

Press release on 9 November 2020

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

Despite the fact that Peutinger's public takeover offer has been found not to represent the full value of Internationella Engelska Skolan, the independent members of the Board of Directors unanimously recommends the shareholders to accept the public takeover offer.

### **Background**

On 25 September 2020, Peutinger AB (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 (investment advisor to Paradigm Capital SICAV) and certain investors who have previously not been shareholders of IES (the "**Consortium**"), announced a mandatory public offer to the shareholders of Internationella Engelska Skolan i Sverige Holdings II AB (publ) ("**IES**" or the "**Company**") to acquire all outstanding common shares in IES (the "**Offer**") for a price of SEK 77.04 in cash for each common share of IES. On 16 October 2020 the independent members of the Board of Directors of the Company published a statement in which they unanimously recommended the shareholders not to accept the Offer of SEK 77.04 in cash for each common share (the "**First Recommendation**").

On 2 November 2020 the Offeror announced an increase of the price in the Offer to SEK 82 in cash for each common share in IES (the "**Increased Offer Price**") and an extension of the acceptance period up to and including 15:00 (CET) on 17 November 2020. Furthermore, the Offeror announced that the price in the Offer will not be increased any further. On 6 November 2020 the Offeror announced that it controls 87.82 per cent of the total number of shares in IES. In the same press release, the Offeror announced that it extends the acceptance period in the Offer from 17 November to 25 November 2020 to enable for persons discharging managerial responsibilities within IES to accept the Offer. With respect thereto, the Board of Directors would like to clarify that, although it is positive to this opportunity, the Board of Directors has not received any indications from persons discharging managerial responsibilities within IES about their views of the Offer.

This statement is made by the independent members of the Board of Directors of the Company (the "**Board**") pursuant to section II.19 of the Nasdaq Stockholm takeover rules (the "**Takeover Rules**").<sup>1</sup>

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<sup>1</sup> 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

The total value of the Offer, based on the Increased Offer Price and all issued and outstanding common shares in IES, amounts to approximately SEK 3.3 billion.

The Board notes that the price per share which the Offeror is offering represents a premium of<sup>2</sup>:

- approximately 12.02 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 5.13 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 10.96 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
- approximately 15.70 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.

Shareholders who have already tendered their shares in IES at SEK 77.04 in cash per common share will automatically benefit from the Increased Offer Price of SEK 82 in cash per common share.

An offer document regarding the Offer was approved and registered with the Swedish Financial Supervisory Authority and published by Peutinger on 2 October 2020 (the "**Offer Document**"). A supplement to the Offer Document including the Increased Offer Price will be registered with the Swedish Financial Supervisory Authority as soon as possible. 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 Increased Offer Price, the Board has appointed Handelsbanken Capital Markets ("**Handelsbanken**") as provider of a new fairness opinion regarding the Increased Offer

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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.

<sup>2</sup> Based on information in the Offer Document.

Price. Furthermore, the Board has previously appointed SEB Corporate Finance as financial advisor and Advokatfirman Vinge as legal advisor.

### **The Offer's impact on employees etc.**

The Board's view regarding the Offer's impact on employees and employment in accordance with what is stated in the First Recommendation has not changed as a result of the Increased Offer Price.

### **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 Increased Offer Price, the Board has analysed the price 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 Increased Offer Price 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 Increased Offer Price, 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.

However, as previously stated, 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.

In connection with the announcement of the Offer on 25 September 2020 the Offeror stated that, if it acquired shares representing more than 90 per cent of the total number of shares in IES, it intends to initiate compulsory redemption of the remaining shares in the Company and in connection therewith the Offeror intends to promote a delisting of the IES shares from Nasdaq Stockholm. Even if the Board, with the support of Handelsbanken's fairness opinion, still is of the opinion that the price in the Offer does not reflect IES's growth potential and value from a financial point of view, it is a fact that the Offeror now controls 87.82 per cent of the total number of shares in IES. The Board therefore wish to emphasize that the liquidity in the Company's share is now is more limited than before, entailing that it may be hard for shareholders in IES to sell their shares

on the market. Furthermore, the Offeror has announced that the price in the Offer will not be increased further, which, in light of the existing ownership structure, limits the shareholders' possibility of receiving a higher price for their shares. In its evaluation of the Offer, the Board of Directors has also taken into account the effect of a protracted offer process on the Company's day-to-day operations.

**In light of the above, and despite the fact that the Offer has been found not to represent the Company's full value, the Board unanimously recommends the Company's shareholders to accept the Offer.**

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 9 November 2020

Internationella Engelska Skolan i Sverige Holdings II AB (publ)

The Board of Directors

**For further information, please contact:**

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*This statement is made pursuant to section II.19 of the Nasdaq Stockholm takeover rules. This information was submitted for publication on the 9 November 2020 at 08:00 CET.*

## **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 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 9 November, 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 Peutinger ABs (the "bidder") revised mandatory cash offer to the shareholders in IES to acquire all outstanding shares in IES at a price of SEK 82 per share (the offer"). For information regarding the offer please refer to the press release published by the bidder on November 2, 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*