer, the liquidity of the Company's share may remain limited or decrease even further, but notes that the establishment of the Consortium was prompted by the acquisition of shares from previous principal owners. The Board intends to evaluate whether there is reason to expand the liquidity-promoting measures which a third party, a so-called liquidity guarantor, currently provides.

This statement shall in all respects be governed by and construed in accordance with Swedish law. Any dispute arising out of or in connection with this statement shall be settled exclusively by Swedish courts.

Stockholm on 16 October 2020

Internationella Engelska Skolan i Sverige Holdings II AB (publ)

The Board of Directors

For further information, please contact:

Carola Lemne, Chair of the Board of Directors
via Emma Rheborg, Head of Communication & IR at IES, Phone: +46 768 511 540,
e-mail: emma.rheborg@engelska.se

This information is information that Internationella Engelska Skolan i Sverige Holdings II AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Takeover Rules. The information was submitted for publication, through the agency of the contact person set out above, on 16 October 2020, at 08:40 CEST.

About Internationella Engelska Skolan

Internationella Engelska Skolan, IES, is one of the leading free school operators in Sweden with some 28,000 students at 39 schools, and about 4,600 students at its schools in Spain.

IES Sweden operates schools for students in grades F-12. Its main focus is grades 4-9, what is often called "middle school." Within the compulsory school system in Sweden, IES is the leading independent operator, with 17 of the 20 largest free schools. IES's results on the national tests in grade 9 are far above average in Sweden.

Internationella Engelska Skolan was founded in 1993 and is in its 28th year of operation. Throughout this period, its schools have been defined by the three core convictions of its founder, Mrs. Barbara Bergström:

- A safe and orderly environment, where teachers can teach and students learn.
- To command the English language – the key to the world.
- High academic expectations and aspirations.

Up to half of the teaching in IES schools in Sweden is in English, by native English speaking teachers. Over 900 teachers with qualified foreign teaching degrees are currently teaching in IES schools. They are mainly recruited from Canada, the USA, the UK and South Africa.

IES's student base is in growing strongly. Over the past ten years, total operating income has increased by an average of 16% per year. In the most recent financial year 2019/20, which concluded on 30 June 2020, total operating income was MSEK 3,082, an increase of some 11% year on year. As of 30 June 2020, there were approximately 204,900 applications in the waiting list to secure a place in the Swedish schools for the current and forthcoming years.

Internationella Engelska Skolan has been listed on Nasdaq Stockholm Mid Cap, with the ticker ENG, since 2016.

Stockholm 16 October, 2020

To

The independent committee of the Board of Directors of
Internationella Engelska Skolan i Sverige Holdings II AB (publ)

The independent committee of the Board of Directors of Internationella Engelska Skolan i Sverige Holdings II AB (publ) ("IES") has assigned Handelsbanken Capital Markets to render an opinion as to the fairness from a financial point of view of Grundstenen 300029 ABs (the "bidder") mandatory cash offer to the shareholders in IES to acquire all outstanding shares in IES, at a price of SEK 77.04 per share (the offer"). For information regarding the offer please refer to the press release published by the bidder on September 25, 2020.

In connection with the presentation of this opinion, we have, inter alia, reviewed and taken into account the terms and conditions of the offer, certain publicly available information published by IES, including annual reports and interim reports, and other publicly available information relating to IES, including certain market research reports and reports produced by equity research analysts. We have also discussed the IES operations, financial position, profit development, strategy and future prospects with senior members of management of IES.

We have considered certain financial and stock exchange related information regarding IES in comparison with similar information regarding certain other companies with similar operations as well as comparable acquisition transactions. We have considered cash flow analysis indicating the value of the current business as well as the future growth potential of IES. We have also taken into consideration the share price development and trading activity in the IES share and performed such other analysis and studies which we have considered appropriate as a basis for this opinion.

We have not conducted any so-called "due diligence" in order to verify the accuracy of the information received from IES or elsewhere and we have not made any independent evaluation or assessment of the assets and liabilities of IES. Without independent verification by us, we have relied upon that all of the financial and other information reviewed by us as a basis for this opinion in all material aspects are correct and accurate and that no information of material importance for the evaluation of IES's future earnings capacity or for our overall assessment has been omitted or not presented to us.

Our opinion is based on the Swedish regulatory system and upon current market, economic, financial and other conditions as well as information made available to us as of the date hereof. Any change in such conditions may require a revaluation of this opinion. Our opinion does not include any assessment as to the price at which the IES share may trade in the future.

Based upon and subject to the foregoing, we are of the opinion that the offer as of the date hereof, from a financial point of view, is not fair to the IES shareholders.

Handelsbanken Capital Markets is a business area within Svenska Handelsbanken AB with operations within securities trading and brokerage, equity research and corporate finance. Within the framework of its normal operations within securities trading and brokerage, Handelsbanken Capital Markets may, at any point in time, hold long or short positions in, and may for own or clients' accounts trade in, shares and other securities related to IES. In addition, Svenska Handelsbanken AB may have granted credits to IES and may hold equity related securities in IES as security.

We will receive a fixed fee for this opinion irrespective of the outcome of the offer.

It is understood that this letter is for the information of the independent committee of the Board of Directors of IES only in connection with their evaluation of the offer and should thereof not be interpreted as a recommendation to the shareholders of IES. The letter may not be used, quoted, reproduced or be used for any other purpose without prior written consent from us, except that a copy of this opinion may be included in its entirety in the prospectus or offer document produced in connection with the offer, or in any response document or press release that the independent committee of the Board of Directors of IES is required to make in connection with the offer. This opinion is subject to Swedish substantive law and any dispute in respect of this statement shall be resolved exclusively by Swedish court of law.

This is a translation of the fairness opinion written in Swedish. It is for information purposes only and does not constitute a part of the opinion. For the avoidance of doubt, in the case of any inconsistency or ambiguity between the Swedish language version and the English translation, the Swedish language version shall prevail.

Handelsbanken Capital Markets
Corporate Finance