

# NORDIC WATERPROOFING

## NORDIC WATERPROOFING HOLDING A/S

(a Danish public limited liability company)

Offering of 12,041,968 Shares

This is an offering of 12,041,968 existing shares of Nordic Waterproofing Holding A/S (the “Company”), a Danish public limited liability company, offered by AXCEL IV K/S, AXCEL IV K/S 2, AX Management Invest K/S and AX Management Invest II K/S, all funds advised by Axcel Management A/S (the “Principal Owner”), KIRKBI Invest A/S (“KIRKBI”) and certain current and former board members, senior executives and advisors to the Principal Owner (collectively, the “Selling Shareholders”) (the “Offer”).

The Principal Owner and KIRKBI have reserved the right to increase the Offer by selling up to an additional 2,408,394 existing shares to be offered by the Principal Owner and KIRKBI. In addition, the Principal Owner, KIRKBI and advisors to the Principal Owner have granted an option to ABG Sundal Collier AB (“ABG”) and Carnegie Investment Bank AB (“Carnegie”, and together with ABG, the “Joint Global Coordinators and Joint Bookrunners”) to purchase up to 2,167,554 additional existing shares from the Principal Owner, KIRKBI and advisors to the Principal Owner to cover any potential over-allotment in connection with the Offer. See “The Offer in brief”.

This offering consists of a public offering in Sweden, a private placement in the United States to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), and an offering outside of Sweden and the United States in reliance on Regulation S under the U.S. Securities Act.

Prior to this offering, there has been no public market for the shares. Nasdaq Stockholm’s listing committee has admitted the Company to trading on Nasdaq Stockholm, subject to customary conditions. The Company’s trading symbol on Nasdaq Stockholm is “NWG”. The shares will be admitted to trading on Nasdaq Stockholm and trading in the shares will commence on or around June 10, 2016.

**Investing in the shares involves risks. See “Risk factors” beginning on page 15.**

---

**Price range: SEK 66–76 per share**

---

**The shares have not been and will not be registered under the U.S. Securities Act and are being offered or sold in the United States only to qualified institutional buyers as defined in and in reliance on Rule 144A under the U.S. Securities Act, or other exemptions from the registration requirements under the U.S. Securities Act, and in “offshore transactions” in reliance on Regulation S under the U.S. Securities Act. Prospective investors are hereby notified that sellers of the Company’s shares may be relying on the exemptions from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act. The Company’s shares are not transferable except in accordance with the restrictions described under “NOTICE TO INVESTORS”.**

The decision regarding allocation of shares will be taken by the Company’s board of directors and the Principal Owner after consultation with the Joint Global Coordinators and Joint Bookrunners based on a book-building procedure. There is no guarantee that any potential investor will be allocated shares. The shares will be uncertificated and will be delivered, once payment for allocated shares has been made and received by the Joint Global Coordinators and Joint Bookrunners, by registration on the recipient’s VP account or securities deposit account with a bank or a Swedish securities firm. As confirmation of the entry, Euroclear Sweden AB will send a VP notice indicating the number of shares in the Company that have been registered on the recipient’s VP account. The Joint Global Coordinators and Joint Bookrunners expect that the shares will be delivered through the facilities of Euroclear Sweden AB on or about June 14, 2016 against payment of the offer price and commissions.

---

*Joint Global Coordinators and Joint Bookrunners*



May 30, 2016

## INTERNATIONAL SUPPLEMENT

IN CONNECTION WITH THIS OFFERING, THE JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SHARES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. SHORT SALES INVOLVE THE SALE BY THE JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS OF SHARES THAT THEY MAY NOT HAVE PURCHASED IN THIS OFFERING. STABILIZING TRANSACTIONS CONSIST OF BIDS OR PURCHASES MADE FOR THE PURPOSE OF PREVENTING OR RETARDING A DECLINE IN THE MARKET PRICE OF THE SHARES WHILE THE OFFERING IS IN PROGRESS. SUCH TRANSACTIONS WILL BE CARRIED OUT IN ACCORDANCE WITH APPLICABLE RULES AND REGULATIONS. THESE ACTIVITIES BY THE JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE SHARES. AS A RESULT, THE PRICE OF THE SHARES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED BY THE JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS AT ANY TIME WITHOUT PRIOR NOTICE AND MUST IN ANY EVENT BE DISCONTINUED 30 CALENDAR DAYS AFTER THE FIRST DAY OF TRADING OF THE COMPANY'S SHARES ON NASDAQ STOCKHOLM. THESE TRANSACTIONS MAY BE EFFECTED ON NASDAQ STOCKHOLM, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE.

No action has been or will be taken in any jurisdiction other than Sweden that would permit a public offering of the shares, or the possession, circulation or distribution of this prospectus or any other material relating to the Company or the shares in any jurisdiction where action for that purpose is required.

Any offer or sale of shares in connection with the offering in the United States will be made by one or more broker-dealers registered as such under the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act").

The distribution of this prospectus and offer and the sale of the shares to which it relates may be restricted by law in certain jurisdictions.

Persons into whose possession this prospectus comes are required by the Company, the Selling Shareholders and the Joint Global Coordinators and Joint Bookrunners to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on the offering of shares to qualified institutional buyers in the United States in reliance on Rule 144A under the U.S. Securities Act and the private placement to institutional investors outside Sweden and the United States, see "NOTICE TO INVESTORS". This prospectus does not constitute an offer of, or an invitation to purchase, any of the shares in any jurisdiction in which such offer or invitation would be unlawful. None of the Company, the Selling Shareholders or any of the Joint Global Coordinators and Joint Bookrunners accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions.

This prospectus is confidential and is being furnished by the Company in connection with an offering exempt from registration under the U.S. Securities Act, solely for the purpose of enabling prospective investors to consider the purchase of the shares of the Company described herein. The information contained in this prospectus has been provided by the Company and other sources identified herein. No representation or warranty, express or implied, is made by the Joint Global Coordinators and Joint Bookrunners as to the accuracy or completeness of such information, and nothing contained in this prospectus is, or shall be relied upon as, a promise or representation by the Joint Global Coordinators and Joint Bookrunners. The Joint Global Coordinators and Joint Bookrunners assume no responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise that they might otherwise be found to have in respect of this prospectus or any such statement. Any reproduction or distribution of this prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the shares offered hereby is prohibited. You agree with us that each of you or us (and each employee, representative, or other agent of you or us) may disclose to any and all persons, without limitation of any kind, the U.S. federal tax treatment and U.S. federal tax structure of the transactions contemplated by this prospectus and all materials of any kind (including opinions or other tax analysis) that are provided to you or us relating to such U.S. federal tax treatment or U.S. federal tax structure. Each offeree of the shares, by accepting delivery of this prospectus, agrees to the foregoing.

Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances imply that there has been no change in the Company's affairs or that the information set forth in this prospectus is as of any date subsequent to the date hereof.

You hereby acknowledge that: (i) you have not relied on the Joint Global Coordinators and Joint Bookrunners or any person affiliated with the Joint Global Coordinators and Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this prospectus or your investment decision; and (ii) you have relied only on the

information contained in this prospectus, and that no person has been authorized to give any information or to make any representation concerning the Company, its subsidiaries, the shares (other than as contained in this prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company, the Selling Shareholders or the Joint Global Coordinators and Joint Bookrunners.

THE SHARES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

## NOTICE TO INVESTORS

*Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the shares.*

The shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the shares will not be offered or sold in this offering within the United States, except to "qualified institutional buyers" as defined in, and in reliance on, Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and are being offered and sold in this offering in "offshore transactions" pursuant to Regulation S under the U.S. Securities Act.

Any offer regarding sales of shares in the United States will be made by one or more broker-dealers registered under the U.S. Exchange Act, as amended. In addition, until 40 days after the commencement of the Offer, an offer or sale of shares within the United States by a dealer, whether or not participating in the Offer, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act and in accordance with any applicable U.S. state securities law.

Transfers of the shares will be restricted and each purchaser will be deemed to have made acknowledgements, representations and agreements, as described below.

Each purchaser of the shares offered hereby and each subsequent purchaser thereof will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S under the U.S. Securities Act are used herein as defined therein):

1. You (A) (i) are a qualified institutional buyer, (ii) are aware, and each beneficial owner of such shares has been advised, that the sale of shares is being made in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (iii) are acquiring such shares for your own account or for the account of a qualified institutional buyer, as the case may be, or (B) are purchasing the shares in an offshore transaction, as such term is defined by Rule 902 under the U.S. Securities Act, in accordance with Regulation S.
2. You understand that the shares have not been and will not be registered under the U.S. Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (A) (i) to a person whom you reasonably believe is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available) and (B) in accordance with all applicable securities laws of the states of the United States.
3. You acknowledge that (i) the shares (whether in physical certificated form or in uncertificated form held in Euroclear Sweden AB) are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and (ii) none of the Company, the Selling Shareholders, or any of the Joint Global Coordinators and Joint Bookrunners makes any representation or warranty as to the availability of the exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder for resales of shares.
4. You agree that, notwithstanding anything to the contrary herein, for so long as they are "restricted securities", none of the shares may be deposited into any unrestricted depositary receipt facility in respect of the shares that may be established or maintained by a depositary bank.
5. You understand and acknowledge that, if you purchase shares you will be deemed to have made, for the benefit of the Company, the Selling Shareholders, and the Joint Global Coordinators and Joint Bookrunners and their respective affiliates and agents, all such representations, warranties, agreements and acknowledgements contained herein.

6. You acknowledge that the Company, the Selling Shareholders, and the Joint Global Coordinators and Joint Bookrunners and others will rely upon the truth and accuracy of the foregoing representations and agreements and are entitled to rely upon these representations and warranties.

## **NOTICE TO UNITED KINGDOM INVESTORS**

This prospectus is directed at and for distribution in the United Kingdom only to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons being together referred to as "relevant persons"). This prospectus is directed only at relevant persons. Any person who is not a relevant person must not act or rely on this prospectus or any of its contents. Any investment or investment activity to which this prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

## **NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS**

In any Member State of the European Economic Area (the "EEA") other than Sweden that has implemented the EU Prospectus Directive (as defined below) (each, a "Relevant Member State"), this prospectus is only addressed to and is only directed at qualified investors in that EEA Member State within the meaning of Article 2(1)(e) of the EU Prospectus Directive ("qualified investors"). This prospectus has been prepared on the basis that all offers of the shares outside Sweden will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus for offer of shares. Accordingly, any person making or intending to make any offer to the public within any Member State of the EEA (other than Sweden) of the shares which are the subject of the offering contemplated in this prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Joint Global Coordinators and Joint Bookrunners to publish a prospectus or a supplement to a prospectus under the EU Prospectus Directive for such offer. None of the Company, the Selling Shareholders or the Joint Global Coordinators and Joint Bookrunners have authorized, nor do they authorize, the making of any offer of the shares through any financial intermediary, other than offers made by the Joint Global Coordinators and Joint Bookrunners that constitute the final placement of the shares contemplated in this prospectus. For the purpose of this provision, the expression an "offer to the public" in relation to any of the shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any of the shares to be offered so as to enable an investor to decide to purchase any of the shares, as the same may be varied in that Relevant Member State by any measure implementing the EU Prospectus Directive in that Relevant Member State, and the expression "EU Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measures in each Relevant Member State.

## **AVAILABLE INFORMATION**

At any time when the Company is neither subject to Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, it will furnish, upon request, to any holder or beneficial owner of the shares, or any prospective investor designated by any such holder or beneficial owner, information satisfying the requirements of subsection (d)(4)(i) of Rule 144A under the U.S. Securities Act to permit compliance with Rule 144A in connection with resales of the shares for so long as any of the shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act.

## **ENFORCEMENT OF CIVIL LIABILITIES**

The Company is a Danish public limited liability company and its assets are located entirely outside the United States. In addition, the members of the Company's board of directors and its officers are non-residents of the United States whose assets are located primarily or entirely outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against them or the Company judgments of courts of the United States, whether predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof. The United States and Denmark and Sweden, respectively, do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters, other than for arbitration awards.

Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Denmark or Sweden. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in Denmark or Sweden, such party may submit to the Danish or Swedish court, as applicable, the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against

the Company or such persons will be regarded by a Danish or Swedish court, as applicable, only as evidence of the outcome of the dispute to which such judgment relates, and a Danish or Swedish court, as applicable, may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere are unenforceable in Denmark and Sweden.

## EXCHANGE RATE AND OTHER INFORMATION

Fluctuations in the exchange rate between the Swedish krona and the U.S. dollar will affect the U.S. dollar amounts received by owners of shares in the Company on conversion of dividends, if any, paid in Swedish kronor on the shares.

Investors with a reference currency other than the Swedish krona will become subject to certain foreign exchange risks when investing in the shares. The Company's equity capital is denominated in Danish kronor, but all returns will be distributed in Swedish kronor. Investors whose reference currency is a currency other than the Swedish krona may be adversely affected by any reduction in the value of the Swedish krona relative to the respective investor's reference currency. In addition, such investors could incur additional transaction costs in converting Swedish kronor into another currency. Investors whose reference currency is a currency other than the Swedish krona are therefore urged to consult their financial advisors with a view to determining whether they should enter into hedging transactions to offset these currency risks.

The following table sets forth, for the periods indicated, certain information regarding the noon buying rate in New York for cable transfers for Swedish kronor, expressed in Swedish kronor per U.S. dollar. The noon buying rates are certified by the Federal Reserve Bank of New York for customs purposes and for cable transfers payable in foreign currencies. The average rate for a year means the average of the noon buying rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily noon buying rates during that month, or a shorter period, as the case may be. The rates below may differ from the actual rates used in the preparation of our consolidated financial statements and other financial information appearing in this prospectus. Our inclusion of the exchange rates is not meant to suggest that the Swedish kronor amounts actually represent such U.S. dollar amounts or that such amounts could have been converted into U.S. dollars at the rates indicated or at any other rate.

Month and Year	Exchange rate			
	SEK per U.S. Dollar			
	High	Low	Period end	Average
2012	7.2655	6.5018	6.5074	6.7721
2013	6.8171	6.2880	6.4254	6.5124
2014	7.8245	6.3394	7.8245	6.8576
2015	8.8180	7.8847	8.4485	8.4350
January 2016	8.6024	8.5048	8.5709	8.5483
February 2016	8.5749	8.3440	8.5709	8.4804
March 2016	8.6321	8.0962	8.0962	8.3394
April 2016	8.1520	8.0267	8.0267	8.1110
May 2016	8.3375	7.9761	8.3308	8.1730

On 26 May, 2016, the noon buying rate as certified by the Federal Reserve Bank of New York for customs purposes, Swedish kronor per U.S. Dollar, was SEK 8.2999 per \$1.00.

## FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Forward-looking statements refer to all statements in this prospectus which do not refer to historical facts and events, and statements which are attributable to the future, such as expressions as "deem", "assess", "expect", "await", "judge", "assume", "predict", "can", "will", "shall", "should or ought to", "according to estimates", "consider", "may", "plan", "potential", "calculate", "as far as is known" or similar expressions suitable for identifying information that refers to future events. This applies in particular to statements in this prospectus referring to future results, financial position, cash flow, plans and expectations for the Company's business and management, future growth and profitability and general economic and regulatory environment and other circumstances which affect the Company.

Forward-looking statements are based on current estimates and assumptions which are based on the Company's current intelligence. Such forward-looking statements are subject to risks, uncertainties and other factors which may result in actual results, including the Company's financial position, cash flow and profits, deviating considerably from the results which expressly or indirectly form the basis of, or are described in, statements, or may result in the expectations which,

expressly or indirectly, form the basis of or are described in statements not being met or turning out to be less advantageous compared to the results, which expressly or indirectly formed the basis of or were described in the statements.

The Company's business is exposed to a number of risks and uncertainties which may result in forward-looking statements being inaccurate or an estimate or calculation being incorrect. Therefore, potential investors should not place undue reliance on the forward-looking statements herein and are strongly advised to read the following sections in this prospectus: "Summary", "Risk factors", "Market overview", "Business description", "Selected financial information" and "Operating and financial review", which include a more detailed description of factors which have an effect on the Company's business and the market in which the Company operates. None of the Company, the Selling Shareholders or the Joint Global Coordinators and Joint Bookrunners can in any way guarantee the correctness of the statements about future events made herein or as concerns the actual outcome of any predicted developments.

## CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

Subject to the limitations described below, the following summary describes certain U.S. federal income tax consequences of the purchase, ownership and disposition of shares to a "U.S. Holder". For purposes of this discussion, a "U.S. Holder" means a beneficial owner of the shares that, for U.S. federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a domestic corporation (or other entity taxed as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any of its political subdivisions;
- an estate, whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) it has a valid election to be treated as a U.S. person.

The discussion below is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed U.S. Treasury regulations promulgated thereunder, and administrative and judicial decisions all as in effect as of the date hereof, as well as the income tax treaty between the United States and Denmark ("the Treaty"), all of which are subject to change, possibly on a retroactive basis, and any change could affect the continuing accuracy of this discussion. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a U.S. Holder. In particular, this discussion considers only U.S. Holders that (i) will own shares as capital assets within the meaning of section 1221 of the Code and (ii) are residents of the United States for purposes of the Treaty that are fully eligible for the benefits of the Treaty pursuant to the "Limitation of Benefits" provision of the Treaty. Further, this summary does not represent a detailed description of the tax consequences applicable to a holder that is subject to special treatment under the U.S. federal income tax laws, including, without limitation:

- a dealer in securities or currencies;
- a bank or other financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding our shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for its shares;
- a person who (directly or indirectly) owns 10% or more of the Company's voting stock;
- a partnership or other pass-through entity for U.S. federal income tax purposes (or partner or investor therein); or
- a person whose "functional currency" is not the U.S. dollar.

This discussion does not address any aspect of state, local or non-U.S. tax laws, or the possible application of U.S. federal gift or estate tax. This discussion also does not address the potential application of the alternative minimum tax or the 3.8% Medicare contribution tax.

**BECAUSE OF THE COMPLEXITY OF THE TAX LAWS AND BECAUSE THE TAX CONSEQUENCES TO ANY PARTICULAR HOLDER OF SHARES MAY BE AFFECTED BY MATTERS NOT DISCUSSED HEREIN, EACH HOLDER OF SHARES IS URGED TO CONSULT WITH ITS TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE ACQUISITION AND THE OWNERSHIP AND DISPOSITION OF SHARES, INCLUDING, BUT NOT LIMITED TO, THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND NON-U.S. TAX LAWS, AS WELL AS U.S. FEDERAL TAX LAWS AND THE APPLICABILITY OF THE TREATY, AS THE CASE MAY BE.**

### ***Dividends***

Distributions on the Company's shares, other than certain *pro rata* distributions of shares to all shareholders, received by a U.S. Holder (including the amounts of any Danish tax withheld, as discussed in "Tax considerations – Tax considerations in Denmark" in the prospectus) generally will be taxable as dividends to the extent that such distribution is paid out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. The dividends (including withheld taxes) will not be eligible for the dividends received deduction generally available to U.S. corporations, and will be includable in gross income on the day actually or constructively received.

The U.S. dollar value of any distribution on the Company's shares made in SEK should be calculated by reference to the exchange rate between the U.S. dollar and the SEK in effect on the date of receipt of such distribution by the U.S. Holder, regardless of whether the SEK amount so received is in fact converted into U.S. dollars on such date. If the SEK amount so received is converted into U.S. dollars on the date of receipt, such U.S. Holder generally should not recognize foreign currency gain or loss on such conversion. If the SEK amount is not converted into U.S. dollars on the date of receipt, such U.S. Holder will have a basis in such SEK amount equal to the U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of such SEK amount generally will be treated as ordinary income or loss to such U.S. Holder and generally will be income or loss from sources within the United States for U.S. foreign tax credit purposes.

Dividends received by certain non-corporate U.S. Holders (including individuals) from "qualified foreign corporations" generally qualify for preferential rates so long as certain holding period and other requirements are met. A non-U.S. corporation generally will be considered to be a qualified foreign corporation if (i) it was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend was paid, a passive foreign investment company ("PFIC") and (ii) it is eligible for the benefits of the Treaty. The Company was not a PFIC in 2015 and does not expect to be considered a PFIC in 2016 or any future taxable year, and expects to be eligible for the benefits of the Treaty. The Company therefore expects to be a qualified foreign corporation for this purpose in its current taxable year and in future taxable years. If, contrary to the Company's expectations, the Company is a PFIC for its current taxable year, special U.S. tax rules will apply to U.S. Holders of the shares (described below in "Passive Foreign Investment Company").

Subject to certain conditions and limitations, Danish taxes withheld from dividends on the Company's shares at a rate not exceeding the rate provided in the Treaty may be treated as foreign taxes eligible for a credit against the U.S. federal income tax liability of a U.S. Holder. For purposes of calculating the foreign tax credit, dividends paid on the shares will be treated as income from sources outside the United States and will generally constitute passive category income. Further, in certain circumstances, if a U.S. Holder holds its shares for less than a specified minimum period, the U.S. Holder will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on its shares. The rules governing the foreign tax credit are complex and U.S. Holders should consult their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

### ***Sale or Exchange of Shares***

For U.S. federal income tax purposes, a U.S. Holder will generally recognize taxable gain or loss on the sale or exchange of shares in an amount equal to the difference between the U.S. Dollar amount realized on such sale or exchange (determined, in the case of shares sold or exchanged for currencies other than the U.S. Dollar, by reference to the spot exchange rate in effect on the date of the sale or exchange or, if the shares are treated as being "traded on an established securities market" and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the spot exchange rate in effect on the settlement date) and the U.S. Holder's adjusted tax basis in such shares determined in U.S. Dollars. The initial tax basis of shares to a U.S. Holder will be the U.S. Holder's U.S. Dollar cost for its shares (determined by reference to the spot exchange rate in effect on the date of the purchase or, if the shares are treated as being "traded on an established securities market" and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the spot exchange rate in effect on the settlement date).

Capital gain from the sale, exchange or other disposition of shares held more than one year generally will be treated as long-term capital gain and is eligible for a reduced rate of taxation for non-corporate holders. Gain or loss recognized by a U.S. Holder on a sale or exchange of shares generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. The deductibility of a capital loss recognized on the sale or exchange of shares is subject to limitations.

A U.S. Holder that receives currencies other than U.S. Dollars upon the sale, exchange or other disposition of our shares and converts such currencies into U.S. Dollars subsequent to receipt will have foreign exchange gain or loss based on any appreciation or depreciation in the value of such currencies against the U.S. Dollar, which generally will be U.S. source ordinary income or loss. In addition, a U.S. Holder that is an accrual basis taxpayer may have foreign exchange gain or loss based on the difference between the spot exchange rate in effect on the date of the sale or exchange and the spot exchange rate in effect on the date of settlement.

### ***Passive Foreign Investment Company***

Special U.S. tax rules apply to the Company if it is classified as a PFIC. In general, the Company will be classified as a PFIC in a particular taxable year if either 75 percent or more of our gross income for the taxable year is passive income, or the average percentage of the value of our assets that produce or are held for the production of passive income is at least 50 percent. The Company was not a PFIC in 2015 and does not expect to be considered a PFIC in 2016 or any future taxable year. The determination of whether the Company is a PFIC depends on the classification of our income and assets (including goodwill) and our cash position. Because the determination of whether the Company is a PFIC is made annually on the basis of our assets and income for each quarter of our taxable year, it is not certain whether the Company will be a PFIC for the current taxable year or for any taxable year in the foreseeable future.

If the Company is classified as a PFIC for its current taxable year or for a future taxable year during which U.S. Holders own shares, U.S. Holders will be subject to disadvantageous tax treatment with respect to certain distributions on, and gain recognized on the sale or exchange of, our shares. U.S. Holders should consult their own tax advisor regarding the U.S. federal income tax considerations of the Company's classification as a PFIC.

### ***U.S. Information Reporting and Backup Withholding***

In general, information reporting will apply to dividends received by a U.S. Holder in respect of the Company's shares and the proceeds from the sale, exchange or redemption of the shares that are paid within the United States (and in certain cases, outside the United States), unless the U.S. Holder establishes that it is a corporation (other than an S-corporation) or other exempt recipient. Backup withholding may apply to such payments if a U.S. Holder fails to provide a taxpayer identification number or certification of other exempt status or fails to report in full dividend and interest income. Any amounts withheld under the backup withholding rules will be allowed as a credit or a refund against the U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

# INVITATION TO ACQUIRE SHARES IN NORDIC WATERPROOFING HOLDING A/S



JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS



INDEPENDENT FINANCIAL ADVISOR  
MOELIS & COMPANY

## IMPORTANT INFORMATION

### INFORMATION FOR INVESTORS

This prospectus (the "Prospectus") has been prepared in connection with the offer to the public in Sweden of shares in Nordic Waterproofing Holding A/S (a Danish public limited liability company) and the application for admission to trading of the shares in Nordic Waterproofing Holding A/S on Nasdaq Stockholm of (the "Offer"). "Nordic Waterproofing", the "Company" or the "Group", depending on the context, refers to Nordic Waterproofing Holding A/S, the group of which Nordic Waterproofing Holding A/S is the parent company or a subsidiary of the Group. The term "Principal Owner" or "Axcel" refers to AXCEL IV K/S, AXCEL IV K/2 S, AX Management Invest K/S and AX Management Invest II K/S, all funds advised by Axcel Management A/S. The terms "Joint Global Coordinators and Joint Bookrunners" refers to ABG Sundal Collier AB ("ABG") and Carnegie Investment Bank AB ("Carnegie"). The term "Nordnet" refers to Nordnet AB. The term "Moelis" refers to Moelis & Company UK LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, and is acting exclusively for the Principal Owner and no one else in connection with the Offer. Moelis will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Principal Owner for providing the protections afforded to its clients or for the giving of advice in relation to the Offer or any transaction, matter, or arrangement referred to in this Prospectus. For more defined terms, please see the section entitled "Definitions".

The Offer is not intended for the public in countries other than Sweden and such other jurisdictions in the European Economic Area in which the Company, in its discretion, may resolve to take necessary actions in order to make a public offer permitted. Nor is the Offer intended for persons whose participation requires additional prospectuses, registrations or other measures other than those required by Swedish law. The Prospectus, the application form and/or other documents connected to the Offer may not be distributed in any country where the Offer requires measures as described above or contravenes the rules of these countries. No measure has been or will be taken in any jurisdiction besides Sweden that would allow an offer of shares to the public, holdings of shares, distribution of the Prospectus or other information relating to the Offer, the Company or the shares in any such jurisdiction. Applications to acquire shares in violation of the above may be deemed invalid. Persons receiving copies of the Prospectus are required, by the Company, the Joint Global Coordinators and Joint Bookrunners and Moelis, to inform themselves about, and comply with, such restrictions. Neither the Company, the Principal Owner, Moelis nor any of the Joint Global Coordinators and Joint Bookrunners assumes any legal responsibility for any violations of such restrictions, irrespective of whether such violations are made by a potential investor or anyone else.

The shares in the Offer have not been recommended by any United States federal or state authority. Moreover, no such authority has confirmed the correctness or reviewed the suitability of the Prospectus. Any representation to the contrary is a criminal offence in the United States. The shares in the Offer have not been registered and will not be registered under the United States Securities Act of 1933 (the "Securities Act"), as amended, or any state securities legislation of the United States. The shares in the Offer are only being offered and sold in the United States to qualified institutional buyers, as defined in and by application of Rule 144A under the Securities Act, or other exemptions from the registration requirements under the Securities Act, and are offered and sold in "off-shore-transactions" in accordance with Regulation S of the Securities Act. Any offer regarding sale of shares in the United States will be made by security brokers registered under the United States Securities Exchange Act of 1934, as amended. In addition, until 40 days after the commencement of the Offer, an offer or sale of shares within the United States by a dealer, whether or not participating in the Offer, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act and in accordance with any applicable United States securities law. Potential investors who are qualified institutional buyers are hereby informed that the sellers of the shares in the Offer may rely upon the exemption from the registration requirements in section 5 of the Securities Act, as provided for in Rule 144A, or other exemptions from the registration requirements under the Securities Act. The shares must not be offered or sold in the United States, except in reliance on exemptions from, or in transactions not subject to, the registration requirements in the Securities Act, and in accordance with potential applicable state securities legislation. In the United States the Prospectus is provided on a confidential basis exclusively for the purpose of enabling potential investors to consider acquiring the specific securities described herein. The information in the Prospectus has been provided by the Company and other sources as identified herein. Distribution of the Prospectus to persons other than those designated by the Joint Global Coordinators and Joint Bookrunners or their representatives, and persons having been appointed to give advice to such receiving persons concerning the Prospectus, is prohibited, and the disclosure of the contents of the Prospectus without the prior written consent of the Company is prohibited. The Prospectus is personal to each recipient and does not constitute an offer to any other person or the public in the United States to acquire shares in the Offer.

The Offer and the Prospectus are regulated by Swedish law. Disputes arising from the Offer or the Prospectus shall be settled exclusively by Swedish courts.

The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority in accordance with the regulations in chapter 2 sections 25 and 26 of the Swedish Financial Instruments Trading Act (Sw. *lagen 1991:980 om handel med finansiella instrument*). Approval and registration does not imply that the Swedish Financial Supervisory Authority guarantees that the factual information in the Prospectus is correct or complete.

The Prospectus has been prepared in Swedish and English language versions. In the event of discrepancies between the versions, the Swedish version shall prevail.

Figures reported in the Prospectus have in some cases been rounded up or down and therefore the tables do not necessarily always add up exactly. All financial figures are presented in Swedish kronor (SEK) unless otherwise stated.

### STABILISATION

In connection with the Offer, the Joint Global Coordinators and Joint Bookrunners may carry out over-allotments or transactions with the purpose of supporting the price of the shares at a higher level than otherwise would have been the case and maintaining an orderly market of the shares. Such stabilisation transactions may be made on Nasdaq Stockholm, the OTC-market or in other ways, and may be made at any time during the period starting from the first day of trading in the shares on Nasdaq Stockholm and ending at the latest 30 calendar days thereafter. The Joint Global Coordinators and Joint Bookrunners have no obligation to carry out any stabilisation and there is no certainty that stabilisation will be carried out. Stabilisation measures shall be carried out in accordance with applicable laws and regulations.

Stabilisation, if initiated, may be discontinued at any time without prior notice. Under no circumstances will transactions be executed at a price that is above the price in the Offer. Within one week after the end of the period of stabilisation, the Joint Global Coordinators and Joint Bookrunners will publish whether stabilisation was carried out, the date when stabilisation was initiated, the date when stabilisation was last made and the price range within which the stabilisation was made for each of the dates when stabilisation measures were taken.

### PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the financial information presented in this Prospectus has been derived from the Company's audited consolidated financial statements for the financial

years 2015, 2014, 2013 and 2012. This Prospectus contains the Company's audited consolidated financial statements as of and for the financial years 2015, 2014, 2013 and 2012, as well as the Company's reviewed interim consolidated financial statements as of and for the first quarter of 2016 with comparable figures for the first quarter of 2015.

The Company's audited consolidated financial statements as of and for the financial years 2015, 2014, 2013 and 2012, as well as the Company's reviewed interim consolidated financial statements as of and for the first quarter of 2016 with comparable figures for the first quarter of 2015 have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

Unless otherwise stated herein, no financial information in this Prospectus has been audited or reviewed by the Company's auditor. Financial information relating to the Company in this Prospectus that is not a part of the information stated to have been audited or reviewed by the Company's auditor has been collected from the Company's internal accounting and reporting systems or business information systems or other internal sources.

### FORWARD-LOOKING INFORMATION AND RISK FACTORS

The Prospectus contains certain forward-looking statements. Forward-looking statements refer to all statements in the Prospectus which do not refer to historical facts and events, and statements which are attributable to the future, such as the expressions "deem", "assess", "expect", "await", "assume", "predict", "can", "will", "shall", "should or ought to", "according to estimates", "consider", "may", "plan", "potential", "calculate", "assess", "as far as is known" or similar expressions suitable for identifying information that refers to future events. This applies in particular to statements and outlooks in the Prospectus referring to future results, financial position, cash flow, plans and expectations for Nordic Waterproofing's business and management, future growth and profitability and general economic and regulatory environment and other circumstances which affect Nordic Waterproofing. Forward-looking statements are based on current estimates and assumptions which are based on the Company's current intelligence. Such forward-looking statements are subject to risks, uncertainties and other factors which may result in actual results, including Nordic Waterproofing's financial position, cash flow and profits, deviating considerably from the results which expressly or indirectly form the basis of, or are described in, statements, or may result in the expectations which, expressly or indirectly, form the basis of or are described in statements not being met or turning out to be less advantageous compared to the results, which expressly or indirectly formed the basis of or were described in the statements. Nordic Waterproofing's business is exposed to a number of risks and uncertainties which may also result in a statement about the future being inaccurate or an estimate or calculation being incorrect. Therefore, potential investors should not rely on the forward-looking statements herein without further examination, and potential investors are encouraged to read the following sections in this Prospectus: "Summary", "Risk factors", "Market overview", "Business description", "Selected financial information" and "Operating and financial review", which include a more detailed description of factors which have an effect on Nordic Waterproofing's business and the market in which Nordic Waterproofing operates.

Neither the Joint Global Coordinators and Joint Bookrunners nor Moelis can in any way guarantee the correctness of the statements about future events made herein or as concerns the actual outcome of predicted developments. In view of these risks, uncertainties and assumptions it is possible that future events mentioned in the Prospectus may not occur. Moreover, statements about the future and forecasts stemming from surveys made by external parties may prove to be erroneous. Factors which may cause Nordic Waterproofing's future results and developments to deviate from statements set forth in forward-looking statements include, but are not limited to, those described under the section entitled "Risk factors". The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based, unless required to do so by applicable law or Nasdaq Stockholm's Rule Book for Issuers. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in the Prospectus, including those set forth under the section entitled "Risk factors".

### SECTOR AND MARKET INFORMATION

The Prospectus contains information from third parties in the form of sector and market information and statistics and calculations obtained from sector reports and studies, market surveys, publicly available information and commercial publications. Such statements may be identified by reference to their respective sources.

Certain information about market shares and other statements in the Prospectus, including information relating to the sector in which the Group operates and the Group's position compared with its competitors, is not based on published statistics or information from independent third parties, and therefore lacks source references. Rather, information and statements of this kind reflect the Company's best estimates based on the information obtained from trade and business associations and other contacts in the sector in which the Company competes and information which has been published by the Company's competitors. The Company believes that these types of information and statements are useful in helping investors to understand the sector in which the Company operates and the Company's position in the sector. However, the Company has no access to the facts and assumptions behind the figures, market information and other information retrieved from publicly available sources. Nor has the Company independently verified the information about the market provided by third parties or the sector, or generally available publications. Even if the Company believes that these internal analyses are reliable, they have not been verified by any independent source and the Company cannot guarantee their correctness.

Neither the Joint Global Coordinators and Joint Bookrunners nor Moelis assume any liability for the correctness of any market share or sector information in the Prospectus. The Company confirms that the information provided by third parties has been correctly reproduced and that, as far as the Company is aware, and as far as it can ensure by comparison with other information published by such third parties, no information has been omitted which might result in the information reproduced being inaccurate or misleading.

### IMPORTANT INFORMATION RELATING TO SALES OF SHARES

Please note that the notice of allotment of shares to the general public in Sweden will be made through the distribution of transfer notes, which is expected to occur on or around 10 June 2016. After payment for the allotted shares has been administered by Carnegie or Nordnet, duly paid-up shares will be transferred to the securities account, service account or securities depository designated by the purchaser. The amount of time necessary for the distribution of transfer notes, the transfer of payment and delivery of acquired shares to such investors, may entail that acquired shares will not be available on the designated securities depository, designated service account or the designated securities account before 14 June 2016 or a few days later.

It is expected that trading in the shares on Nasdaq Stockholm will commence on or around 10 June 2016. The shares will in some cases not be available on the acquirer's securities depository, service account or securities account prior to 14 June 2016 or a few days later, which may entail that the acquirer will not have the opportunity to sell the shares via the exchange commencing on the day on which trading in the shares begins but, rather, only when the shares have been made available on the securities depository, service account or securities account. Acquirers may from 10 June 2016 receive notification of allotment from Carnegie or Nordnet.

# CONTENTS

Summary .....	2	Legal considerations and supplementary information .....	121
Risk factors .....	15	Tax considerations .....	129
Invitation to acquire shares in Nordic Waterproofing .....	26	Historical financial information for the periods 1 January – 31 March 2016 and 2015 (IFRS) .....	133
Background and reasons .....	27	Auditor's report regarding historical financial information for the period 1 January – 31 March 2016 (IFRS) .....	151
Market overview .....	29	Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS) .....	152
Business description .....	45	Auditor's report regarding historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS) .....	205
Selected financial information .....	72	Consolidated prospective financial information for the financial year 2016 .....	206
Operating and financial review .....	80	Independent auditor's report on consolidated prospective financial information for the financial year 2016 .....	209
Capitalisation, indebtedness and other financial information .....	94	Definitions .....	210
Board of directors, group management and auditors .....	99	Addresses .....	211
Corporate governance .....	105		
Share capital and ownership .....	113		
Articles of association .....	118		

## THE OFFER IN BRIEF

### Indicative timetable:

Application period (for the public in Sweden):	31 May – 8 June 2016
Application period (institutional offer):	31 May – 9 June 2016
Listing on Nasdaq Stockholm:	10 June 2016
Settlement date:	14 June 2016

### Other:

ISIN:	DK0060738409
Trading symbol on Nasdaq Stockholm:	NWG

### Number of shares offered

The Offer comprises up to 12,041,968 existing shares in the Company offered by the Principal Owner, KIRKBI, and certain board members, senior executives and employees of the Company and advisors to the Principal Owner. The Principal Owner and KIRKBI has reserved the right to increase the Offer by selling up to an additional 2,408,394 existing shares to be offered by the Principal Owner and KIRKBI. In addition, the Principal Owner and KIRKBI has granted an option to the Joint Global Coordinators and Joint Bookrunners to purchase up to 2,167,554 additional existing shares from the Principal Owner and KIRKBI to cover any potential over-allotment in connection with the Offer.

### Price range and the final price in the Offer

The price in the Offer is expected to be set within the range SEK 66–76 per share. The final price in the Offer will be determined through a book-building process. The final price in the Offer is expected to be announced through a press release on or about 10 June 2016.

# SUMMARY

This summary consists of certain disclosure requirements listed as “elements”. These elements are numbered in sections A – E (A.1 - E.7). This summary contains all of the elements required to be included in a summary for this type of issuer and offer of securities. Since some elements are not applicable for all types of prospectuses, there may be gaps in the numbering sequence of the elements. Even though an element may be required to be inserted in the summary for the relevant type of prospectus, it is possible that no relevant information can be given regarding the element. In this case a brief description of the element is included in the summary along with the comment “not applicable”.

## SECTION A – INTRODUCTION AND WARNINGS

<b>A.1</b>	<i>Introduction and warnings</i>	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
<b>A.2</b>	<i>Financial intermediaries</i>	Not applicable. Financial intermediaries are not entitled to use the Prospectus for a subsequent resale or final placement of shares.

## SECTION B – ISSUER

<b>B.1</b>	<i>Legal and commercial name</i>	Nordic Waterproofing Holding A/S, company registration number 33395361. The trading symbol on Nasdaq Stockholm is NWG.
<b>B.2</b>	<i>Domicile, legal form, legislation and country of incorporation</i>	The Company is a Danish public limited liability company incorporated in Denmark under Danish law, and is governed by the provisions of the Danish Companies Act. The registered office of the Company is situated in Vejen, Denmark.
<b>B.3</b>	<i>Current operations and principal activities</i>	<p>Nordic Waterproofing operates on the waterproofing market in northern Europe, which is a sub-market of the wider construction market. The waterproofing market comprises both products and services for waterproofing buildings and other constructions against water and wind.</p> <p>The Company offers high-quality waterproofing products and solutions, primarily made of the materials bitumen and EPDM, but also the material PVC, to installation companies and builders’ merchants within the Products &amp; Solutions operating segment. The Company provides its products and solutions in the Nordic countries of Sweden, Finland, Denmark and Norway, as well as on the European EPDM market (Belgium, the Netherlands, Poland, the United Kingdom and Germany). In Finland and Denmark, customised installation services are also offered within the Installation Services operating segment. Nordic Waterproofing believes that the Company is one of the leading providers on the waterproofing market in northern Europe.</p>

<b>B.4a</b>	<i>Current trends in the industry</i>	<p>The following trends are discernible in the industry in which the Company conducts its business:</p> <ul style="list-style-type: none"> <li>■ Increased economic growth on the waterproofing market due to increased GDP growth.</li> <li>■ A greater need for both new-build and renovation of existing buildings due to the ongoing urbanisation.</li> <li>■ Continued low interest rates.</li> <li>■ A political interest, both in Sweden and in other parts of Europe, to stimulate the construction market.</li> </ul>
<b>B.5</b>	<i>Group structure</i>	<p>Nordic Waterproofing Holding A/S is the ultimate parent company in the Group, which consists of 24 direct and indirect wholly-owned subsidiaries.</p>
<b>B.6</b>	<i>Notifiable persons, major shareholders and control of the company</i>	<p>As of the date of the Prospectus, the Company has 35 shareholders. As of the date of the Prospectus the Principal Owner and KIRKBI own approximately 81.4 per cent. and approximately 14.4 per cent., respectively, of the shares in the Company prior to completion of the Offer. The remaining 4.2 per cent. of the shares are owned by board members, senior executives, employees and advisors to the Principal Owner. As of the date of the Prospectus, there are no other natural persons or legal entities owning 5 per cent. or more of the shares and voting rights.</p> <p>Following completion of the Offer, the Principal Owner's and KIRKBI's shareholdings in the Company will amount to approximately 39.3 per cent. and 6.9 per cent., respectively (assuming that the Offer is not increased and the Over-Allotment Option is not exercised). The Cornerstone Investors (AMF, Carnegie Fonder and Swedbank Robur Fonder) have undertaken, on certain conditions, e.g. that the first day of trading in the Company's shares will occur not later than on 10 June 2016, to acquire shares in the Offer such that their ownership of the Company following completion of the Offer will amount to 2.75, 5.5 and 7.5 per cent., respectively, of the shares and voting rights in the Company. In addition to the Cornerstone Investors, Martin Ellis, CEO of the Company, has committed to acquire shares equivalent to approximately 0.8 per cent. of the shares and voting rights in the Company following completion of the Offer, assuming a price in the Offer corresponding to the midpoint of the price range for the Offer. Thereto, Ulf Gundemark, chairman of the board of directors of Nordic Waterproofing, has undertaken to acquire 20,000 shares in the Offer through his wholly owned company GUMACO AB.</p>
<b>B.7</b>	<i>Selected historical financial information</i>	<p><i>The following tables contain a summary of Nordic Waterproofing's historical financial information for each period presented. The financial information should be read in conjunction with the sections entitled "Operating and financial review", "Capitalisation, indebtedness and other financial information" and the financial statements contained in the sections entitled "Historical financial information for the periods 1 January – 31 March 2016 and 2015 (IFRS)" and "Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)". Figures stated in this section have been rounded up or down in certain cases, which means that the totals in the tables are not necessarily exact.</i></p> <p><i>Unless otherwise stated, the financial information presented below has been derived from the Company's audited consolidated financial statements for the financial years 2015, 2014, 2013 and 2012 and the Company's reviewed consolidated interim financial statements for the first quarter of 2016 with comparable financial information for the first quarter of 2015, all of which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").</i></p>

B.7	<i>Selected historical financial information, cont</i>	CONSOLIDATED STATEMENT COMPREHENSIVE INCOME IN SUMMARY					
		(SEK million)	1 January – 31 March		1 January – 31 December		
			2016	2015	2015	2014	2013
	Net sales	324.1	318.8	1,720.0	1,678.7	1,668.0	1,671.7
	Cost of goods sold	-231.2	-242.9	-1,258.2	-1,261.8	-1,271.1	-1,321.7
	<b>Gross profit</b>	<b>93.0</b>	<b>75.9</b>	<b>461.8</b>	<b>417.0</b>	<b>396.9</b>	<b>350.0</b>
	Selling expenses	-57.2	-52.6	-215.8	-213.1	-205.3	-197.4
	Administrative expenses	-26.2	-20.7	-128.3	-68.1	-66.3	-78.4
	Research and development expenses	-1.9	-1.7	-6.2	-6.5	-5.7	-5.1
	Other operating income	1.3	20.4	34.6	9.7	7.2	5.7
	Other operating expenses	-0.7	-0.4	-9.0	-24.9	-3.5	-2.6
	Share of profit in associated companies	0.0	-0.1	5.6	7.4	-1.1	4.8
	<b>Operating profit (EBIT)</b>	<b>8.2</b>	<b>20.7</b>	<b>142.6</b>	<b>121.5</b>	<b>122.2</b>	<b>77.1</b>
	Net finance items	-5.6	-8.0	-26.8	-25.3	-30.1	-36.9
	<b>Profit before tax</b>	<b>2.5</b>	<b>12.7</b>	<b>115.8</b>	<b>96.2</b>	<b>92.2</b>	<b>40.1</b>
	Tax	-2.3	-3.0	-33.9	-19.4	-21.2	-13.0
	<b>Profit for the period</b>	<b>0.2</b>	<b>9.7</b>	<b>81.9</b>	<b>76.9</b>	<b>71.0</b>	<b>27.2</b>
	<b>Other comprehensive income for the period</b>	<b>5.4</b>	<b>-1.7</b>	<b>-16.6</b>	<b>10.0</b>	<b>0.3</b>	<b>-2.6</b>
	<b>Comprehensive income for the period</b>	<b>5.6</b>	<b>8.0</b>	<b>65.3</b>	<b>86.9</b>	<b>71.2</b>	<b>24.5</b>

B.7	Selected historical financial information, cont	CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY						
		(SEK million)	31 March		31 December			
			2016	2015	2015	2014	2013	2012
		<b>Assets</b>						
		Goodwill	602.4	606.3	598.4	614.1	590.1	581.6
		Other intangible assets	8.4	12.0	8.7	12.5	15.6	20.9
		Property, plant and equipment	188.5	178.6	187.1	182.0	181.1	182.4
		Investments in associated companies	17.3	13.7	16.6	19.1	21.4	15.2
		Receivables from associated companies	10.0	13.5	8.9	8.9	10.0	15.0
		Other non-current receivables	6.2	5.6	6.0	4.6	5.0	5.6
		<b>Total non-current receivables</b>	<b>832.6</b>	<b>829.6</b>	<b>825.6</b>	<b>841.2</b>	<b>823.1</b>	<b>820.7</b>
		Inventory	188.0	197.5	168.1	180.5	149.7	170.3
		Trade receivables	169.6	169.2	118.0	123.5	141.9	128.6
		Receivables for on-going construction contracts	22.4	28.2	21.6	20.6	27.0	18.0
		Receivables from associated companies	5.5	13.2	10.8	8.5	13.2	18.1
		Other current receivables	24.4	24.5	14.0	26.9	10.3	12.0
		Prepaid expenses and accrued income	18.1	5.7	5.9	5.1	11.7	9.7
		Cash and cash equivalents	96.9	75.5	181.3	138.8	60.7	42.3
		<b>Total current assets</b>	<b>524.9</b>	<b>513.9</b>	<b>519.7</b>	<b>503.9</b>	<b>414.5</b>	<b>398.9</b>
		<b>Total assets</b>	<b>1,357.5</b>	<b>1,343.5</b>	<b>1,345.3</b>	<b>1,345.2</b>	<b>1,237.6</b>	<b>1,219.7</b>
		<b>Equity</b>						
		Non-current interest-bearing liabilities	262.5	328.6	250.5	327.2	365.9	404.5
		Provisions	4.9	0.0	4.9	0.0	0.0	0.0
		Deferred tax liabilities	30.7	28.4	29.8	24.5	26.3	24.3
		Other non-current liabilities	0.0	0.0	0.0	0.0	0.0	7.7
		<b>Total non-current liabilities</b>	<b>298.1</b>	<b>356.9</b>	<b>285.2</b>	<b>351.8</b>	<b>392.2</b>	<b>436.4</b>
		Current interest-bearing liabilities	73.4	68.9	72.3	70.6	55.5	41.9
		Trade payables	92.9	94.5	74.0	78.2	65.4	78.5
		Accrued expenses	98.1	99.3	118.0	109.4	105.0	102.8
		Tax liabilities	13.9	17.2	30.7	17.8	6.7	16.8
		Other current liabilities	28.2	13.3	17.3	32.0	13.5	15.0
		<b>Total current liabilities</b>	<b>305.8</b>	<b>293.2</b>	<b>312.2</b>	<b>308.0</b>	<b>246.1</b>	<b>255.0</b>
		<b>Total equity and liabilities</b>	<b>1,357.5</b>	<b>1,345.5</b>	<b>1,345.3</b>	<b>1,345.2</b>	<b>1,237.6</b>	<b>1,219.7</b>

B.7	<i>Selected historical financial information, cont</i>	CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY					
		(SEK million)	1 January – 31 March		1 January – 31 December		
			2016	2015	2015	2014	2013
	Cash flow from operating activities before working capital changes	-10.6	10.1	117.9	141.2	93.9	62.9
	Cash flow from working capital changes	-65.7	-63.6	35.2	17.1	-8.7	-3.3
	<b>Cash flow from operating activities</b>	<b>-76.3</b>	<b>-53.6</b>	<b>153.1</b>	<b>158.3</b>	<b>85.2</b>	<b>59.5</b>
	Cash flow from investing activities	-8.1	-9.2	-28.8	-20.0	-15.8	-73.3
	Cash flow from financing activities	-0.2	-0.2	-75.0	-60.8	-51.3	15.9
	<b>Cash flow for the period</b>	<b>-84.7</b>	<b>-63.0</b>	<b>49.3</b>	<b>77.5</b>	<b>18.2</b>	<b>2.1</b>
	Cash and cash equivalents at beginning of the period	181.3	138.8	138.8	60.7	42.3	41.8
	Exchange-rate differences in cash and cash equivalents	0.2	-0.3	-6.8	0.6	0.2	-1.7
	<b>Cash and cash equivalents at end of the period</b>	<b>96.9</b>	<b>75.5</b>	<b>181.3</b>	<b>138.8</b>	<b>60.7</b>	<b>42.3</b>

**B.7** Selected historical financial information, cont

**FINANCIAL INFORMATION PER OPERATING SEGMENT IN SUMMARY**

The financial information in the table below has been taken from or based on the Company's audited consolidated financial statements for the financial years 2015, 2014, 2013 and 2012 and the Company's reviewed consolidated interim financial statements for the first quarter of 2016 with comparable figures for the first quarter of 2015, all of which have been prepared in accordance with IFRS.

(SEK million)	1 January – 31 March		1 January – 31 December			
	2016	2015	2015	2014	2013	2012
<b>Net sales</b>						
Products & Solutions	258.7	252.9	1,303.9	1,243.1	1,228.9	1,254.9
Installation Services	79.3	77.7	493.5	518.8	518.4	497.1
Group Items and Eliminations	-13.9	-11.9	-77.4	-83.2	-79.4	-80.4
<b>Group</b>	<b>324.1</b>	<b>318.8</b>	<b>1,720.0</b>	<b>1,678.7</b>	<b>1,668.0</b>	<b>1,671.7</b>
<b>Operating profit (EBIT)</b>						
Products & Solutions	24.3	33.7	199.7	128.7	115.9	77.5
Installation Services	-5.6	-7.8	9.1	6.8	19.7	10.1
Group Items and Eliminations	-10.5	-5.2	-66.2	-14.0	-13.4	-10.6
<b>Group</b>	<b>8.2</b>	<b>20.7</b>	<b>142.6</b>	<b>121.5</b>	<b>122.2</b>	<b>77.1</b>
<b>EBIT before items affecting comparability</b>						
Products & Solutions	25.2	15.7	191.6	159.6	127.4	104.5
Installation Services	-7.0	-7.3	10.4	19.8	26.8	14.1
Group Items and Eliminations	-6.5	-5.2	-19.8	-14.0	-12.5	-8.9
<b>Group</b>	<b>11.8</b>	<b>3.2</b>	<b>182.2</b>	<b>165.4</b>	<b>141.6</b>	<b>109.7</b>
<b>EBIT margin (%)</b>						
Products & Solutions	9.4	13.3	15.3	10.4	9.4	6.2
Installation Services	-7.0	-10.0	1.8	1.3	3.8	2.0
Group Items and Eliminations	-	-	-	-	-	-
<b>Group</b>	<b>2.5</b>	<b>6.5</b>	<b>8.3</b>	<b>7.2</b>	<b>7.3</b>	<b>4.6</b>
<b>EBIT margin before items affecting comparability (%)</b>						
Products & Solutions	9.7	6.2	14.7	12.8	10.4	8.3
Installation Services	-8.8	-9.4	2.1	3.8	5.2	2.8
Group Items and Eliminations	-	-	-	-	-	-
<b>Group</b>	<b>3.6</b>	<b>1.0</b>	<b>10.6</b>	<b>9.9</b>	<b>8.5</b>	<b>6.6</b>

## B.7

Selected  
historical  
financial  
information,  
cont

KEY RATIOS<sup>1)</sup>

The financial information in the table below has been taken from or based on the Company's audited consolidated financial statements for the financial years 2015, 2014, 2013 and 2012 and the Company's reviewed consolidated interim financial statements for the first quarter of 2016 with comparable figures for the first quarter of 2015, all of which have been prepared in accordance with IFRS.

SEK million (unless otherwise stated)	1 January – 31 March		1 January – 31 December			
	2016	2015	2015	2014	2013	2012
<b>Margins</b>						
Gross margin (%)	28.7	23.8	26.9	24.8	23.8	20.9
EBITDA margin (%)	4.2	8.2	9.6	8.5	8.5	5.8
EBITDA margin before items affecting comparability (%)	5.3	2.7	11.9	11.1	9.6	7.8
EBIT margin (%)	2.5	6.5	8.3	7.2	7.3	4.6
EBIT margin before items affecting comparability (%)	3.6	1.0	10.6	9.9	8.5	6.6
<b>Cash flow</b>						
Operating cash flow	-51.0	-60.1	213.4	188.6	132.5	105.9
Operating cash conversion (%)	Neg.	Neg.	104.5	100.9	82.5	81.6
<b>Capital structure</b>						
Capital employed	1,089.5	1,090.8	1,070.7	1,083.2	1,020.8	978.6
Equity	753.5	693.4	747.9	685.4	599.4	528.2
Net debt	239.1	322.0	141.4	259.0	360.8	404.2
Net debt/EBITDA (multiple)	n/a	n/a	0.7	1.4	2.2	3.1
Interest cover ratio (multiple)	1.5	2.7	5.8	4.4	4.2	2.2
Equity/assets ratio (%)	55.5	51.6	55.6	51.0	48.4	43.3
Net debt/equity ratio (multiple)	0.3	0.5	0.2	0.4	0.6	0.8
<b>Profitability</b>						
Return on shareholders' equity (%)	n/a	n/a	11.4	12.1	12.7	5.5
Return on capital employed (%)	n/a	n/a	13.0	11.8	12.1	7.6
Return on capital employed before items affecting comparability (%)	n/a	n/a	16.7	16.0	14.0	11.0
Return on capital employed before items affecting comparability and excluding goodwill (%)	n/a	n/a	38.1	37.3	34.8	27.3
<b>Share data</b>						
Number of shares before dilution (number)	11,546,831	11,546,831	11,546,831	11,546,831	11,546,831	11,170,207
Number of shares after dilution (number)	11,546,831	11,546,831	11,546,831	11,546,831	11,546,831	11,170,207
Average number of shares before dilution (number)	11,546,831	11,546,831	11,546,831	11,546,831	11,546,831	11,170,207
Average number of shares after dilution (number)	11,546,831	11,546,831	11,546,831	11,546,831	11,546,831	11,170,207
Earnings per share before dilution (SEK)	0.02	0.84	7.1	6.7	6.1	2.4
Earnings per share after dilution (SEK)	0.02	0.84	7.1	6.7	6.1	2.4
<b>Other</b>						
Average number of employees as full-time equivalents	583	571	634	644	635	634

1) For definitions of key ratios in the table below, please see the section entitled "Selected financial information – Definitions".

## B.7

*Selected historical financial information, cont*

**DEFINITIONS****Income measures***Gross profit*

Net sales less costs of goods sold.

*EBITDA*

Operating profit before depreciation, amortisation and impairment of tangible and intangible assets.

*EBIT*

Operating profit.

*EBITDA before items affecting comparability*

EBITDA before items affecting comparability.

*EBIT before items affecting comparability*

EBIT before items affecting comparability.

*Items affecting comparability*

Statement items that are non-recurring, have a significant impact on profit and are therefore important adjustments for understanding the underlying development of operations.

**Margin measures***Gross margin*

Gross profit as a percentage of net sales for the period.

*EBITDA margin*

EBITDA as a percentage of net sales for the period.

*Operating margin (EBIT margin)*

EBIT as a percentage of net sales for the period.

*EBITDA margin before items affecting comparability*

EBITDA before items affecting comparability as a percentage of net sales for the period.

*EBIT margin before items affecting comparability*

EBIT before items affecting comparability as a percentage of net sales for the period.

**Cash flow***Operating cash flow*

EBITDA before items affecting comparability plus dividends from associated companies, less cash flow related from investments in tangible and intangible assets, cash flow from changes in working capital and income from associated companies.

*Operating cash conversion*

Operating cash flow as a percentage of EBITDA before items affecting comparability for the period.

**Capital structure***Net debt*

Interest-bearing debts less cash and cash equivalents.

*Net debt/EBITDA before items affecting comparability*

Net debt in relation to EBITDA before items affecting comparability for the period.

*Net debt/equity ratio*

Net debt in relation to shareholders' equity.

*Interest cover ratio*

Profit after net financial items plus interest expenses in relation to interest expenses.

*Equity/assets ratio*

Shareholders' equity including non-controlling interests as a percentage of total assets.

*Capital employed*

Total assets less non-interest-bearing provisions and liabilities.

<b>B.7</b>	<i>Selected historical financial information, cont</i>	<p><b>Return measures</b></p> <p><i>Return on shareholders' equity</i> Profit after tax attributable to parent company shareholders as a percentage of average shareholders' equity, excluding non-controlling interests.</p> <p><i>Return on capital employed</i> EBIT as a percentage of average capital employed, calculated as the average of the period's opening and closing balances.</p> <p><i>Return on capital employed before items affecting comparability</i> EBIT before items affecting comparability as a percentage of average capital employed, calculated as the average of the period's opening and closing balances.</p> <p><i>Return on capital employed before items affecting comparability and excluding goodwill</i> EBIT before items affecting comparability as a percentage of average capital employed, excluding goodwill, calculated as the average of the period's opening and closing balances.</p> <p><b>Share data</b></p> <p><i>Earnings per share</i> Profit after tax for the period attributable to Parent Company shareholders</p>
<b>B.8</b>	<i>Selected pro forma accounts</i>	Not applicable. The Company has not prepared any pro forma accounts.
<b>B.9</b>	<i>Profit forecasts</i>	For the full-year 2016, Nordic Waterproofing Group expects the general market development to be similar to 2015 in most of its markets. The Group expects to fulfil its financial target to exceed the growth in its current markets through organic growth. For the same period, the Group expects an increased operating profit before items affecting comparability of approximately 10% compared to the full-year 2015.
<b>B.10</b>	<i>Audit report qualifications</i>	Not applicable. There are no qualifications in the audit reports.
<b>B.11</b>	<i>Working capital</i>	Not applicable. The Company believes that its existing working capital is sufficient for relevant needs during the upcoming 12-month period.

## SECTION C – SECURITIES

<b>C.1</b>	<i>Securities being offered</i>	The offer relates to shares in Nordic Waterproofing Holding A/S (ISIN DK0060738409).
<b>C.2</b>	<i>Currency</i>	The shares are denominated in Danish kroner.
<b>C.3</b>	<i>Number of issued shares and par value</i>	As of the date of the Prospectus, the Company has issued a total number of 23,116,051 shares, each with a nominal value of 1.00 Danish kroner. In connection with completion of the Offer, an additional 967,884 shares will be issued as a result of exercise of warrants (assuming a price in the Offer corresponding to the midpoint of the price range), which will entail that the total number of outstanding shares following completion of the Offer will be 24,083,935. All of the issued shares are fully paid up. The offer covers up to 12,041,968 existing shares (assuming that the Offer is not increased and that the Over-Allotment Option is not exercised) which are offered by the Principal Owner, KIRKBI and certain board members, senior executives and employees of the Company and advisors to the Principal Owner.
<b>C.4</b>	<i>Rights attached to the securities</i>	Each share entitles the holder to one (1) vote at general meetings. All shares will have equal rights to the Company's assets upon liquidation and distribution of dividends. The right to receive a dividend is conferred on persons registered as owners in the share register maintained by Euroclear Sweden (on the basis that Euroclear Sweden is registered as the nominee holder of all shares in the Company in the Danish central securities depository, it being understood that any such rights are conferred to holders registered in the Danish central securities depository).
<b>C.5</b>	<i>Transferability restrictions</i>	Not applicable. The shares are not subject to any restrictions on transfer.

C.6	<i>Admission to trading on a regulated market</i>	Nasdaq Stockholm's listing committee decided on 17 May 2016 to admit Nordic Waterproofing to trading on Nasdaq Stockholm, subject to customary conditions, such as that the dispersion requirements in respect of the Company's shares are fulfilled not later than the first day of trading. Trading is expected to begin on or about 10 June 2016.
C.7	<i>Dividend policy</i>	Decisions on whether to distribute a dividend will be based on Nordic Waterproofing's financial position, investment needs, liquidity and general economic and commercial conditions. According to the Company's dividend policy, more than 50 per cent. of the net profit will be distributed.

## SECTION D – RISKS

D.1	<i>Key risks specific to the issuer and its industry</i>	<p>The Company is subject to risks which are wholly or partly beyond the Company's control and which affect or may affect the Company's business, results of operations, financial position and future prospects. The risk factors described below, which are set out in no particular order of priority and without any claim to be exhaustive, are considered to be the main risks affecting the Company's future performance. These risks, relating to the Company's business and market, include the following:</p> <ul style="list-style-type: none"> <li>■ <b>Development in the construction market, general state of the economy, and other macroeconomic factors:</b> Nordic Waterproofing conducts business in several countries and, like other companies, is affected by the general financial and political situation at global, regional and local level. The state of the global economy and adverse changes to the economy in Europe, primarily in the Nordic region, and globally, as well as geopolitical concerns, an economic downturn and a reduction in consumer confidence may lead to a fall in demand for Nordic Waterproofing's products and services. The waterproofing market is a relatively small niche within the construction market as a whole and generally follows the fluctuations in the construction industry. Demand for Nordic Waterproofing's products and services may fall as a result of lower construction activity. There is also a risk that Nordic Waterproofing will be unable to benefit from a future recovery and upturn in the construction market.</li> <li>■ <b>Competition law risks:</b> Nordic Waterproofing is subject to competition law rules in the countries in which the Group conducts business. To the extent Nordic Waterproofing has failed to comply with these rules, the Group may be adversely affected by regulatory sanctions and measures, and may be unable to apply terms and conditions of agreements which have been found to be in violation of the rules. Furthermore, Nordic Waterproofing's position on certain markets may result in the competition authorities coming to the view that Nordic Waterproofing has significant market power on these markets. Significant market power on one or more markets may result in Nordic Waterproofing being restricted from acting freely on these markets and in growing through acquisitions.</li> <li>■ <b>Risks related to suppliers:</b> Nordic Waterproofing's products consist of components from a number of suppliers. In order to be able to manufacture, sell and deliver products, Nordic Waterproofing is dependent on external suppliers meeting agreed requirements as regards, for example, quantity, quality and delivery times. Nordic Waterproofing's customer agreements with builders' merchants in Sweden and Denmark contain stringent delivery terms linked to, among other things, liquidated damages/penalties in the event of delays. There is a risk that Nordic Waterproofing may be unable to protect itself against such liquidated damages/penalties by obtaining corresponding protection from suppliers in the event of delays or non-deliveries. In addition, there is a risk that the Company will not have any sufficient practicable alternative suppliers from which to purchase bitumen and rubber components in the event the cooperation with the Group's primary suppliers were to come to an end. Furthermore, Nordic Waterproofing has entered into a supply agreement with one of its principal suppliers of rubber products. The supply agreement contains minimum volume commitments for the Company. This reduces the option for the Company to purchase rubber compounds from alternative suppliers. If the demand for Nordic Waterproofing's rubber based products decreases, the Company would be obliged to continue purchasing rubber compounds at levels exceeding customer demands in accordance with the volume commitment.</li> </ul>
-----	--	---

## D.1

Key risks specific to the issuer and its industry, cont

- **Claims for compensation, recalls, product liability and warranties:** Nordic Waterproofing is exposed to the risk that products it has supplied are defective. Liability to pay compensation for defective products is governed by Nordic Waterproofing's customer agreements in accordance with general terms and conditions used in the industry, contractual obligations to builders' merchants for costs arising from claims for compensation from end-users for defective products, and statutory provisions. In these cases, Nordic Waterproofing is required to repair or replace the defective products and, in certain cases, may be liable in damages for both direct and, in some cases, indirect loss incurred by consumers as a result of defective products. Nordic Waterproofing is also liable in damages for damage to property and personal injury arising from safety deficiencies in its products. Claims for compensation, recalls and product liability (as well as the risk of these occurring) may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations if they occur and are not fully covered by the Group's insurance coverage or warranty solutions. Due to the long warranty periods, claims under the warranties may be brought several years after the products were delivered. There is no certainty that the provisions made for warranties in the day-to-day management are sufficient.
- **Seasonal variations and dependence on the weather:** Nordic Waterproofing's business is affected by seasonal variations, where the months of January, February and December being the weakest months. During the period 2012–2015, average sales in these three months accounted for approximately 16 per cent., whilst sales in the other nine months accounted for approximately 84 per cent. In general, there is a certain degree of stockpiling during the winter months, which transfers to a stock depletion during the summer months as a result of the increased activity in the market. The seasonal variations may affect the Group's turnover and earnings for the different quarters. If winter comes early, it may, *inter alia*, have the effect that many of the Company's customers choose to postpone planned projects, which, in turn, has an effect on annual earnings. The same applies if the winter is long and the season starts late in the year. Furthermore, combined with customised production, the seasonal variations entail capacity planning which must partly be carried out in advance. If the variations prove to be more considerable than expected, this may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.
- **Environmental permits and operations hazardous to the environment:** The production facilities in Sweden, Finland and Denmark are subject to mandatory reporting obligations and require permits. The operations affect the external environment primarily through noise and emissions. Changes to legislation or rules issued by public authorities, entailing new or more stringent requirements or changes in conditions in respect of health, safety and the environment, as well as a move towards a more stringent application of legislation and regulations (by public authorities), may require further investment and result in higher costs and other obligations for the operations conducted by Nordic Waterproofing which are subject to such rules and regulations. In addition, Nordic Waterproofing's operations may have caused, or may cause, contamination.

The risks described above are not the only risks relevant to the Group. Additional risks not currently known to the Group, which, based on a standard risk analysis, the Group considers to be immaterial, may impair the Group's business activities and have a significant adverse effect on its business, financial position and results of operations.

D.3	<i>Key risks specific to the securities</i>	<p>All investments in securities are associated with risks. Such risks may cause a considerable decline in the price of Nordic Waterproofing's shares and investors could lose all or part of their investment. Risks relating to the Company's shares include the following:</p> <ul style="list-style-type: none"> <li>■ <b>Share price, liquidity and volatility:</b> There is no certainty that there will be an active, liquid market for trading in the Company's shares and the share price may be volatile, which may restrict or prevent investors from being able to quickly sell their shares, and investors may not be able to sell their shares at or above the price of the shares in the Offer.</li> <li>■ <b>Absence of dividends:</b> The ability for the Company to pay dividends in the future may be limited and is dependent on a number of factors. There is a risk that no dividend will be proposed or decided upon in a particular year in the future.</li> <li>■ <b>Shareholders with significant influence:</b> After the completion of the Offer, the Principal Owner will own at least than approximately 23.2 and not more than approximately 39.3 per cent. of the shares in Nordic Waterproofing, depending on whether the Offer is increased and whether the Over-Allotment Option is exercised. This means that the Principal Owner will continue to exert a significant influence over the Company and most of the decisions which require the approval of the Company's shareholders. The interests of the Principal Owner could differ from or be in conflict with Nordic Waterproofing's interests or the interests of the Company's other shareholders. For example, there may be a conflict between the interests of the Principal Owner, on the one hand, and the interests of the Company or its other shareholders, on the other, as regards, <i>inter alia</i>, dividends.</li> </ul>
-----	---	---

## SECTION E – OFFER

E.1	<i>Net proceeds and expenses</i>	<p>The Offer relates to existing shares in Nordic Waterproofing, which means that the Company will not receive any funds as a result of the offer. Furthermore, Nordic Waterproofing will not receive any portion of the sales proceeds from sales of existing shares by selling shareholders. Based on the price range referred to in E.3 below, the total value of the Offer is between approximately SEK 795 million and SEK 915 million, and between approximately SEK 1,097 million and SEK 1,263 million if the offer is increased in full in accordance with E.3 below and the Over-Allotment Option referred to in E.3 below is exercised in full. It is estimated that the total costs relating to the Offer will amount to approximately SEK 30–32 million.</p>
E.2a	<i>Reasons for the Offer and use of proceeds</i>	<p>Nordic Waterproofing has, under Axcel's ownership, a proven track record of successfully integrating four completed acquisitions into its business. A number of strategic initiatives have been implemented, especially in recent years, in order to strengthen Nordic Waterproofing's business concept and increase its operational efficiency and competitiveness. Due to a strong focus on profitability over volume, extensive investment in operational improvements, such as recipe optimisation, productivity improvements, and streamlining of purchasing and pricing, Nordic Waterproofing has steadily improved its profitability since 2012. The measures it has taken makes Nordic Waterproofing well-equipped to deliver further growth with improved profitability and the Company is ready to meet and take advantage of the expected growth in the market.</p> <p>Nordic Waterproofing's leading position has contributed to stable revenues in recent years despite occasionally challenging market conditions. During 2015, the Company's sales improved from SEK 1,679 million to SEK 1,720 million, corresponding to an increase of 2.5 per cent., while the Company has increased the EBIT margin before items affecting comparability from 9.9 per cent. to 10.6 per cent. compared with the same period previous year. Axcel's business concept is to invest in medium-sized companies and, after a number of years, when the established goals have been met, sell its holdings. Together with Nordic Waterproofing, Axcel has implemented a number of key strategic initiatives and established Nordic Waterproofing as a leading, well-reputed provider in the industry.</p> <p>In light of this, Nordic Waterproofing's board of directors and management, together with the Principal Owner, have concluded that the Company is now ready to take the next step in its development and consider the timing to be accurate to diversify the Company's shareholder base and apply for a listing of the Company's shares on Nasdaq Stockholm. The Company's board of directors and management are of the opinion that an initial public offer also benefits the Company since it gives Nordic Waterproofing access to the Swedish and international capital markets to increase its financing options for any future capital needs.</p>

<b>E.3</b>	<i>Terms and conditions of the Offer</i>	Not applicable.
<b>E.4</b>	<i>Interests and conflicts of interest</i>	The Joint Global Coordinators and Joint Bookrunners and Moelis provide financial advice and other services to Nordic Waterproofing and the Principal Owner in relation to the Offer, for which they will receive customary remuneration. The total remuneration payable is dependent on the success of the Offer. The Joint Global Coordinators and Joint Bookrunners and Moelis have also from time to time provided, and may in the future provide, services to the Principal Owner and parties closely related to the Principal Owner in the course of the Company's day-to-day operations in connection with other transactions.
<b>E.5</b>	<i>Seller of the securities and lock-up agreements</i>	<p>The Principal Owner, KIRKBI and certain board members, senior executives and employees of the Company and advisors to the Principal Owner will sell shares in the Offer. Through the agreement on placing of shares that is expected to be entered into on or about 9 June 2016, the Principal Owner, shareholding members of the board of directors and group management, as well as certain other shareholding key individuals within the Group will commit, subject to certain reservations, not to sell their respective holdings during a certain period of time after the first day of trading in the shares on Nasdaq Stockholm (the "Lock-up Period"). The commitments do not apply for the shares sold under the Offer. The Lock-up Period for the Principal Owner and KIRKBI will be 180 days, and for shareholding board members and certain shareholding employees, including senior executives, 360 days. After the expiration of the Lock-up Period, the shares may be offered for sale, which may affect the market price of the share. The Joint Global Coordinators and Joint Bookrunners may grant exemptions from these commitments.</p> <p>In the above-mentioned agreement, the Company will commit to the Joint Global Coordinators and Joint Bookrunners to, <i>inter alia</i>, subject to certain exceptions, during a period of 360 days from the first day of trading in the Company's shares on Nasdaq Stockholm, not to resolve, or propose to the shareholders to resolve at a general meeting, to increase the share capital through a new issue of shares or other financial instruments without the written approval of the Joint Global Coordinators and Joint Bookrunners.</p>
<b>E.6</b>	<i>Dilution</i>	Not applicable. The Offer will not result in any dilution effect.
<b>E.7</b>	<i>Expenses charged to the investor</i>	Not applicable. No commission is payable.

# RISK FACTORS

An investment in Nordic Waterproofing's shares is associated with a number of risks. A number of factors affect or may affect Nordic Waterproofing's business, results of operations, financial position and future prospects, both directly and indirectly. Some of the risk factors and major circumstances deemed to be of importance to Nordic Waterproofing's business, results of operations, financial position and future prospects are described below, in no particular order of priority and without any claim to be exhaustive. Other risks presently unknown to the Company, or which the Company at present deems to be insignificant, may in the future have a significant adverse effect on Nordic Waterproofing's business, results of operations, financial position and future prospects. Such risk factors may also cause a considerable decline in the price of the Company's shares and investors could lose all or part of their investment. In addition to this section, an investor should also consider other information in the Prospectus.

The Prospectus contains forward-looking statements that may be affected by future events, risks and uncertainties. The Company's actual results may be considerably different from the expected results in these forward-looking statements due to many factors, including the risks described below.

## **RISKS RELATED TO THE COMPANY'S OPERATIONS AND MARKETS**

### **Development in the construction market, general state of the economy, and other macroeconomic factors**

Nordic Waterproofing conducts business in several countries and, like other companies, is affected by the general financial and political situation the global, regional and local level. The state of the global economy and adverse changes to the economy in Europe, primarily in the Nordic region, and globally, as well as geopolitical concerns, an economic downturn and a reduction in consumer confidence may lead to a fall in demand for Nordic Waterproofing's products and services, which would have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

The waterproofing market is a relatively small niche within the construction market as a whole and generally follows the fluctuations in the construction industry and the waterproofing market, similarly to the construction market, comprises both the construction of new-buildings and renovation of existing buildings. The market for new-build is strongly connected to the general state of the economy and has historically been more cyclical than the renovation market, but the renovation market also follows the state of the economy. The value of both the construction market and the waterproofing market as a whole, measured over the past few years, have declined, and there is a risk that the value of the market will continue to decline. Demand for Nordic Waterproofing's products and services may fall as a result of lower construction activity. There is also a risk that Nordic Waterproofing will be unable to benefit from a future recovery and upturn in the construction market. If these risks were to materialise, it may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

### **Seasonal variations and dependence on the weather**

Nordic Waterproofing's business is affected by seasonal variations, the months of January, February and December being the weakest months. During the period 2012–2015, average sales in these three months accounted for approximately 16 per cent. of sales, whilst sales in the other nine months accounted for approximately 84 per cent. of sales. In general, there is a certain degree of stockpiling during the winter months, which transfers to a stock depletion during the summer months as a result of the increased activity in the market. The seasonal variations may affect the Group's turnover and earnings for the different quarters. If winter comes early, it may, *inter alia*, have the effect that many of the Company's customers choose to postpone planned projects, which, in turn, has an effect on annual earnings. The same applies if the winter is long and the season starts late in the year.

Furthermore, combined with customised production, the seasonal variations entail capacity planning which must partly be carried out in advance. If the variations prove to be more considerable than expected, this may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

### **Unforeseen risks and costs relating to acquisitions**

Part of Nordic Waterproofing's strategy is to evaluate and potentially carry out acquisitions of additional companies and businesses. Historically, the Company has grown, entered new markets and taken market shares through acquisitions. The risk associated with these acquisitions is that the Company will be subject to unforeseen business-related risks associated with the acquired companies. Nordic Waterproofing may also incur unforeseen expenditure when establishing itself on new markets. In addition to risks specific to the company and geographical risks, the acquired companies' relationships

with key individuals and customers may be adversely affected. There is also a risk that integration processes may take longer or be more costly than anticipated, and that expected synergies fail to, or only partially, materialise. As a result, the value of assets relating to the acquisitions – goodwill – may not be realised and, consequently, may need to be written down. If these risks were to materialise, it may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Risks relating to product development**

Nordic Waterproofing launches and further develops existing products in order to contribute to continued organic growth, safeguard existing market shares, and take new market shares. When developing new or existing products, there is always a risk that their launch will not be successful. If the launch of a new or developed existing product is unsuccessful, this may result in increased costs at the time of the launch or increased requirements arising from defects in the product, which may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Risks relating to the franchise model in Denmark**

In Denmark, Nordic Waterproofing has adopted a strategy to break into the Danish market by owning minority interests in franchise companies, which are significant to the Company's turnover since they account for a substantial proportion of Nordic Waterproofing's sales to contractors. Nordic Waterproofing owns minority stakes in the franchise companies (usually 40 per cent.), while the members of senior management of the individual franchise companies are majority shareholders. These members of senior management are often individuals with a strong entrepreneurial drive. There is a risk that the members of senior management of the franchise companies may have different business strategies to those pursued by Nordic Waterproofing and have the ability to prevent business and financial decisions being made or otherwise implement proposals which may not serve Nordic Waterproofing's interests. The members of senior management of the franchise companies may be prevented from complying, or unwilling to comply, with their obligations under the relevant franchise agreements and shareholders' agreements, which may result in the members of senior management of the franchise companies deciding to end the cooperation. Although the franchise agreements entered into with Nordic Waterproofing contain non-compete and non-solicitation provisions, and although the Company considers these provisions valid, there is a risk that these provisions may not be upheld if the members of senior management of the franchise companies are regarded as employees rather than part-owners/partners, which may render the provisions invalid. Any cooperation where there are no valid non-compete and non-solicitation provisions carries a

risk that the members of senior management of the franchise companies will start cooperating with competitors and customers. If Nordic Waterproofing's existing franchise agreements terminate, or are restricted or otherwise changed in such a way which is unfavorable to Nordic Waterproofing, this may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Competition on the market**

Nordic Waterproofing's largest markets are Sweden, Denmark, Finland and Norway. The level of competition on these markets varies between the different countries and Nordic Waterproofing is exposed to particularly strong competition within certain product areas. If Nordic Waterproofing's competitors develop their products, improve their production methods or are able to offer their products at lower prices, customers may prefer competitors' products over Nordic Waterproofing's current and future products. If any of these risks were to materialise, it may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

There is a risk that synthetic materials, such as PVC and TPO, which account for a small proportion of the Company's turnover, may increase in popularity at the expense of bitumen, which accounts for a large proportion of the Company's turnover, which may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

Nordic Waterproofing's competitors are primarily Nordic companies with local production. There is a risk that an increase in import of products from European companies may result in a higher level of competition on the markets on which the company conducts business, which may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Competition law risks**

Nordic Waterproofing is subject to competition law rules in the countries in which the Group conducts business. Terms and conditions and price arrangements in agreements entered into by Nordic Waterproofing may be subject to restrictions under competition rules. Competition authorities have the power to take legal action against infringers and may require a party to an agreement to cease applying terms and conditions or prices in agreements which are found to be anti-competitive. The competition authorities and courts that apply competition rules also have the power to impose fines and other sanctions for non-compliance. There is a risk that Nordic Waterproofing has failed to comply with competition rules and may do so in the future. To the extent this is the case, the Group may be adversely affected by regulatory sanctions and measures, and may be unable to apply terms and conditions of agreements which have been found to

be in violation of the rules. Furthermore, Nordic Waterproofing's position on certain markets may result in the competition authorities coming to the view that Nordic Waterproofing has significant market power on these markets. Significant market power on one or more markets may result in Nordic Waterproofing being restricted from acting freely on these markets and in growing through acquisitions, which may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

Since 20 November 2014, Nordic Waterproofing A/S and other providers of waterproofing products have been subject to an investigation by the Danish Competition and Consumer Authority (the "DCCA"). The investigation is still in its relatively early stages. On 17 September 2015, the DCCA issued a so-called Notice of Concern stating its preliminary hypothesis with regard to potential restrictions of competition in the Danish market resulting from the adoption and application of product standards for waterproofing products. Nordic Waterproofing A/S does not agree with the DCCA's judgement. If the DCCA decides that Nordic Waterproofing A/S has breached the competition rules as outlined in the Notice of Concern, Nordic Waterproofing A/S could be exposed to a fine as well as civil actions for damages. Any fine would be calculated on the basis of the new Danish fining guidelines, which so far have never been applied in practice. The alleged infringement outlined in the Notice of Concern would likely amount to a "serious infringement". According to the new guidelines, the basic amount of a fine for such infringement is DKK 4–20 million. A formal decision is unlikely to be adopted before late 2016 at the earliest. Moreover, a potential decision would be subject to appeal before the Competition Appeals Board, and thereafter before the ordinary courts. Irrespective of whether the DCCA considers that Nordic Waterproofing is in breach of the rules, there is a risk that the investigation by the competition authorities may have an adverse effect on the Group's reputation. If these risks were to materialise, it may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Inability to capitalise on existing customers**

Nordic Waterproofing's customers consist of contractors, builders' merchants and end-users. Contractors are the largest customer group, followed by builders' merchants. Agreements with contractors are based largely on standard agreements which, either wholly or partly, incorporate general terms and conditions used in the industry (for example ABM07 in Sweden, AB92 in Denmark, YSE98 and RYHT2000 in Finland, and NS 8409 in Norway). Nordic Waterproofing's agreements with builders' merchants, similarly to agreements with other companies operating in the industry, are based on standardised sale and purchase agreements used by the builders' merchants (a number of which incorporate general terms and conditions used in the industry). The customer agreements

generally have a short term (one year periods) or are terminable on short notice. Relationships with contractors where no formal contracts are entered into may be dependent on personal contacts and networks, which are at risk of being lost if an employee at the Group or a customer leaves, is replaced or joins a competitor. In addition, Nordic Waterproofing's customer agreements do not contain any obligations as regards purchasing volumes. The absence of purchasing obligations may entail that customers stop buying Nordic Waterproofing's products without prior notice. Builders' merchants constitutes a relatively consolidated market but may, however, be subject to further consolidation through mergers and acquisitions. Any additional consolidation of builders' merchants in Sweden, Norway, Denmark and Finland may result in the centralisation of purchases of waterproofing material to fewer operators with a stronger bargaining position, resulting in price pressure. Therefore, the loss of individual agreements with builders' merchants to competitors may in the future have a greater adverse effect on Nordic Waterproofing's turnover than a corresponding loss would have in the current climate. If Nordic Waterproofing is unable to retain its existing customers or otherwise capitalise on its customer base, this may lead to a decline in sales, which, in turn, may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Risks related to suppliers**

Nordic Waterproofing's products consist of components from a number of suppliers. In order to be able to manufacture, sell and deliver products, Nordic Waterproofing is dependent on suppliers meeting agreed requirements as regards for example quantity, quality and delivery times. Many of the Group's relationships with suppliers are governed by email correspondence, price lists or short-term contracts which do not contain clear terms and conditions on delivery, delays, quality and allocation of risk. Nordic Waterproofing's customer agreements with builders' merchants in Sweden and Denmark contain stringent delivery terms linked to, among other things, liquidated damages/penalties in the event of delays. There is a risk that Nordic Waterproofing may be unable to protect itself against such liquidated damages/penalties by obtaining corresponding protection from suppliers in the event of delays or non-deliveries. The lack of access to Nordic Waterproofing's suppliers or price increases imposed by suppliers, which Nordic Waterproofing is unable to pass on to its customers, or other circumstances affecting Nordic Waterproofing's access to products on commercially reasonable terms, may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

In its production processes, Nordic Waterproofing is dependent on the raw material bitumen, which is currently primarily supplied by a single supplier which supplies bitumen to Nordic Waterproofing's production

facilities in Sweden, Finland and Denmark under local agreements. There is a risk that Nordic Waterproofing will not have any sufficient practicable alternative suppliers from which to purchase bitumen in the event the cooperation with the Group's primary supplier were to come to an end. If Nordic Waterproofing is compelled to use alternative suppliers, this may result in costs and transition problems in the form of for example quality checks and changes in production, which may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

Nordic Waterproofing has entered into a supply agreement with one of its principal suppliers of rubber compounds. The supply agreement contains a minimum volume commitment pursuant to which the Company is required to purchase a minimum of 23,000 tons of rubber compounds during the period up to and including 2020. The volume commitment imply a decreased possibility for the Company to purchase rubber compounds from other suppliers. If the demand for Nordic Waterproofing's rubber based products decrease, and the Company is obliged to continue purchasing rubber compounds at levels exceeding customer demands in accordance with the volume commitment, this may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

Nordic Waterproofing's second principal supplier of rubber compounds provides special rubber components. In the Company's opinion, some costs would be incurred to replace this supplier on short notice and, at the same time, maintain the production of all components. The supply agreement with this supplier has been terminated for renegotiation. The parties have renegotiated the terms of the agreement, but, as of the date of this Prospectus, have not yet entered into a new agreement but are still applying the terms of the earlier agreement, with the exception of the minimum volume commitment according to which Nordic Waterproofing undertook to purchase a significant proportion of its rubber product requirements from the supplier. If this principal supplier would cease to deliver rubber compounds to the Company, it could have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Exposure to increases in prices of raw materials**

Nordic Waterproofing is dependent on a number of input goods in order to be able to manufacture its products, primarily bitumen, a material based on raw oil, but also polyester, fiberglass and synthetic rubber. The price of bitumen is determined on a monthly basis based on the oil price, the price of the US dollar and a product markup. Although a number of Nordic Waterproofing's agreements with customers provide for the possibility to make price adjustments to compensate for any increases in prices of input goods, there may be a delay of up to nine months between the adjustment of the prices paid and the prices charged by the Company, and, in respect of certain

customer agreements, Nordic Waterproofing is only entitled to initiate negotiations to increase prices. Consequently, there is a risk that Nordic Waterproofing will be unable to compensate for an increase in the cost of input goods by imposing a higher price on a customer or that this compensation will only be obtained after a period of time, which will have an adverse effect on the Company's results of operations and financial position. From time to time, Nordic Waterproofing hedges the price of bitumen, in accordance with the Company's hedging policies, by means of hedging arrangements, whereby the Group is able to hedge up to 100 per cent. of purchases for a period of up to nine months (3–6 months being the standard hedging period). Decisions as to whether hedging will take place, and the level of hedging, are taken jointly by authorised individuals according to these policies. Hedging arrangements exceeding six months are to be approved in advance by the chairman of the board of directors. The status on outstanding hedging arrangements are reported monthly to the board of directors. However, these types of hedging arrangements will not eliminate, but merely delay, the effect of the price fluctuations. As a result, there is a risk that Nordic Waterproofing will be unable to compensate for the prices of its products in full. Reduced access to input goods or significant increases in prices of input goods may also make it more difficult and delay for Nordic Waterproofing to produce and deliver products, as well as delay such production and supply. Furthermore, there is a risk that customers may require price reductions when renegotiating customer agreements as a result of a decline in the prices of raw materials. If these risks were to materialise, it may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Claims for compensation, recalls, product liability and warranties**

Nordic Waterproofing is exposed to the risk that products it has supplied are defective. Liability to pay compensation for defective products is governed by Nordic Waterproofing's customer agreements in accordance with general terms and conditions used in the industry, contractual obligations to builders' merchants for costs arising from claims for compensation from end-users for defective products, and statutory provisions. Nordic Waterproofing is required to repair or replace the defective products and, in certain cases, may be liable in damages for both direct and, in some cases, indirect loss incurred by consumers as a result of defective products. Nordic Waterproofing is also liable in damages for damage to property and personal injury arising from safety deficiencies in its products. Depending on the product and customer, warranty periods extend from five to ten years, and up to 30 years in Sweden, Denmark and Norway. Claims for compensation, recalls and product liability (as well as the risk of these occurring) may have an adverse effect on Nordic Waterproofing's business, financial position and results of

operations if they occur and are not fully covered by the Group's insurance coverage or warranty solutions issued by the partly-owned company Aktiebolag Tätskitks-garantier in the Nordic region. Due to the long warranty periods, claims under the warranties may be brought several years after the products were delivered. There is no certainty that the provisions made for warranties in the day-to-day management are sufficient. If any of these risks were to materialise, it may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

Historically, the Group has been subject to a number of claims for compensation relating to Elastofol, the product "Aluflex 4" and the product "RubberShell". There is a risk that these claims do not turn out as the Group expects and, on the contrary, escalate, which means that the provisions made for future claims will not be sufficient, which, in turn, may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Insufficient insurance coverage**

Nordic Waterproofing is exposed to risks relating to claims, recalls, product liability and warranties, as well as assets, stoppages, the environment, transportation, and life and health. Nordic Waterproofing has a Group-wide coordinated insurance program and takes out insurance to the extent commercially reasonable. There is a risk that the scope of Nordic Waterproofing's insurance coverage may prove to be insufficient or that sufficient insurance coverage may not be available on terms acceptable to Nordic Waterproofing. A successful claim brought against Nordic Waterproofing resulting in a payout which is over and above the insurance coverage currently available may have an adverse effect on Nordic Waterproofing's results of operations. Furthermore, irrespective of whether or not it is successful and whether or not it is covered by available insurance coverage, each and every claim may increase Nordic Waterproofing's insurance premiums and have an adverse effect on the Group's reputation. Taken as a whole, this may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Exposure to disputes**

From time to time, the Group may become involved in disputes in the ordinary course of business and, similarly to other companies operating on Nordic Waterproofing's market, is at risk of legal action being brought against it in relation to agreements it has entered into, product liability, alleged defects in its deliveries of products, or failure to perform roofing work in the proper manner. Nordic Waterproofing's relationships with contracting parties could be impaired if Nordic Waterproofing is unable to satisfy the requirements imposed in the agreements entered into, which could result in agreements being terminated prematurely and/or disputes. Disputes can be

time consuming, disrupt normal operations, involve substantial amounts, and incur considerable costs and reputational risks. Moreover, it can be difficult to predict the outcome of complex disputes. Costs relating to disputes may have an adverse effect on the Company's business, results of operations, financial position and future prospects.

On 9 March 2016, Nordic Waterproofing A/S received a letter from Hydrotec Danmark A/S stipulating an alleged claim of approximately DKK 53.5 million. The alleged claim is substantiated in a draft statement of claim, which was enclosed with the letter, but no legal proceedings have since been initiated. The Company has been informed that similar letters have been sent to other market operators as well. According to the draft statement of claim, the claim concerns an alleged loss which Hydrotec Danmark A/S alleges it has suffered, and will suffer during the period 2016–2026 (the claim for future loss represents approximately DKK 34 million of the claim), due to the addressees' alleged breach of the Danish Competition Act. The alleged breach concerns the adoption of product standards for membranes for roofing and the application of those standards, the so-called TOR scheme, which provides customers, consultants and contractors with the possibility of prescribing and using certified membranes for roofing products that meet the TOR's product requirements, instructions and all applicable fire codes. However, the allegation is that the parties' actions relating to the TOR scheme have the object or effect of creating entry barriers for competitors. Additionally, it is being alleged that the conduct of Nordic Waterproofing (and that of its competitor Icopal) in this regard amounts to an abuse of a collective dominant position in the market.

As the basis for the addressees' liability, the draft statement of claim refers to a decision by the Danish Competition Council. However, to date, no such decision has been adopted and, accordingly, the draft statement of claim is highly speculative and rests upon potential future action by the Competition Council. The investigation by the DCCA, which may result in a decision by the Competition Council, is still in its relatively early stages, and the final outcome of the investigation is uncertain. Nordic Waterproofing A/S has rejected the claim in its entirety as unfounded and Hydrotec Danmark A/S has yet not filed a statement of claim. In the event an infringement decision is adopted against Nordic Waterproofing A/S, it cannot be excluded that additional claims will be filed. The received claim may result in disputes that could be time-consuming, disrupt normal operations, and incur considerable costs and reputational risks. Costs relating to such a dispute may have an adverse effect on the Company's business, results of operations, financial position and future prospects. For further information, see section "Risk factors – Risks related to the Company's operations and markets – Competition law risks".

### Disruptions in production and unplanned stoppages

Nordic Waterproofing's manufacturing and installation operations could suffer stoppages or disruptions at any stage in a process, due to, for example, fire, engine breakdowns, failures in Nordic Waterproofing's IT system, disputes with labour organisations, weather conditions or natural disasters, which may affect the ability for Nordic Waterproofing to perform its obligations to customers. Risks for, and vigilance against fire is a part of the production process, as the Company to a large extent works with oil-based raw materials that are exposed to heat and pressure and also with certain installations that requires high vigilance against fire. An event of this nature, as well as the anticipated risk of the occurrence of the event, may, in turn, result in customers using other suppliers. Various products are manufactured at Nordic Waterproofing's production facilities, which means that, in the event of a disruption, production cannot simply be transferred to another facility without considerable costs being incurred. In terms of the production of shingle, this product can only be manufactured at the production facility in Finland. Consequently, there is a risk that a production stoppage and damage, in relation to both production and installations, may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

### Dependence on IT systems and IT processes

Nordic Waterproofing's business system is automated, and the ability for Nordic Waterproofing to manage orders and stock, as well as other business-critical operations, is dependent on the Group's IT systems and IT processes functioning properly and seamlessly. Systems of this nature can be disrupted by, among other things, software failures, computer viruses, computer hacking, sabotage and physical damage. There is a risk that, depending on its duration, scope and complexity factor, an IT failure or other problem affecting an IT system may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

### Insufficient protection of intellectual property rights

Nordic Waterproofing owns a number of trademarks, domain names and patents. Nordic Waterproofing develops (either itself or together with other parties) products and technologies, and operates on a changeable product market. Nordic Waterproofing's strategy to ensure that there is sufficient protection for its trademarks and intellectual property rights is based on what the Group considers is commercially reasonable. However, there is a risk that Nordic Waterproofing will be unable to defend developed products that lack patent protection and that these products are more important to Nordic Waterproofing and its competitive position on the market than what has previously been considered to be commercially reasonable. There is also a risk that Nordic Waterproofing will be unable to defend trademarks and patents granted.

Furthermore, there is no certainty that Nordic Waterproofing will not be found to have infringed intellectual property rights owned by third parties. If Nordic Waterproofing is unable to protect unregistered self-developed products, preserve registered trademarks and patents or is found to have infringed intellectual property rights owned by third parties, this may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

### Regulatory changes and interpretations

Nordic Waterproofing is exposed to risks relating to the construction of new-buildings in the countries in which the Group operates. Changes in stimuli to encourage the construction of new-buildings, legislation, regulations and rules affecting town planning, zoning plans and land development, and building permit/planning permission regulations may change in the future in such a way as to reduce demand for Nordic Waterproofing's products both temporarily and in the long term. Furthermore, rules relating to subsidies, such as tax relief on home repairs and renovation work in Sweden (Sw: *ROT-avdrag*) and tax relief on household services in Finland (Fi: *kotitalousvähennys*), may be changed, which could make it more expensive to carry out renovation work on roofs, thereby reducing demand for Nordic Waterproofing's products both in the short term and the long term. Regulatory changes of this nature may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

Nordic Waterproofing is also exposed to risks relating to changes to, and the enactment of, legislation governing the use of input products needed to manufacture its products, the production itself, and the environmental permits required to carry out production at Nordic Waterproofing's production facilities. Changes of this nature may result in certain products no longer being manufactured, their production being unprofitable or their being significantly more expensive than is currently the case. In addition, there is a risk that requirements imposed for obtaining applicable certificates and permits may change in such a way that the Group is unable to obtain a relevant certificate or permit without changes being made to the production process. Regulatory changes of the nature referred to above may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

### Environmental permits and operations hazardous to the environment

The production facilities in Sweden, Finland and Denmark are subject to mandatory reporting obligations and require permits. The operations affect the external environment primarily through noise and emissions. Changes to legislation or rules issued by public authorities, entailing new or more stringent requirements or changes in conditions in respect of health, safety and the

environment, as well as a move towards a more stringent application of legislation and regulations by public authorities, may require further investment and result in higher costs and other obligations for the operations conducted by Nordic Waterproofing which are subject to such rules and regulations. If Nordic Waterproofing is unable to handle these changes cost-effectively or maintain requisite permits, this may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

Nordic Waterproofing's operations may have caused, or may cause, contamination. It has been noted that contamination has been detected at two properties in Denmark owned by the Group. In respect of one of the properties which is contaminated, Nordic Waterproofing is required to put in place a functioning groundwater treatment system. As regards the second property, there is a risk that the public authorities may claim that the former owner should be obliged to carry out cleaning and restitution measures, which might result in the former owner, in turn, bringing a claim against Nordic Waterproofing on contractual grounds. Nordic Waterproofing has not conducted a technical survey of the land at the production facilities in Värnamo, which means that there is a risk that the Group has not identified potential contamination caused by its operations there. Any contamination resulting from the Group's operations may result in the Group being ordered to carry out cleanup and restitution measures at significant cost, which may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

Nordic Waterproofing's operations in Värnamo are to some extent integrated with the former owner's group company, Trelleborg Sealing Profiles Sweden AB, and the production facilities are located on adjacent properties. The operations share an environmental permit for the production of 25,000 tons of rubber products each year. The operator is responsible for ensuring compliance with conditions attached to permits and, in the event of a breach of applicable conditions for operations hazardous to the environment or contamination, the public authority may bring a claim against the party that is regarded as being the operator. Since the permit is shared between two different operators, there is a risk that public authorities may bring a claim against either Nordic Waterproofing or Trelleborg Sealing Profiles Sweden AB in the event of a breach of applicable conditions attached to the permit or contamination in cases where it is unclear which party contributed to the breach or the contamination. There is a risk that Nordic Waterproofing may be held liable under public law for breaching conditions or contamination that were not caused by Nordic Waterproofing's operations. If this risk were to materialise, it may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

Nordic Waterproofing uses oxidised bitumen in its production in Sweden and Denmark. According to a 2011

study produced by the WHO organisation the International Agency for Research on Cancer, oxidised bitumen can be carcinogenic if inhaled in the lungs. The study recommended that oxidised bitumen be classified as probably being carcinogenic. Oxidised bitumen has however not been classified as likely to be carcinogenic and the Company is not aware of any other studies published in this regard. Furthermore, the EU Regulation Reach, which aims to improve the protection of human health and the environment from risks deriving from chemical substances, has not classified the use of oxidised bitumen as carcinogenic if inhaled in the lungs. In the event oxidised bitumen is classified as being carcinogenic and Nordic Waterproofing is compelled to replace oxidised bitumen with a different bitumen quality, this may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Changes to lease relating to production facility**

Nordic Waterproofing is party to leases relating to office premises and a production facility. The Group has entered into a lease relating to the production facility in Värnamo, the landlord being Trelleborg Sealing Profiles Sweden AB, a subsidiary of the Group's former owner. The landlord also carries on its own production on the premises. If the relationships between the Group and the landlord or an affiliate of the landlord deteriorate, or if the landlord decides to extend its production on the premises, there is a risk that the landlord requires that changes will be made to terms and conditions in any future renegotiation of the lease, which may have an adverse effect on the Nordic Waterproofing's business, financial position and results of operations.

#### **Dependence on competent personnel**

It is important that Nordic Waterproofing is able to recruit, retain and motivate capable, qualified and experienced personnel and management. Key personnel are of great importance for Nordic Waterproofing's future, especially when it comes to implementing strategic objectives, and effectively directing, managing and controlling the operations in a competitive market. If key personnel resign, start working for competitors or retire from Nordic Waterproofing, and if those individuals are not adequately and efficiently replaced, or if Nordic Waterproofing is unable to recruit and/or retain qualified personnel in the future (including in procurement, development and sales functions), it may have an adverse effect on Nordic Waterproofing's business, results of operations, financial position and future prospects.

#### **Responsibility for the working environment and accidents in the workplace**

The production facilities and working environment for roofers at Nordic Waterproofing are subject to requirements regarding safety and a suitable working environment. In 2015, a fine of EUR 50 thousand was imposed on

the group company KerabitPro Oy for a workplace accident that resulted in a death. If the Group fails to draw up and uphold adequate safety instructions and ensure that its personnel comply with these instructions, there is a risk of personnel at the Group being involved in accidents, which may result in the Group incurring liability as an employer. Workplace accidents may have an adverse effect on the Group's reputation which, in turn, may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Inadequate corporate governance and compliance with policies**

Nordic Waterproofing is subject to the risk that senior management at the Group may make decisions that are not in accordance with Nordic Waterproofing's strategy, internal guidelines and/or policies. In addition, employees at Nordic Waterproofing and its customers and suppliers may act in a way that is unethical, criminal (for example, violations of applicable corruption and bribery legislation) or otherwise in breach of applicable legislation and regulations, or Nordic Waterproofing's internal guidelines and policies. If Nordic Waterproofing's internal control and other measures taken to ensure compliance with legislation, rules and regulations, internal guidelines and policies prove to be insufficient, this may damage Nordic Waterproofing's reputation and have an adverse effect on its business, financial position and results of operations.

#### **Dependence on external funding**

Nordic Waterproofing is financed by equity and debt, and is therefore exposed to the risks associated with debt financing, including breaches of covenants which may result in loans being declared due and payable prematurely. Interest payments could adversely affect Nordic Waterproofing, for example by reducing or postponing investments or by requiring Nordic Waterproofing to sell assets, increase the share capital or restructure the debt on unattractive terms.

Nordic Waterproofing may require additional capital in the future due to unforeseen liabilities or in order to take advantage of business opportunities. Nordic Waterproofing may not be able to obtain necessary financing in a timely manner on acceptable terms, or at all, in the future. Financing risks may have an adverse effect on Nordic Waterproofing's business, results of operations, financial position and future prospects.

#### **Interest rate risks**

Nordic Waterproofing is subject to interest rate risks from borrowings with a floating rate. Nordic Waterproofing may enter into and maintain certain hedging arrangements designed to fix or limit risk on a portion of these rates, but in the future such arrangements may not be available on commercially reasonable terms. Hedging arrangements may involve certain risks in themselves, including the risk that Nordic Waterproofing may need to pay a significant

amount to terminate them. If interest rates were to rise significantly, Nordic Waterproofing's interest expenses would correspondingly increase, and thus reduce the free cash flow, which may have an adverse effect on Nordic Waterproofing's business, results of operations, financial position and future prospects.

#### **Currency risks**

Nordic Waterproofing is subject to currency risks in the form of exposure to transactions and translation of currencies. Transaction exposure arises in connection with acquisitions and sales of goods and services in currencies other than the local currency of the relevant subsidiary. The Group has significant cash flows in foreign currencies, the most important of which are EUR, DKK and NOK. When subsidiaries' balance sheets and income statements in local currency are translated into SEK, a translation gain or loss arises. The income statement is translated into the average weighted price during the year, while the balance sheet is translated into the price at the end of the reporting period. The translation exposure constitutes the risk represented by the translation difference in the form of the change in equity. If measures taken by Nordic Waterproofing to hedge or otherwise manage the effects of currency fluctuations prove to be insufficient, this may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Credit risks**

Nordic Waterproofing is subject to commercial credit risks in its relationships with customers. If these customers fail to perform obligations, due to for example financial difficulties, or if measures taken by Nordic Waterproofing to manage credit risks prove to be insufficient, this may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

#### **Dependence on the cash flow from subsidiaries**

Nordic Waterproofing's principal assets consist of the Group's direct and indirect shareholdings in subsidiaries. Nordic Waterproofing's ability to make required payments of interest on its debts and funding of the Group's operations, as well as to pay dividends, is affected by the ability of the subsidiaries to transfer available cash resources to their parent company. The transfer of funds to a parent company from its subsidiaries (by way of dividends, intercompany loans or otherwise) may be restricted or prohibited by legal and contractual requirements applicable to the respective subsidiaries and their board members. Limitations or restrictions on the transfer of funds between companies within the Group may become more restrictive in the event that the Group experiences difficulties with respect to liquidity and its financial position. This may have an adverse effect on Nordic Waterproofing's business, results of operations, financial position and future prospects.

### Tax-related issues

Nordic Waterproofing operates its business, calculates its incurred tax expenses and determines the extent to which deferred tax claims exist in its financial statements in accordance with its interpretation of the applicable tax laws. There is a risk that Nordic Waterproofing's interpretation and application of applicable laws, rules and regulations, judicial practice and the administrative practices of relevant tax authorities has not been or will not continue to be correct or that such laws, rules and regulations, or judicial practices will change, potentially with retroactive effect. There is a risk that the tax authorities in relevant countries will make decisions which are different from Nordic Waterproofing's interpretation. Tax authorities may have a different view to Nordic Waterproofing particularly as regards transactions between group companies in different countries (referred to as transfer pricing issues). If these risks were to materialise, this may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

Nordic Waterproofing has grown by means of a number of acquisitions. Although Nordic Waterproofing has obtained the advice of experts in connection with the acquisitions, acquisitions generally entail exposures of current and future tax positions relating to the targets of the acquisitions. This may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

Some of Nordic Waterproofing's employees have directly or indirectly acquired shares and options in the Company. At the time of the acquisitions, there was no public market for the shares. In the event tax authorities were to consider the purchase price to be lower than the fair market value for such investments, there is a risk that Nordic Waterproofing may become liable to pay social security contributions based on the difference between the tax authority's view of the fair market value and the purchase price at the time of the investment. This may have an adverse effect on Nordic Waterproofing's business, financial position and results of operations.

There is currently political pressure to change the international tax environment. In light of the Base Erosion and Profit Shifting (BEPS) Action Plan, launched by the OECD (Organisation for Economic Co-operation and Development), and its development, and corresponding activities within the European union, there are indications that there is support for global tax coordination among jurisdictions, which could have a significant impact on the international taxation landscape in which Nordic Waterproofing operates. The tax position, both for previous and the current year, may thus change as a result of decisions by tax authorities or as a result of changes in laws, treaties and other regulations. Such decisions or changes, potentially with retroactive effect, could have a material adverse effect on Nordic Waterproofing's business, results of operations and financial position.

As far as the Company is aware, Nordic Waterproofing is in compliance with applicable tax legislation, rules and

regulations, rules of law based on case law and administrative practices applied by relevant tax authorities.

### Write-down of the value of goodwill

Nordic Waterproofing carries significant goodwill on its balance sheet. Nordic Waterproofing monitors relevant circumstances, such as the Group's operations as well as general economic conditions and the potential impact that such circumstances might have on the valuation of Nordic Waterproofing's goodwill. There is a risk that changes in such circumstances, or in the numerous variables associated with the judgments, assumptions and estimates made by Nordic Waterproofing in assessing the appropriate valuation of its goodwill, could in the future require Nordic Waterproofing to write down a portion of its goodwill and record related non-cash impairment charges. If Nordic Waterproofing were required to write down a portion of its goodwill and record related non-cash impairment charges, it could have an adverse effect on Nordic Waterproofing's business, results of operations, financial position and future prospects.

## RISKS RELATED TO THE OFFER AND NORDIC WATERPROOFING'S SHARES

### Share price, liquidity and volatility

There has been no public market for the Company's shares prior to the Offer. The Company cannot predict the extent to which investors' interest in the Company will result in the development of a market for trading on Nasdaq Stockholm or how liquid this market will be. If no active market for trading develops, investors may have difficulty in selling shares that they buy in the Company. The price of the shares in the Offer will be determined by Nordic Waterproofing's board of directors and the Principal Owner in consultation with the Joint Global Coordinators and Joint Bookrunners, and there is no certainty that the price reflects the share price after the implementation of the Offer. There is no certainty that investors will be able to sell their shares at or above the price of the shares in the Offer.

It is likely that the price of the Company's shares will be volatile and subject to price fluctuations resulting from various factors, including the following:

- the conditions on the stock market in general or the conditions in the Company's industry sector in particular;
- actual or anticipated fluctuations in the Company's quarterly earnings;
- the issuance of new or amended reports or recommendations from securities analysts;
- sales of large blocks of shares;
- new or leaving key individuals;
- legal disputes and investigations by public authorities; and
- financial and political circumstances or events both in Sweden and globally.

These and other factors may cause fluctuations in the market price and demand for the Company's shares, which may restrict or prevent investors from being able to quickly sell their shares and may otherwise have an adverse effect on the liquidity in the Company's shares.

In addition, the market for trading in the Company's shares will be influenced by the research and reports that industry and securities analysts publish about the Company or its business. If one or more of these analysts ceases coverage of the Company's business or fails to publish reports on the Company regularly, the Company could lose visibility in the financial markets, which in turn could cause the Company's share price or trading volume to fall. Moreover, if one or more of the analysts who cover the Company's business adversely changes their recommendations regarding the Company's shares or if the Company's operating results do not meet their expectations, the Company's share price could decline.

#### **Absence of dividends**

The existence and size of any future dividend from the Company is dependent on a number of factors, such as the Company's business development, results of operations, financial position, cash flow and need for working capital. There are many risks that may affect the Company's earnings and there is no guarantee that the Company will be able to present results that enable dividends to be distributed to shareholders in the future. If no dividend is distributed, returns on the investment in the Company will solely be generated by the potential development of the share price.

#### **Restrictions on shareholders in jurisdictions outside Sweden and Denmark participating in new share issues**

Under Danish law, companies are required to offer their shareholders the opportunity to participate in all new issues of shares for cash on a *pro rata* basis, unless a resolution is specifically adopted at a general meeting to disapply these rights. However, shareholders in other countries may be prevented from participating in such new issues and/or their participation may be limited in other ways. For example, shareholders in the United States may be prevented from participating if the shares or subscription rights are not registered pursuant to the Securities Act and no exemption from the registration requirements applies. Shareholders in other jurisdictions outside Sweden and Denmark may be affected in a similar manner if the subscription rights or the new shares are not registered with the relevant authorities in such jurisdictions. The Company has no obligation to assess whether there are registration requirements pursuant to the Securities Act or corresponding legislation in other jurisdictions and the Company has no obligation to file for registration of the Company's shares or the sale of the Company's shares pursuant to any such legislation outside of Sweden and Denmark. The potential restrictions for shareholders in jurisdictions outside of Sweden

and Denmark to participate in new issues may result in their shareholding being diluted or declining in value.

#### **Shareholders with significant influence**

After the Offer, the Principal Owner will own between not less than approximately 23.2 per cent. and not more than approximately 39.3 per cent. of the shares in Nordic Waterproofing, depending on whether the Offer is extended and whether the Over-Allotment Option is exercised.

This means that the Principal Owner will continue to exert a significant influence over the Company and most of the decisions which require the approval of the Company's shareholders. The interests of the Principal Owner could differ from or be in conflict with Nordic Waterproofing's interests or the interests of the Company's other shareholders. For example, there may be a conflict between the interests of the Principal Owner, on the one hand, and the interests of the Company or its other shareholders, on the other, as regards, *inter alia*, dividends. Such conflicts of interests may have an adverse effect on the Company's business, results of operations, financial position and future prospects.

#### **Risks related to disposals of shares by major shareholders, board members or senior management**

In connection with the Offer, the Principal Owner and KIRKBI has undertaken, subject to certain exceptions, not to sell (or otherwise directly or indirectly transfer) its remaining shareholding in the Company during the first 180 days after the first trading day on Nasdaq Stockholm. In connection with the Offer, the shareholding board directors and senior management of the Company have undertaken, subject to certain exceptions, not to sell (or otherwise directly or indirectly transfer) their remaining shareholdings in the Company during the first 360 days after the first trading day on Nasdaq Stockholm. There are certain exemptions from these undertakings provided by the Principal Owner, shareholding board members and senior management, and these undertakings may be waived, in whole or in part, by the Joint Global Coordinators and Joint Bookrunners. Sales or the expectation of sales of the Company's shares by the Principal Owner, board members or members of senior management, irrespective of whether this involves the sale of existing shares after the expiry of the above periods or shares acquired in other ways, could have an adverse effect on the market price of the Company's shares.

#### **Shareholders are subject to foreign currency exchange rate risk**

The shares will be denominated in SEK and the market price of the shares upon admission to trading on Nasdaq Stockholm and the trading currency of the shares will be in SEK. As a result, investors whose principal currency is not SEK will be exposed to foreign currency exchange rate risk with respect to the sale of any shares on the second-

any market. Any dividends or distributions of profits from the Company will also be paid in SEK. An investment in the shares by an investor whose principal currency is not SEK exposes the investor to foreign currency exchange rate risk with respect to dividends received on the shares. Any depreciation of SEK in relation to such other foreign currency will reduce the value of an investment in the shares or any dividends or other distributions, and any appreciation of SEK will increase the value in foreign currency terms.

### **Regulatory costs and resources**

As a company listed on Nasdaq Stockholm, Nordic Waterproofing must comply with certain laws, rules and regulations and requirements which the Company did not need to comply with before the listing.

As a result, Nordic Waterproofing will incur costs, for example legal advice and accounting, which the Company did not have as an unlisted company, and certain activities will be more difficult, require more time and/or become more expensive, and the demands imposed on the Company's systems and resources will increase. In addition, the board of directors and senior management may need to devote a considerable amount of time and effort to ensure compliance with these laws, rules and regulations and requirements, which may entail that less time and effort can be devoted to other aspects of the business. This may have an adverse effect on the Company's business, results of operations, financial position and future prospects. The increase in administrative expenses may be particularly onerous for Nordic Waterproofing, since, in its capacity as a Danish company listed on Nasdaq Stockholm, Nordic Waterproofing will be subject both to Swedish and Danish rules.

### **Issued subscription undertakings are not secured**

AMF, Carnegie Fonder and Swedbank Robur Fonder have undertaken to acquire shares in the Offer corresponding to 2.75, 5.5 and 7.5 per cent., respectively, of the total number of shares in the Company. The subscription undertakings are, however, not secured through bank guarantees or other similar arrangements. Further, the subscription undertakings are subject to certain conditions, e.g. that the first day of trading in the Company's shares will occur not later than on 10 June 2016. In the event that any of the conditions are not fulfilled, there is a risk that the subscription undertakings are not fulfilled, which could have an adverse effect on the completion of the Offer.

# INVITATION TO ACQUIRE SHARES IN NORDIC WATERPROOFING

The Company's board of directors and the Principal Owner have resolved to diversify the ownership of shares in the Company through a sale of existing shares. Accordingly, Nordic Waterproofing's board of directors has applied for a delisting of the Company's shares on Nasdaq Stockholm. The sale of existing shares is expected to support Nordic Waterproofing's future growth and development, among other things, by an improved access to capital markets.

Pursuant to the terms and conditions set forth in the Prospectus, investors are hereby offered to acquire a maximum of 12,041,968 existing shares in Nordic Waterproofing. The existing shares are offered by the Principal Owner, KIRKBI and certain board members, senior executives and employees of the Company and advisors to the Principal Owner. The Principal Owner and KIRKBI has reserved the right to increase the Offer by an additional maximum of 2,408,394 existing shares in Nordic Waterproofing. If the Offer is increased in full, the Offer will amount to up to 14,450,362 shares.

In order to cover any over-allotment in connection with the Offer, the Principal Owner and KIRKBI has granted an option ("Over-Allotment Option") to the Joint Global Coordinators and Joint Bookrunners, which can be exercised in full or in part for a period of 30 days from the first day of trading in the Company's shares on Nasdaq Stockholm, to acquire an additional amount of up to 2,167,554 existing shares from the Principal Owner and KIRKBI, corresponding to no more than 15 per cent. of the number of shares in the Offer (including a potential increase of the Offer), for a price equal to the Offer price.

The price per share in the Offer will be determined through a book-building process. The final price per share in the Offer is expected to be set within the range SEK 66–76 by Nordic Waterproofing's board of directors and the Principal Owner in consultation with the Joint Global Coordinators and Joint Bookrunners. The final price in the Offer is expected to be made public through a press release on or about 10 June 2016.

Provided that the Offer is increased in full, that the Over-Allotment Option is exercised in full, and that the final price in the Offer is equal to the midpoint of the price range (SEK 71), the Offer will comprise up to 16,617,916 shares, which corresponds to approximately 69 per cent. of the shares and the voting rights in the Company after the Offer. As described in the section "Share capital and ownership – Warrants", in the event, that not all warrants are exercised, the Offer will be decreased to comprise up to 11,418,632 shares, with a possibility to increase the Offer with up to 2,408,394 shares. Further, the Over-Allotment Option would be decreased to comprise 2,074,053 shares.

The total value of the Offer (without an increase), based on a final price in the Offer equal to the midpoint of the price range (SEK 71), is approximately SEK 855 million. If the Offer is increased in full, the total value of the Offer will be SEK 1,026 million (and approximately SEK 1,180 million if the Over-Allotment Option is exercised in full). The Company will not receive any proceeds from the sale of the shares that the Principal Owner, KIRKBI and certain board members, senior executives and employees of the Company and advisors to the Principal Owner are selling in the Offer.

AMF, Carnegie Fonder and Swedbank Robur Fonder ("Cornerstone Investors") have undertaken, in the Offer, on certain conditions, e.g. that the first day of trading in the Company's shares will occur not later than on 10 June 2016, to acquire shares corresponding to a total of approximately 15.75 per cent. of the total number of shares in the Company. In addition to the Cornerstone Investors, Martin Ellis, the CEO of Nordic Waterproofing, has committed to acquire 195,845 shares in the Company, corresponding to approximately 0.8 per cent. of the total number of shares in the Company, assuming a price in the Offer corresponding to the midpoint of the price range for the Offer and at the application of an exchange rate where EUR 1.00 corresponds to SEK 9.27. The undertaking is subject to certain conditions. Thereto, Ulf Gundemark, chairman of the board of directors of Nordic Waterproofing, has undertaken to acquire 20,000 shares in the Offer through his wholly owned company GUMACO AB.

Vejen, Denmark, 30 May 2016

**Nordic Waterproofing Holding A/S**

*Board of Directors*

**AXCEL IV K/S**

**AXCEL IV K/S 2**

**AX Management Invest K/S**

**AX Management Invest II K/S**

*The board of directors of Nordic Waterproofing Holding A/S is responsible for the content of the Prospectus. The board of directors hereby declares that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.*

*The board of directors of Nordic Waterproofing Holding A/S alone is responsible for the content of the Prospectus in accordance with what is set out herein. However, the Principal Owner, in its capacity as seller in the Offer, confirms that it is bound by the terms and conditions of the Offer.*

# BACKGROUND AND REASONS

Nordic Waterproofing, in its current form, was established in 2011 by the Principal Owner by means of a merger of the Swedish and Danish waterproofing subsidiaries of Trelleborg AB and Lemminkäinen Oy's roof installation businesses. Today, Nordic Waterproofing is one of the leading players on the waterproofing market in northern Europe. The Company provides high-quality products and solutions for waterproofing in Sweden, Finland, Denmark, Norway, Belgium, the Netherlands, Poland, the United Kingdom and Germany. The Company also provides customised installation services in Finland and Denmark. The Company markets its products and solutions under nine brands, all with long heritage, most of which are among the most established and well-recognised brands in waterproofing in their respective markets, such as Matakki and Trebolit.

Nordic Waterproofing has, under Axcel's ownership, a proven track record of successfully integrating four acquisitions into its business. A number of strategic initiatives have been implemented, especially in recent years, in order to strengthen Nordic Waterproofing's business concept and increase its operational efficiency and competitiveness. Due to a strong focus on profitability over volume, extensive investment in operational improvements, such as recipe optimisation, productivity improvements, and streamlining of purchasing and pricing, Nordic Waterproofing has steadily improved its profitability since 2012. The measures it has taken make Nordic Waterproofing well-equipped to deliver further growth with improved profitability and the Company is ready to meet and take advantage of the expected growth in the market.

Nordic Waterproofing's leading position has contributed to stable revenues in recent years despite occasionally challenging market conditions. During 2015, the Company's sales improved from SEK 1,679 million to SEK 1,720 million, corresponding to an increase of 2.5 per cent., while the Company has increased the EBIT margin before items affecting comparability from 9.9 per cent. to 10.6 per cent. compared with 2014.

Axcel's business concept is to invest in medium-sized companies and, after a number of years, when the established goals have been met, sell its holdings. Together with Nordic Waterproofing, Axcel has implemented a number of key strategic initiatives and established Nordic Waterproofing as a leading and well-reputed provider in the industry.

In light of this, Nordic Waterproofing's board of directors and management, together with the Principal Owner, have concluded that the Company is now ready to take the next step in its development and consider the timing to be appropriate to diversify the Company's shareholder base and apply for a listing of the Company's shares on Nasdaq Stockholm. The Company's board of directors and management believe that an initial public offering also benefits the Company since it gives Nordic Waterproofing access to the Swedish and international capital markets to increase its financing options for any future capital needs.

Vejen, 30 May 2016

**Nordic Waterproofing Holding A/S**

*The Board of Directors*

**AXCEL IV K/S**

**AXCEL IV K/S 2**

**AX Management Invest K/S**

**AX Management Invest II K/S**



# MARKET OVERVIEW

The Prospectus contains information from third parties comprising industry and market information, statistics and calculations derived from industry reports and industry studies, market surveys, publicly available information and commercial publications. Statements of this nature are identified by reference to the source. Certain information in this section has been obtained from a market report from 2016 produced on the Company's behalf by an independent consultancy firm. Other than as set out in this market report, there is no available information, statistics or calculations specifically regarding the relevant sub-segment on the market. The Company confirms that the information provided by third parties has been reproduced accurately and, as far as the Company is aware and able to verify itself by means of a comparison with other information that has been published by such third party, no information has been omitted which could mean that the reproduced information is inaccurate or misleading.

The information in this section contains assessments as to future development on the market and other so-called forward-looking information. Forward-looking information is no guarantee of future earnings, performance, growth or developments, and actual outcomes may differ significantly from those stated in forward-looking information. See also the section entitled "Important information – Forward-looking information and risk factors".

## INTRODUCTION

Nordic Waterproofing operates on the waterproofing market in northern Europe, which is a sub-segment of the wider construction market. The waterproofing market comprises both products and services for waterproofing of buildings and other constructions against water and wind.

The Company manufactures and sells waterproofing products and solutions, and offers installation services. Nordic Waterproofing operates primarily in Sweden,

Denmark, Finland and Norway, but is also present in Belgium, the Netherlands, Poland, the United Kingdom and Germany. In the Nordic countries, Nordic Waterproofing provides waterproofing products and solutions, primarily made of the material bitumen<sup>1)</sup>, and in Finland, and in Denmark through part-owned franchise companies, the Company also provides installation services. In Belgium, the Netherlands, Poland, the United Kingdom and Germany, the Company provides waterproofing



1) A crude-oil-based material.

products made of the synthetic rubber material, EPDM<sup>1</sup>. Nordic Waterproofing is of the opinion that it is one of the leading providers on the waterproofing market in northern Europe.

**THE ADDRESSABLE MARKET – THE WATERPROOFING MARKET IN THE NORDIC REGION AND EPDM PRODUCTS IN EUROPE**

The value of the total waterproofing market for buildings in the Nordic region was estimated to EUR 1,496 million in 2015, which corresponds to 1.4 per cent. of the total construction market.<sup>2</sup> The European market for EPDM products was estimated to EUR 155 million in 2015.<sup>2</sup> The Nordic waterproofing market and the European market for EPDM products together constitute the Company’s addressable market. The total value of the addressable market was estimated to be EUR 1,651 million in 2015, and is expected to grow by an average of 2.5 per cent. annually until 2020. The figure above illustrates the size and growth of the addressable market.

**The waterproofing market in the Nordic region**

The waterproofing market in the Nordic region can be broken down into two market segments: (i) products and solutions, and (ii) installation services. A description is provided below of the structure and market size of each segment.

**Products and solutions**

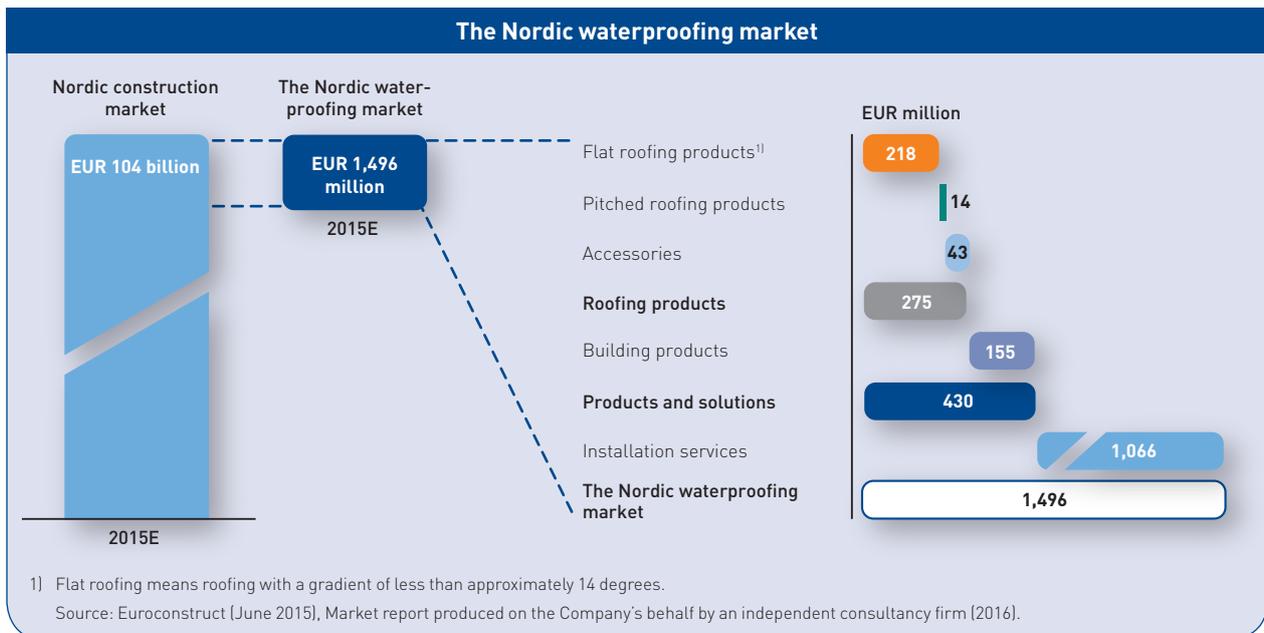
The total value of the products and solutions market in the Nordic region was estimated to EUR 430 million in 2015, corresponding to 29 per cent. of the total waterproofing market for buildings in the region.<sup>2</sup> The products and solutions market segment can be further broken down as follows:

- **Roofing products**, which include (i) flat roofing<sup>3</sup> waterproofing products, made primarily of bitumen and PVC<sup>4</sup>, but also of EPDM and TPO<sup>5</sup>; (ii) pitched roofing<sup>6</sup> products, made primarily of bitumen; and (iii) roofing accessories, such as fastening devices. Roofing products are provided primarily through direct sales to installation companies; and
- **Building products**, which among others include various types of membranes for buildings, such as underlayers made of bitumen and EPDM, and moisture, wind and vapor barriers. Building products are sold primarily by means of distribution through builders’ merchants.

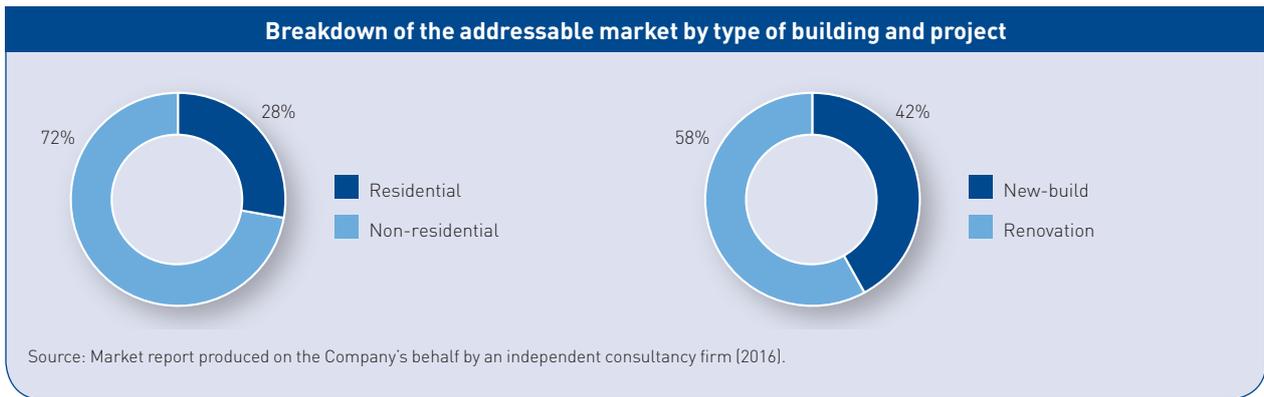
**Installation services**

The installation services market segment include installations of waterproofing products as well as maintenance services. The total value of the installation services market in the Nordic region was estimated to approximately EUR 1,066 million in 2015, corresponding to approximately 71 per cent. of the total waterproofing market in the Nordic region.<sup>2</sup>

The structure and size of the waterproofing market in the Nordic region is illustrated in the figure below.



1) A synthetic rubber material.  
 2) Market report produced on the Company’s behalf by an independent consultancy firm (2016).  
 3) Roofing with a gradient of less than approximately 14°.  
 4) Polyvinylchloride, a synthetic plastic material.  
 5) Thermoplastic olefin, a synthetic plastic material.  
 6) Roofing with a gradient of more than approximately 14°.



### The European market for EPDM products

On the waterproofing products market, Nordic Waterproofing also sells rubber membranes made of the synthetic material EPDM, primarily in Belgium, the Netherlands, Poland, the United Kingdom and Germany. EPDM is used, for example, on flat roofs and facades, as well as on geomembranes<sup>1)</sup>. The total value of the European market for EPDM products was estimated to EUR 155 million in 2015, and is expected to grow at a compound annual growth rate of 3.3 per cent. between 2015 and 2020.<sup>2)</sup>

### Types of buildings and projects

The Company's markets can also be broken down by type of building, such as residential and non-residential buildings, and by type of project, such as new-build and renovation projects. In 2015, it was estimated that 72 per cent. of the value of the total waterproofing market in the Nordic region was attributable to non-residential buildings and constructions. In terms of the breakdown by type of project, it was estimated that 58 per cent. of the value of the total waterproofing market in the Nordic region was attributable to renovation projects in 2015.<sup>2)</sup>



*When waterproofing with bitumen, all the details on a roof may be made waterproof in a simple way.*

- 1) A waterproof membrane which is intended to waterproof e.g. dams, pools and water features.
- 2) Market report produced on the Company's behalf by an independent consultancy firm (2016).

**THE DISTRIBUTION CHAIN**

The companies on the Nordic waterproofing market and the European market for EPDM products can be divided into the following levels: manufacturers, installation companies and builders' merchants, construction companies, and end-users. The market is relatively consolidated among manufacturers, with a small number of large providers, whilst customers in the direct sales and distribution sales channels are very fragmented and relatively fragmented, respectively, which means that there is a large number of potential customers for waterproofing products.<sup>1)</sup> Nordic Waterproofing operates both on the manufacturing level, through the Products & Solutions operating segment, and on the installation level, through the Installation Services operating segment. The role of the different levels in the distribution chain is illustrated in the figure below.

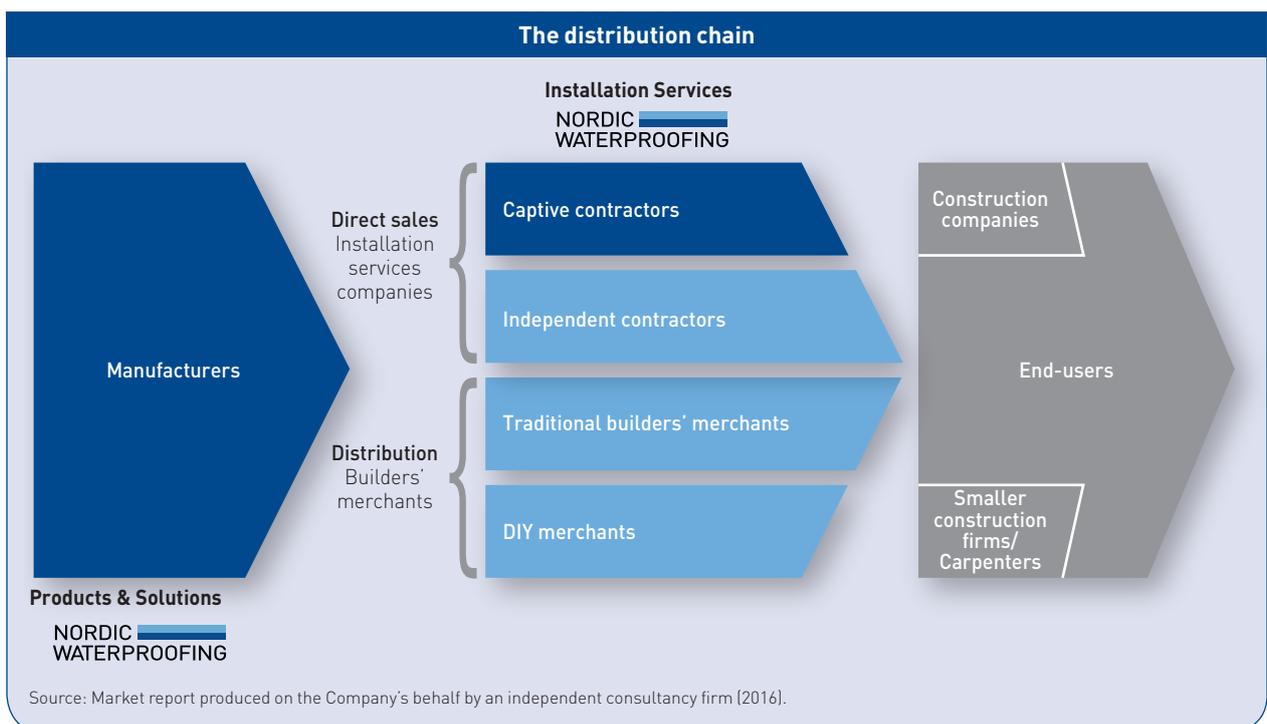
**Manufacturers**

The companies on the manufacturing level provide products to installation companies and/or builders' merchants. The small number of local manufacturers on the Nordic market has a relatively fragmented customer base. As a result, manufacturers of waterproofing products have a strong position in the distribution chain. Some of the manufacturers, including Nordic Waterproofing, offer their own installation services (please see further under the section entitled "Market overview – The distribution chain – Installation companies" below). In addition to Nordic Waterproofing, examples of local Nordic manufacturers of waterproofing products include Icopal, Katepal, Protan and Isola.<sup>1)</sup>

**Installation companies**

The installation level of the distribution chain is fragmented and mainly consists of small local companies. These companies generally specialise in products for non-residential buildings and are typically characterised by local building standards and building traditions. Further, they often have a strong loyalty to certain brands. 57 per cent. of sales of roofing products in the Nordic region are sold via installation companies.<sup>1)</sup>

The companies can be broken down into independent and non-independent installation companies, the latter being wholly or partly owned by a manufacturer of waterproofing products. The non-independent installation companies have exclusive sales agreements with the owning manufacturer, and almost exclusively buy products from that manufacturer. The share of the waterproofing market held by non-independent installation companies varies from country to country. Independent installation companies can buy products from both manufacturers and builders' merchants. Typical independent installation companies have around ten employees and generally find it difficult to stand out and market themselves in the highly fragmented group of similar companies. It is important for the independent installation companies to have comfort in terms of quality and delivery times, which often leads to long-term relationships with the manufacturers. Furthermore, installation companies receive support from the manufacturers in the form of *inter alia* training and partnership programs, which further strengthens the relationships.



1) Market report produced on the Company's behalf by an independent consultancy firm (2016).

Since flat roofing waterproofing products require special expertise, they are sold exclusively through installation companies. In addition to Nordic Waterproofing, examples of companies on the Nordic market include Icopal's installation business (non-independent installation company), and Nytt Tak and Årsta Tak (independent installation companies).

#### Builders' merchants

The builders' merchants level of the distribution chain is relatively consolidated, consisting mainly of large building material chains with regional or national presence offering waterproofing products as a small part of a wide product offering. Builders' merchants generally specialise in housing products.

Builders' merchants can be divided into two categories: traditional builders' merchants, such as XL Bygg, Beijer Byggmaterial and Optimera and DIY (do it yourself) merchants, such as Byggmax and Bauhaus, the latter's customers consisting primarily of individuals and small construction companies. Traditional builders' merchants specialise in providing products to professional construction companies and generally have more specialised and knowledgeable staff than DIY merchants. The product range at traditional builders' merchants typically consists of a small number of strong, well-established brands. Unlike traditional builders' merchants, DIY merchants generally specialise in simpler and cheaper products. Approximately 43 per cent. of the sales of roofing products in the Nordic region are made through builders' merchants.<sup>1)</sup>

Builders' merchants have extensive logistics setups, which enables large volumes of products to be distributed via the builders' merchants level. Consequently, builders' merchants are well-suited to distribute pitched roofing products, where each individual order is generally relatively small. Following the staff's high level of technical expertise, building products (such as underlayers, moisture barriers and foundation panels) are also primarily distributed through builders' merchants. Builders' merchants are increasingly demanding suppliers that can offer a comprehensive range of waterproofing products.

#### Construction companies

Construction companies that operate both on regional and global level include JM, NCC, Skanska and Peab. These companies enter into agreements directly with installation companies in respect of flat roofing waterproofing products. However, in terms of building products, large multinational construction companies tend to use builders' merchants. Further, a large number of small construction companies/carpenters operate on this level of the distribution chain.

#### End-users

End-users consist of property owners that use waterproofing products on their properties. This level of the distribution chain is fragmented, including private real estate companies, such as Kungsliden, Castellum and Hufvudstaden, government-owned real estate companies, such as Akademiska Hus, as well as private homeowners.



*KerabitPro is a leading roof installer in Finland and works with all types of roofs. In addition to installing, maintenance and renovation are an important part of the service offering.*

1) Market report produced on the Company's behalf by an independent consultancy firm (2016).

**MATERIAL**

The preferred waterproofing material varies from country to country, due to *inter alia* different building standards and building traditions, the climate, and the preferences of local companies (particularly installation companies). In 2015, bitumen was estimated to account for 85 per cent. of the material mix for flat roofing in the Nordic region, the remainder consisting primarily of PVC and, to a very minor extent, EPDM and TPO.

Despite the fact that preferences vary from country to country, the Company has not noted any significant changes in the choice of material within each country in

recent years, which is partly due to the fact that the material choice for renovation projects tend to remain the same as the material that was installed prior to the renovation. It is in the Company's view that the materials bitumen, PVC, EPDM and TPO account for approximately 95 per cent. of all waterproofing of buildings in the Nordic region. Nordic Waterproofing manufactures and sells bitumen and EPDM, while TPO and PVC are acquired from third parties and subsequently on-sold to the Company's customers. A description of the principal materials on the waterproofing market is provided in the table below.

**Principal materials on the waterproofing market**

Materials covering ~95% of the total Nordic market for waterproofing of buildings <sup>1)</sup>					
	Bitumen	EPDM	PVC	TPO	
Description	<ul style="list-style-type: none"> <li>Bitumen membrane reinforced with polyester material</li> </ul>	<ul style="list-style-type: none"> <li>Vulcanised rubber compound that often need pre-fabrication to ensure good installation</li> </ul>	<ul style="list-style-type: none"> <li>Polymeric material (~60% chlorine and ~40% carbon)</li> </ul>	<ul style="list-style-type: none"> <li>Plastic (petroleum) single layer roofing membrane</li> </ul>	
Pros	<ul style="list-style-type: none"> <li>High quality solution</li> <li>Extensive experience of use and maintenance</li> <li>Can be installed on both simple and complex roofs</li> <li>Lifespan of approximately 40–50 years</li> </ul>	<ul style="list-style-type: none"> <li>Ease and speed of installation due to pre-fabrication</li> <li>Lifespan of approximately 40–50 years</li> </ul>	<ul style="list-style-type: none"> <li>PVC is cheaper than bitumen and EPDM</li> <li>Cheaper than bitumen to install on a simple roof, e.g. large warehouse with few details</li> </ul>	<ul style="list-style-type: none"> <li>Durable material</li> </ul>	
Cons	<ul style="list-style-type: none"> <li>Higher price than PVC</li> <li>Takes more time to install on large roofing construction compared to PVC and EPDM</li> <li>Low price to weight ratio makes bitumen expensive to transport</li> </ul>	<ul style="list-style-type: none"> <li>Higher price than PVC and bitumen</li> </ul>	<ul style="list-style-type: none"> <li>Difficult to install on complex roofs</li> <li>Thinner than bitumen and EPDM – higher risk of cracking</li> <li>Risk for product shrinkage over time</li> <li>Lifespan of about 20 years</li> </ul>	<ul style="list-style-type: none"> <li>More expensive than PVC</li> </ul>	
NORDIC WATERPROOFING	Offered	✓	✓	✓	✓
	Produced	✓	✓	✗	✗

1) Based on the Company's understanding.

Source: Market report produced on the Company's behalf by an independent consultancy firm (2016).

### Differences in the materials' characteristics

The principal materials for flat roofing are bitumen, EPDM and PVC, and important factors when choosing between these materials are price, difficulty of installation and product lifespan. The principal materials for pitched roofing are bituminous plates, concrete tiles (complemented by an underlayer made of bitumen or another material) and tinplate. Concrete tiles have a long lifespan, over 50 years, and are suitable for environments with varying weather conditions, but can only be installed on certain types of buildings due to the weight of the material. Tinplate is used primarily on detached, semi-detached and terraced houses. Most of the tinplate roofing alternatives are simple and cheap to install and maintain, but have a relatively short lifespan and require the installation of a suitable underlayer, such as a bitumen underlayer. The main advantages of bituminous plates are that they are wind resistant and produce less noise when it rains.

### Bitumen

Bitumen is a binder made of hydrocarbons produced from petroleum. During the manufacturing process, a membrane is created of one or two layers of bitumen, which are reinforced with polyester. Bitumen can be divided into three types: oxidised bitumen, SBS-modified bitumen,<sup>1)</sup> and APP-modified bitumen<sup>2)</sup>.

Bitumen is the most common material used in the Nordic region. It was estimated that the material

accounted for 79 per cent. of the Nordic waterproofing market for new-build of flat roofing, and 90 per cent. of the renovation of flat roofing in 2015<sup>3)</sup>. Nordic Waterproofing expects bitumen to continue to be the most commonly used material in the region, due to its competitive properties, long lifespan and a large installed base. The Company also believes that bitumen, besides EPDM, is the material that maintains the highest quality, is the easiest to work with, and offers the best solution when renovating roofs and repairing damaged roofs.

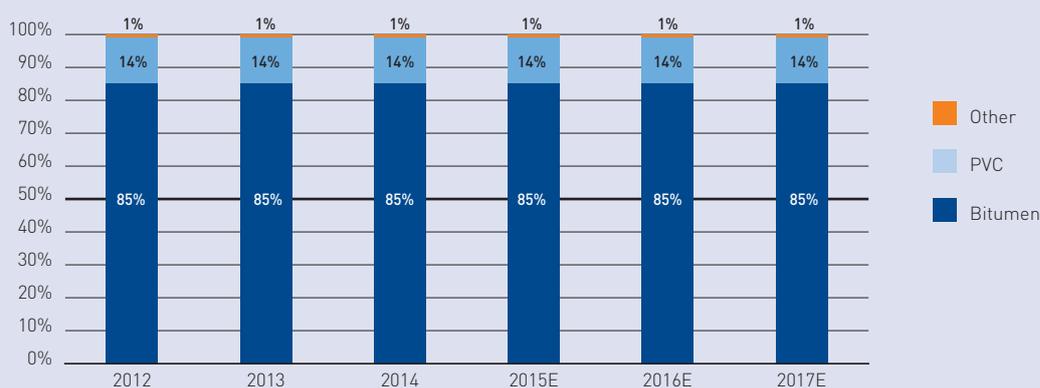
For a more detailed description of the various materials, please see the section entitled "Business description – Production, purchasing and logistics".

### UNDERLYING DRIVERS AND MARKET TRENDS

Nordic Waterproofing is of the opinion that their addressable market is affected by a number of underlying drivers and market-specific trends. The Company believes that the following constitute important drivers and trends on the market (in no particular order of importance):

- Macroeconomic factors and dynamics on the construction market;
  - economic growth;
  - renovation projects and new-build; and
  - residential and non-residential buildings.
- Demand for residential and non-residential buildings;
- Interest rates; and
- Political initiatives.

Stable mix of materials for flat roofing in the Nordic region<sup>1)</sup>



1) Relates to volumes in 2014.

Source: Market report produced on the Company's behalf by an independent consultancy firm (2016)

1) BPP stands for styrene-butadiene-styrene, a rubber copolymer. SBS-modified bitumen means that bitumen has been mixed with SBS.

2) APP stands for atactic polypropylene, a rubber copolymer. APP-modified bitumen means that bitumen has been mixed with APP.

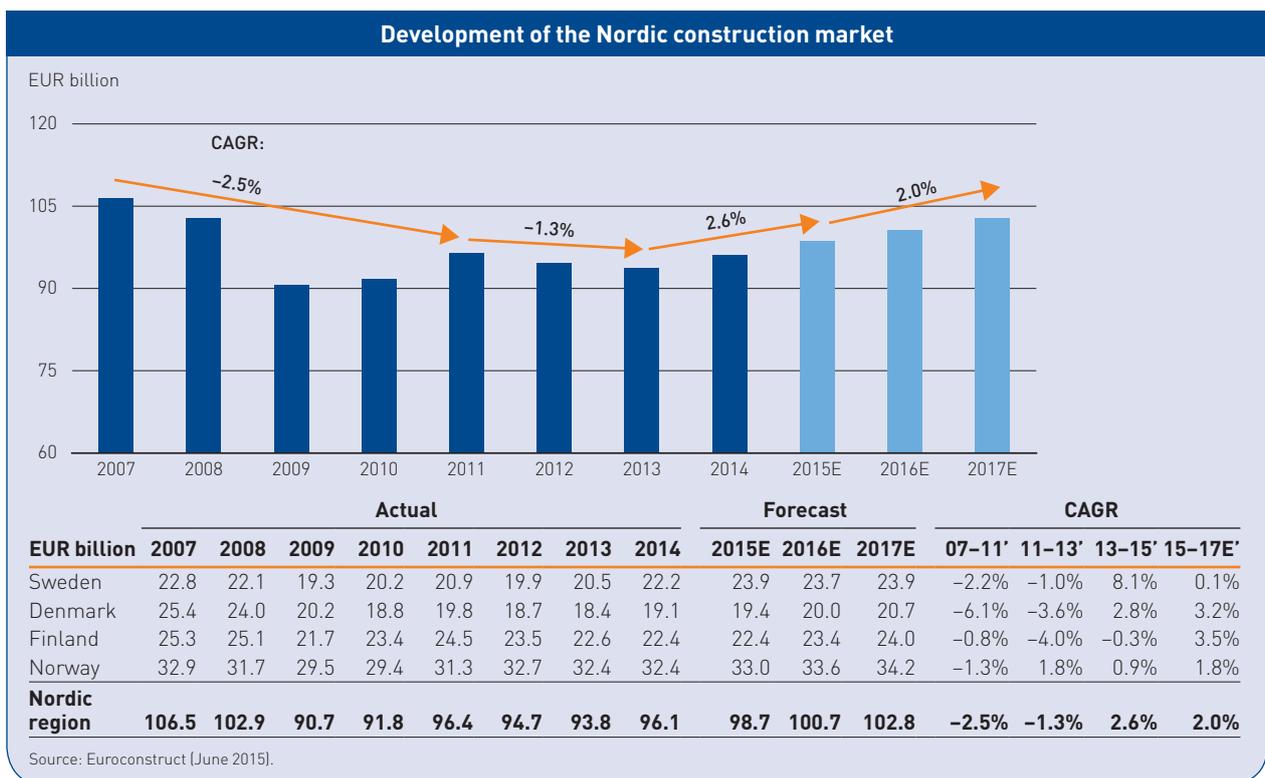
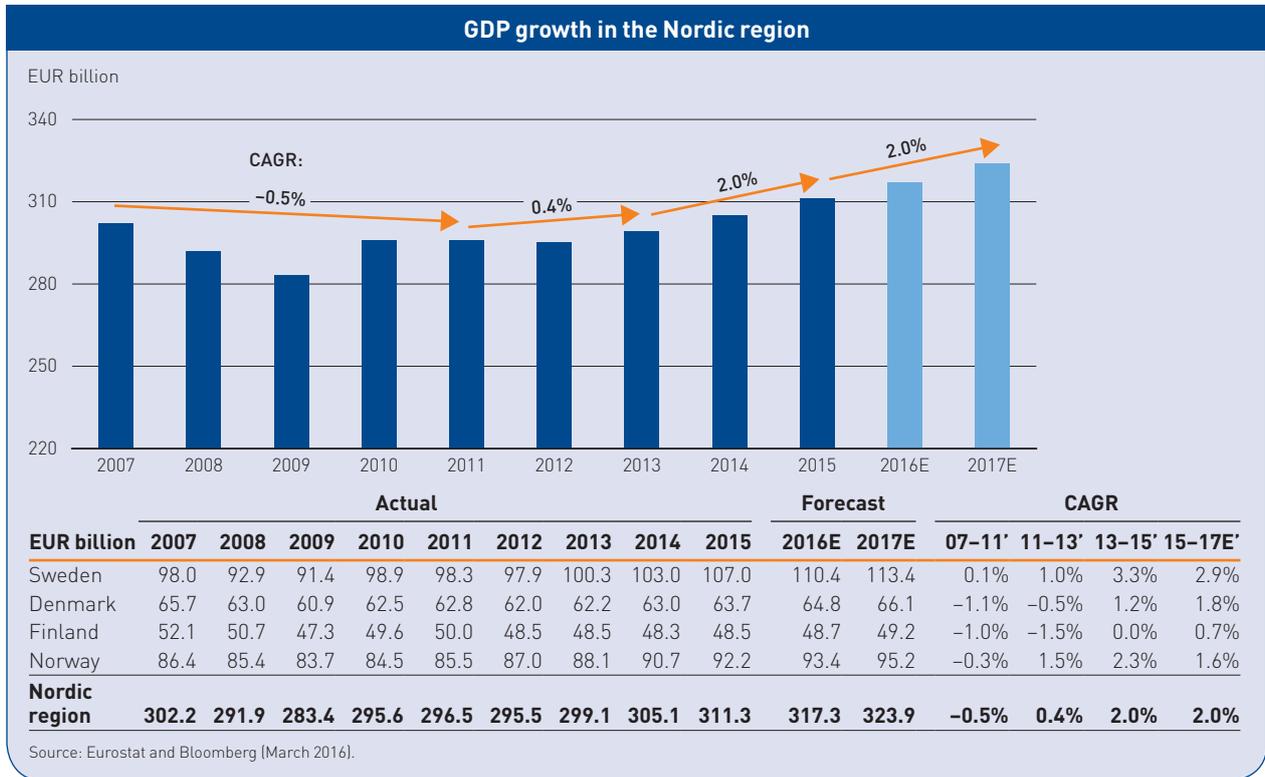
3) Market report produced on the Company's behalf by an independent consultancy firm (2016).

**Macroeconomic factors and the growth of the construction market**

**Economic growth**

The growth of the waterproofing market is closely correlated to the growth of the construction market, which, in turn, is influenced by general economic growth and is

thus strongly linked to GDP development. After a number of years with weak growth in both the Nordic region and the rest of Europe, GDP is expected to have a positive development over the next few years.<sup>1)</sup> GDP growth in the Nordic region and the Nordic construction market are described in the figures below.



1) Eurostat and Bloomberg (March 2016).

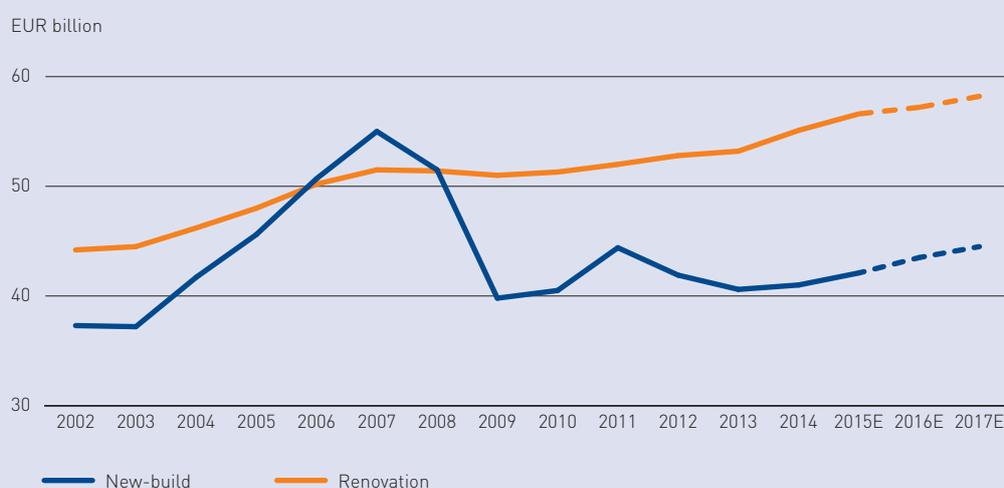
### Renovation and new-build

It is estimated that, in 2015, renovation accounted for 57 per cent. of the Nordic construction market and new-build for 43 per cent. The renovation market, which is driven by the composition and age of real estate portfolios, is more stable and less cyclical than the market for new-build. In the waterproofing market, this can be illustrated by the fact that delayed renovation projects risk incurring substantial costs, for example due to water damage that may arise due to overdue roof renovations. Historically, there has been a clear difference in cyclicity on the construction markets in the Nordic region. Between 2007

and 2009, the sales relating to new-build in the Nordic construction market declined by 28 per cent., whilst the corresponding sales for renovation projects only declined by one per cent. In addition, it was noted that between 2011 and 2013, when the sales relating to new-build in the Nordic construction market declined by nine per cent., the sales for renovation projects increased by two per cent.

In the past two years, a slight growth has been noted for new-build in the Nordic construction market, but there is still a considerable potential for a recovery up to previous peak levels.<sup>1)</sup>

**Growth of the Nordic construction market for new-build and renovation projects**



	Actual													Forecast			CAGR					
EUR billion	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015E	2016E	2017E	02-07'	07-11'	11-13'	13-15'	15-17E'	
<b>New-build</b>																						
Sweden	6.5	6.2	6.9	7.7	9.2	10.1	9.2	6.7	7.1	7.9	7.2	7.6	8.9	10.1	10.3	10.4	9.1%	-5.9%	-2.2%	15.7%	1.1%	
Denmark	7.2	7.3	8.1	8.5	10.2	10.3	9.8	6.9	5.9	6.7	5.5	5.0	5.1	5.3	5.7	6.2	7.6%	-10.4%	-13.4%	3.5%	7.4%	
Finland	11.6	11.7	12.3	13.2	13.7	15.2	14.7	11.1	12.6	13.5	12.2	11.2	10.7	10.3	11.0	11.4	5.5%	-2.9%	-9.0%	-3.8%	5.1%	
Norway	12.0	11.9	14.3	16.2	17.6	19.5	17.8	14.9	14.8	16.4	17.0	16.9	16.3	16.2	16.5	16.6	10.2%	-4.2%	1.5%	-1.9%	1.1%	
<b>Nordic region</b>	<b>37.3</b>	<b>37.2</b>	<b>41.7</b>	<b>45.6</b>	<b>50.7</b>	<b>55.0</b>	<b>51.5</b>	<b>39.8</b>	<b>40.5</b>	<b>44.4</b>	<b>41.9</b>	<b>40.6</b>	<b>41.0</b>	<b>42.1</b>	<b>43.5</b>	<b>44.5</b>	<b>8.1%</b>	<b>-5.2%</b>	<b>-4.4%</b>	<b>1.7%</b>	<b>2.9%</b>	
<b>Renovation</b>																						
Sweden	12.0	11.5	12.1	12.2	12.5	12.8	12.9	12.6	13.1	13.0	12.7	12.9	13.2	13.7	13.5	13.6	1.3%	0.4%	-0.3%	3.3%	-0.6%	
Denmark	12.5	12.9	13.0	14.1	15.1	15.1	14.3	13.3	12.8	13.1	13.2	13.4	14.0	14.1	14.3	14.5	3.9%	-3.5%	1.0%	2.5%	1.5%	
Finland	8.6	8.9	9.2	9.6	9.9	10.2	10.4	10.6	10.8	11.0	11.2	11.4	11.7	12.1	12.3	12.6	3.5%	2.0%	1.7%	3.0%	2.0%	
Norway	11.2	11.2	11.8	12.2	12.6	13.4	13.8	14.5	14.6	14.9	15.7	15.5	16.2	16.7	17.1	17.6	3.7%	2.6%	2.2%	3.8%	2.5%	
<b>Nordic region</b>	<b>44.2</b>	<b>44.5</b>	<b>46.2</b>	<b>48.0</b>	<b>50.2</b>	<b>51.5</b>	<b>51.4</b>	<b>51.0</b>	<b>51.3</b>	<b>52.0</b>	<b>52.8</b>	<b>53.2</b>	<b>55.1</b>	<b>56.6</b>	<b>57.2</b>	<b>58.2</b>	<b>3.1%</b>	<b>0.2%</b>	<b>1.2%</b>	<b>3.2%</b>	<b>1.4%</b>	

Source: Euroconstruct (June 2015).

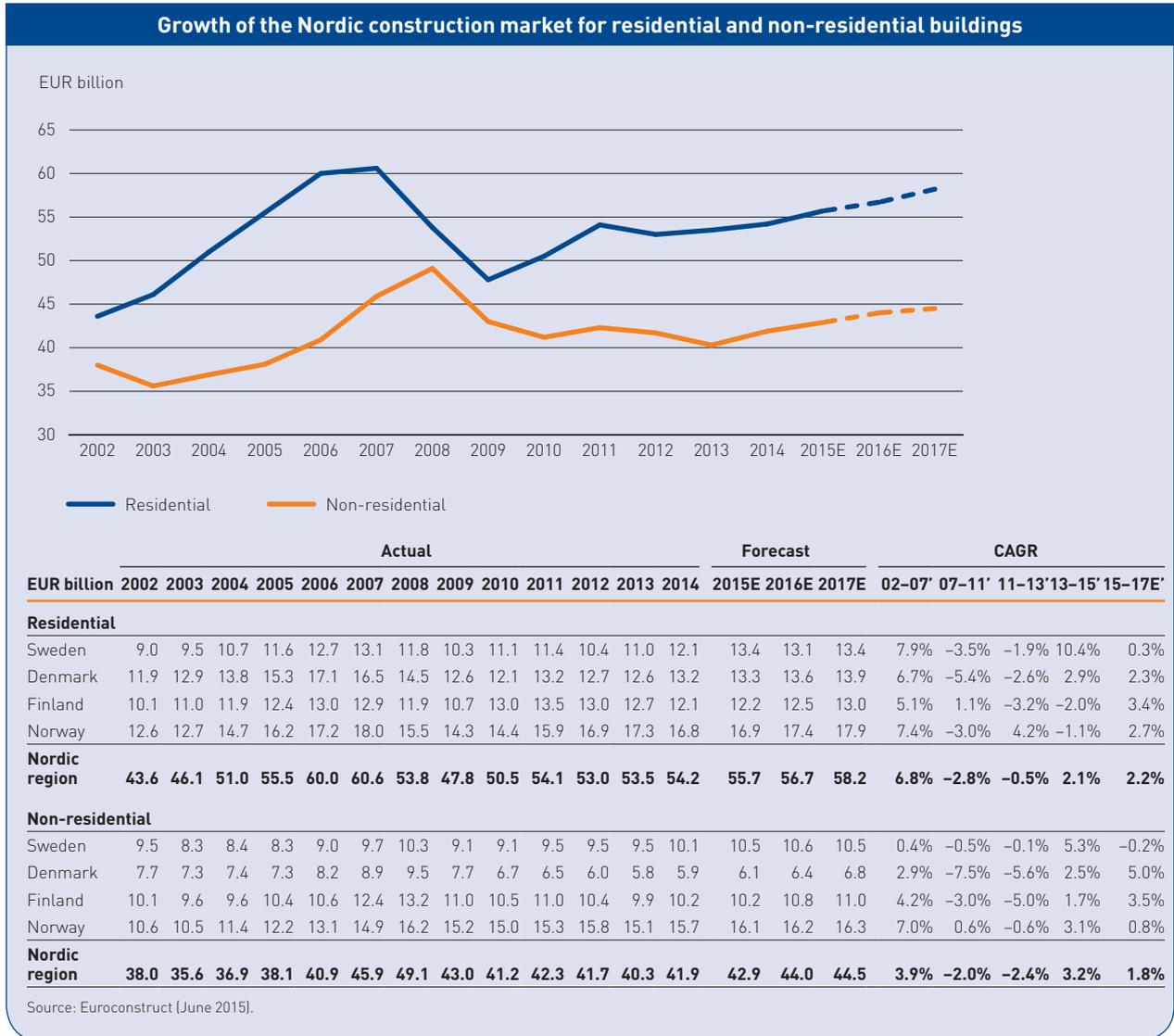
1) Euroconstruct (June 2015).

**Residential and non-residential buildings**

In the construction market, residential buildings are more affected by the prevailing economic climate than non-residential buildings. This is because new-build of apartments and houses is driven by private consumers' confidence in the market and their willingness of to make investments, factors that tend to follow the economic climate. Longer planning and project times for new-build of non-residential buildings creates a late cyclicity in the

non-residential segment of the construction market, where historically peak levels have been reached 1–2 years after the peak levels in the residential segment.

The flat roofing waterproofing market is more intertwined with the non-residential building market than the residential building market and therefore also follows a late cyclical pattern. It is estimated that 56 per cent. of the Nordic construction market relates to residential and 44 per cent. to non-residential buildings.<sup>1)</sup>



1) Market report produced on the Company's behalf by an independent consultancy firm (2016), Euroconstruct (June 2015).



### Demand for residential and non-residential buildings

Since the financial crisis, the activity for new-build and renovation of residential and non-residential buildings in many European countries, including the Nordic region, has been historically low. At the same time, increasing urbanisation has led to a greater need for both new-build and renovation of existing buildings. All of the capital cities in the Nordic countries are among the 10 fastest-growing cities in Europe, leading to a substantial demand for construction projects in these areas, both in terms of residential and non-residential buildings. Stockholm, where the number of inhabitants is expected to increase by 11 per cent. by 2020, is currently the fastest growing city in Europe. During the same period, the number of inhabitants in Copenhagen, Oslo and Helsinki is expected to increase substantially (approximately 10.8 per cent. and 6 per cent., respectively).<sup>1)</sup>

The construction of residential buildings in Sweden has been at a historically low level since the mid-1990s, which has created a considerable housing shortage. The National Board of Housing, Building and Planning, estimates that approximately 75,000 homes need to be constructed each year over the next five years. Consequently, at least 375,000 new homes need to be built by 2020 in order to meet this increase in demand.

### Interest rates

An important factor influencing the required rate of return for both businesses and consumers, therefore having major effects on the investment levels in the construction industry, is the interest rates. Low interest rates reduce the required rate of return for investments, which increases the level of activity and the profitability in the construction market for both residential and non-residential buildings.

Since the outbreak of the financial crisis in 2008, interest rates in Europe have been held at historically low

levels to stimulate the economy and the investment levels. As a result of the quantitative easing measures adopted by the European Central Bank, the base interest rate for the euro area, including Finland and Denmark (the Danish crown is fixed against the euro), is expected to remain at low levels until autumn 2016. In Sweden, Riksbanken (the central bank of Sweden) lowered the repo rate (base rate) to -0.5 per cent. in February 2016. The repo rate is currently expected to remain around this level until the first quarter in 2017, to be gradually raised in line with inflation. In Norway, the base rate was lowered from 0.75 per cent. to 0.5 per cent. in March 2016, primarily driven by a weaker growth outlook. Norges Bank (the central bank of Norway) has not ruled out introducing a negative interest rate in Norway as well.<sup>2)</sup>

### Political initiatives

The construction market is also impacted to a large degree by political factors such as tax policies and government subsidies. The extent to which the market is regulated, such as politically-directed investments in construction projects and building standards regulations, differ from country to country. In the Nordic region, for example, there is political interest in stimulating the construction market due to urbanisation. The Swedish government has, among other things, submitted a proposal to invest in the construction of 250,000 new homes between 2015 and 2020. The National Board of Housing, Building and Planning's forecast for 2016 is that the number of new homes in Sweden is expected to exceed 50,000 for the first time since 1991. In Finland, the government has approved tax relief on interest payments amounting to EUR 1,170 million for the production of government-subsidized homes, EUR 285 million of loan guarantees, and EUR 100 million of state guarantees for loans provided to real estate companies for renovation projects.<sup>3)</sup>



View over the roofs in Norra Hamnen, Helsingborg.

1) The Stockholm Chamber of Commerce (November 2015).

2) Press release, Riksbanken (the Swedish Central Bank) (11 February 2016); press release, the Norwegian Central Bank (17 March 2016), ECB staff macroeconomic projections for the euro area, the European Central Bank (September 2015).

3) The Stockholm Chamber of Commerce (November 2015), Regeringskansliet (The Swedish Government Offices), October 2015, and press release, The Finnish Ministry of the Environment (14 January 2016).

## THE DEVELOPMENT OF THE WATERPROOFING MARKET

The value of the Nordic waterproofing market declined by an average of 2.6 per cent. per year between 2011 and 2013, which is primarily considered as an effect of the financial crisis, which resulted in a downturn in the construction market. After several years of historically low new-build projects in the Nordic region, the Company's market is expected to recover over the next few years, increasing by between 2 per cent. and 3 per cent. per year. Sales on the Nordic waterproofing markets still remain far below their peak levels in 2007–2008, indicating a long-term recovery and considerable potential for growth.<sup>1)</sup> The figure below illustrates the expected growth of the waterproofing market.

### Waterproofing products and solutions

#### Roofing products in the Nordic region

Sales of roofing products in the Nordic region (including flat roofing products, pitched roofing products and roofing accessories) declined by an average of 1.9 per cent. per year between 2011 and 2013, primarily as a result of weak markets in Denmark and Finland. The market for roofing products in the Nordic region has started to recover after the financial crisis and grew by an average of 2.7 per cent. per year between 2013 and 2015, and is expected to continue to grow by an average of 2.5 per cent. per year between 2015 and 2017. This is due to the recovery of the construction market, and the expectations that sales of flat roofing products will continue to increase, primarily due to an increase in new-build of non-residential buildings. The growth of the flat roofing segment is also expected to lead to an increase in sales of roofing

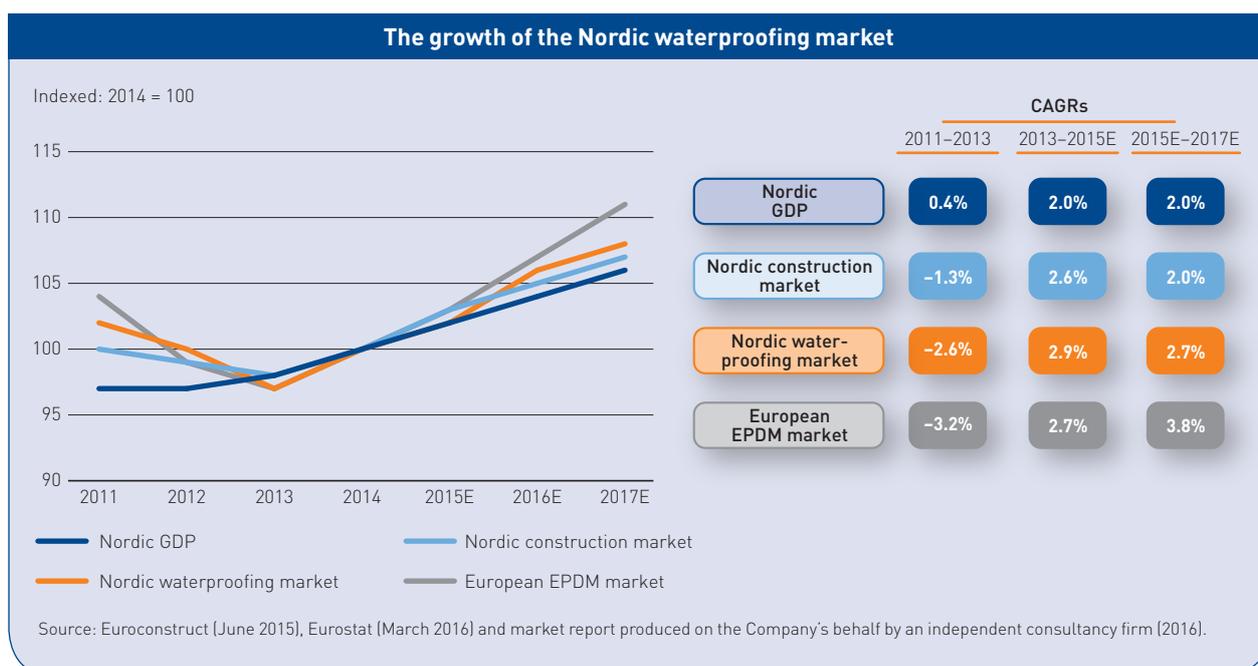
accessories. Furthermore, the increase in the number of new-build is expected to contribute to increased sales of pitched roofing waterproofing products.<sup>1)</sup>

#### Building products in the Nordic region

Sales of building products in the Nordic region declined by an average of 7.4 per cent. per year between 2011 and 2013, primarily due to a significant downturn in the market for new-build of family homes in Sweden, Denmark and Finland. However, the market is expected to recover over the next few years due to an increase in the number of new-build in the Nordic region. It is estimated that the market as a whole grew by an average of 0.7 per cent. per year between 2013 and 2015, and the market is expected to continue to grow by 3.0 per cent. per year between 2015 and 2017.<sup>1)</sup>

#### EPDM products in Europe

Sales of EPDM products declined by an average of 3.2 per cent. per year between 2011 and 2013, primarily due to the financial crisis in Europe, which resulted in a downturn for non-residential buildings in Continental Europe. However, the downturn was partly offset by a somewhat greater tendency to use EPDM instead of bitumen and PVC. Since the financial crisis, it is estimated that the market recovered by an average annual rate of growth rate of 2.7 per cent. per year between 2013 and 2015. The market is expected to continue to grow by an average of 3.8 per cent. per year between 2015 and 2017. This growth is driven by a recovery for non-residential buildings, a further increase in the use of EPDM (primarily in southern Europe), and an increase in the prices of EPDM.<sup>1)</sup>



1) Market report produced on the Company's behalf by an independent consultancy firm (2016).

### Installation services in the Nordic region

Sales of installation services declined by an average of 2.0 per cent. per year between 2011 and 2013. Similarly to the products and solutions market, the decline in sales on the installation services market was caused primarily by historically low investments in new-build, an increase in the number of vacant buildings in Denmark and a weak construction market in Finland. Like the Company's other markets, the installation services market is estimated to have grown from depressed levels by an average of 2.8 per cent. per year between 2013 and 2015, and the market is expected to continue to grow at the rate of 2.7 per cent. per year between 2015 and 2017. The factors suggesting future market growth in Denmark include increase in new-build and renovation projects in respect of non-residential buildings, a recovery in Finland driven by increased activity on the construction market in the Helsinki region, as well as a general recovery in the renovation market.

### MARKET POSITION AND COMPETITORS

#### Waterproofing products and solutions

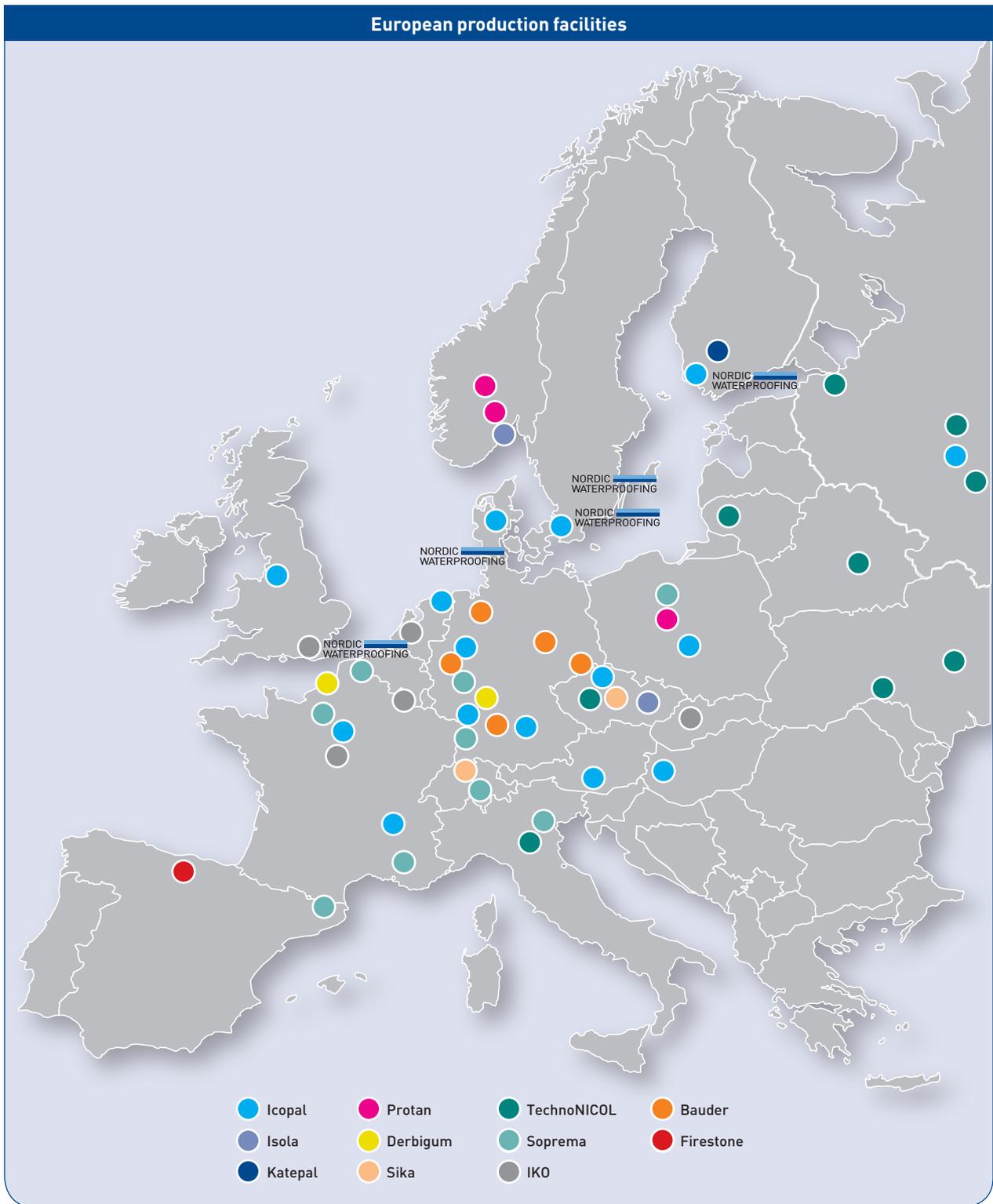
The market-leading companies on the local Nordic market consist of companies with a long history on the waterproofing market and with production in the Nordic region. The Company considers Nordic Waterproofing, Icopal, Katepal, Isola and Protan to be the largest local companies, of which Nordic Waterproofing and Icopal are the only companies with a pan-Nordic presence. Nordic Waterproofing also competes with a number of global and European companies whose production facilities are located outside of the Nordic region and who export products to the Nordic region. Since local suppliers hold a unique position on the Nordic market, due to among other things their extensive sales networks, long-term relationships with customers, well-organised distribution channels and local logistics solutions, and advice and support services for customers, the Company's view is that there is limited competition from global and European export companies.

	Company	Own production			Revenue (EUR million)	Relevant revenue (EUR million)
		Bitumen	EPDM	PVC		
Local Nordic presence	<b>NORDIC WATERPROOFING</b>	✓	✓	✗	184 (2015)	184 (2015)
	<b>Icopal</b>	✓	✗	✓	1,025 (2014)	289 (2014) <sup>1)</sup>
	<b>Isola</b>	✓	✗	✗	72 (2014)	N/A
	<b>Katepal</b>	✓	✗	✗	46 (2014)	N/A
	<b>Protan</b>	✗	✗	✓	141 (2014)	N/A
Import Europe	<b>Derbigum</b>	✓	✗	✗	112 (2014)	N/A
	<b>Sika</b>	✗	✗	✓	4,587 (2014)	N/A
	<b>TechnoNICOL</b>	✓	✗	✓	c.1,200 (2014)	N/A
	<b>Soprema</b>	✓	✗	✓	1,922 (2014)	N/A
	<b>IKO</b>	✓	✗	✓	689 (2015)	N/A
	<b>Bauder</b>	✓	✗	✓	509 (2013)	N/A
European EPDM	<b>Firestone</b>	✗	✓	✗	754 (2014)	71 <sup>2)</sup>
	<b>Carlisle</b>	✗	✓	✗	2,412 (2014)	35 <sup>2)</sup>
	<b>Duraproof</b>	✗	✓	✗	38 (2014)	10 <sup>2)</sup>

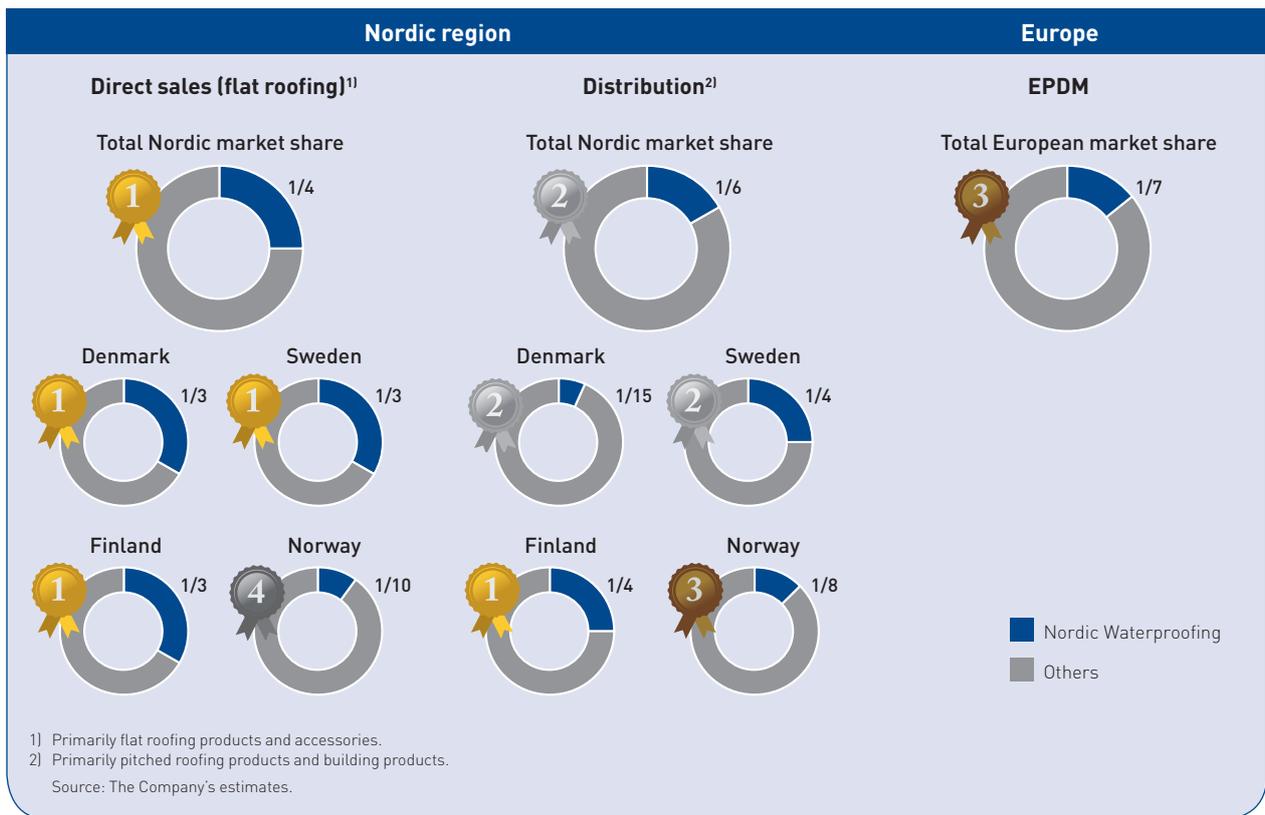
1) Sales in 2014 in the Nordic region and the Baltic region.

2) 2013A – European sales (EUR million).

Source: Market report produced on the Company's behalf by an independent consultancy firm (2016) and the Company's websites and annual reports.



Source: Market report produced on the Company's behalf by an independent consultancy firm (2016) and the Company's websites and annual reports.



**Nordic region**

*Direct sales*

The Company considers Nordic Waterproofing to be market-leading provider of waterproofing products, mainly flat roofing products and roofing accessories sold to installation companies, through direct sales in Sweden, Denmark and Finland. In Norway, where the Company first entered the market in 2012, the Company considers that it is the fourth-largest provider.

*Distribution*

On the market for products which are primarily sold via; distribution, comprising mainly pitched roofing products and building products sold through builders' merchants, the Company considers that it is the market-leading provider in Finland, the second-largest provider in Sweden and Denmark, and the third-largest provider in Norway.

**EPDM products in Europe**

The Company considers Firestone, Carlisle, Nordic Waterproofing and Duraproof to be the largest suppliers on the Europe market for EPDM products. The Company estimates that, overall, Firestone and Carlisle are the largest and second-largest providers, respectively, and that Nordic Waterproofing is the third-largest provider.

**Installation services**

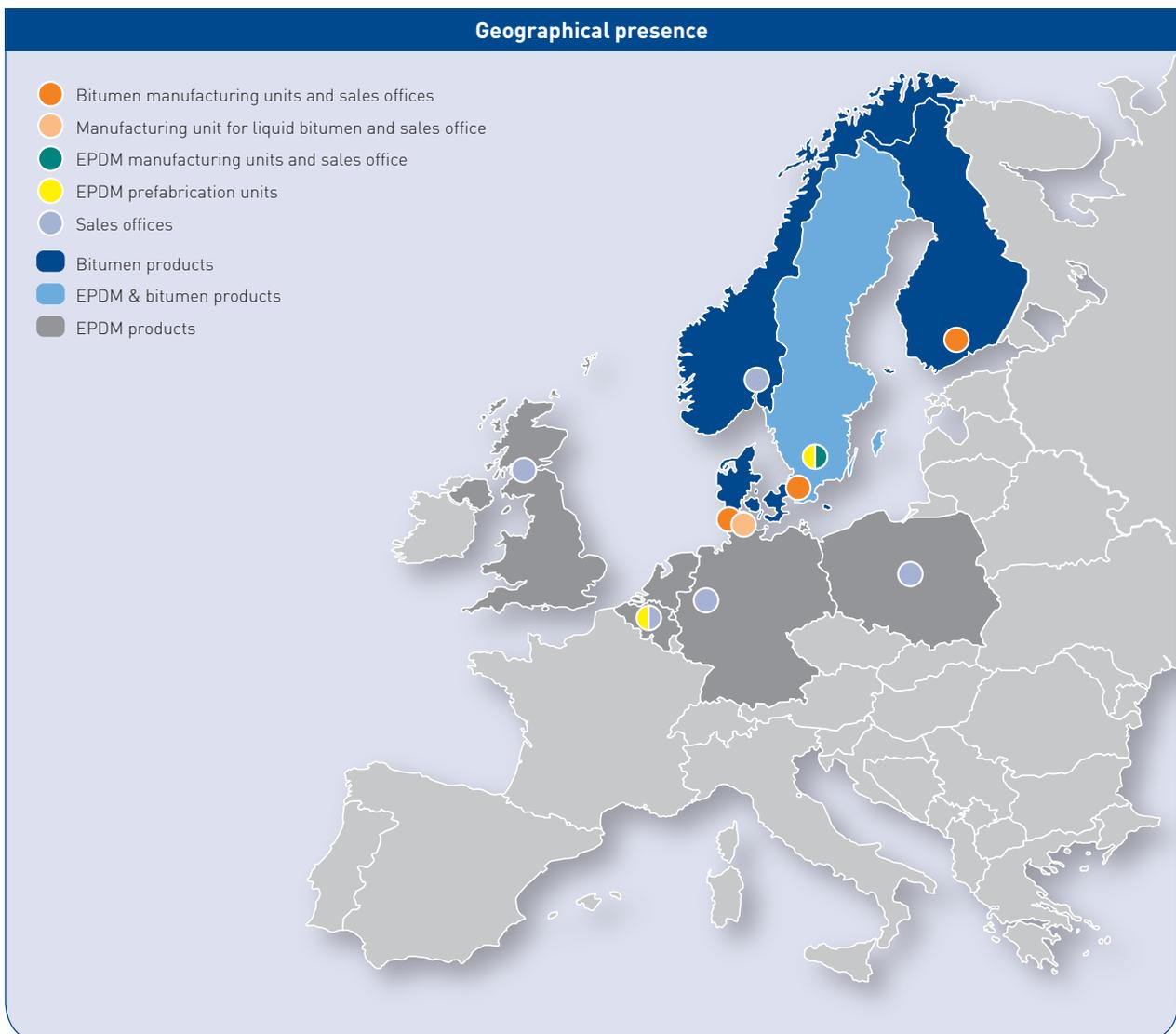
The Company is the market-leading provider in the installation services market in Denmark and Finland, the only countries in which Nordic Waterproofing operates. The Company's main competitors on these markets are Icopal, Katepal and small independent installation companies.

# BUSINESS DESCRIPTION

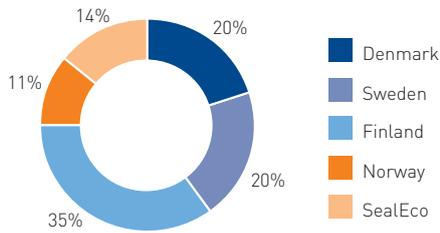
## INTRODUCTION

Nordic Waterproofing offers high-quality roofing waterproofing products and solutions (primarily using the materials bitumen and EPDM, but also the material PVC) to installation companies and builders' merchants within the Products & Solutions operating segment. The Company provides its products and solutions in the Nordic

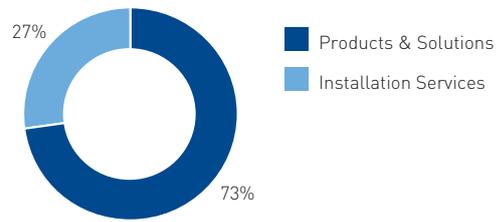
countries of Sweden, Finland, Denmark and Norway, and on the European EPDM market (Belgium, the Netherlands, Poland, the United Kingdom and Germany). In Finland and Denmark, customised installation services are also offered within the Installation Services operating segment. Nordic Waterproofing also has a certain amount of export sales.



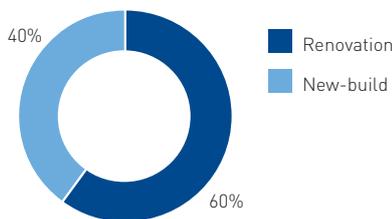
**Net sales per business unit (2015)**



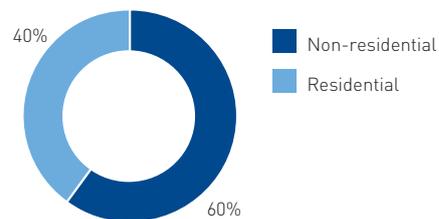
**Net sales<sup>1)</sup> per operating segment (2015)**



**Net sales per type of project (renovation projects and new-build) (2015)<sup>2)</sup>**



**Net sales per type of building (residential and non-residential) (2015)<sup>2)</sup>**



1) Includes internal sales from Products & Solutions to Installation Services.  
2) According to the Company's estimate.

Nordic Waterproofing's history dates back to 1889, when today's Trebolit was founded. A number of the Company's other brands were founded in the early part of the 20th century, which means that the Company has extensive, solid experience of the Nordic waterproofing market. Many of the companies that now make up Nordic Waterproofing have evolved from being general producers of roofing felt to becoming part of a single group, which constitutes a leading provider of complete waterproofing solutions. During this time, Nordic Waterproofing has built up a strong brand portfolio and a broad customer base which, combined with seven production and pre-fabrication units, ten sales offices as well as 14 district offices in Finland and 14 franchise companies for installation services in Denmark, constitute the European platform from which Nordic Waterproofing can deliver its complete waterproofing solutions. "Complete waterproofing solutions" means all products and services required to create a comprehensive waterproofing solution.

In 2015, the Company had net sales of SEK 1,720 million and an EBIT margin before items affecting comparability of 10.6 per cent. 86.0 per cent. of Nordic Waterproofing's net sales were generated from the Nordic countries, with Finland accounting for 35 per cent. of total sales, followed by Sweden with 20 per cent., Denmark with 20 per cent., and Norway with 11 per cent. The remaining markets accounted for 14 per cent. Nordic Waterproofing has a leading position on the Nordic waterproofing market and a strong position as challenger on

the European EPDM market. The Company's brand portfolio contains some of the most established and well-known brands both on the Nordic as well as the European waterproofing market, including Matakki (Sweden and Norway), Trebolit (Sweden and Finland), Phønix Tag Materialer (Denmark), Hetag Tagmaterialer (Denmark), Kerabit (Finland), Nortett (Norway), and SealEco (Belgium, the Netherlands, Poland, the United Kingdom and Germany). Nordic Waterproofing's headquarters is located in Helsingborg and it has production and pre-fabrication units in Sweden, Denmark, Finland and Belgium, with a total annual production capacity of approximately 52 million square meters of bitumen membrane and 8 million square meters of rubber membrane.

The Products & Solutions operating segment accounts for the majority of the Company's sales, corresponding to 73 per cent. of sales in 2015.<sup>1)</sup> Nordic Waterproofing's sales are broken down into two main sales channels:

- Direct sales: sales to primary installation companies (65 per cent. of the net sales in 2015); and
- Distribution: sales to builders' merchants (35 per cent. of the net sales in 2015).

According to the Company's assessment, the renovation sector accounted for approximately 60 per cent. of the Company's total sales in 2015 and non-residential buildings and constructions for approximately 60 per cent. of the total sales in 2015.

1) Includes internal sales from Products & Solutions to Installation Services.

**HISTORY**

**Nordic expansion**

The Company's history dates back to 1889 when the Company's oldest brand, Trebolit, was founded in Sweden, under the name Phylatterion, as a manufacturer of roofing felt. During the course of the 20th century, a number of the Company's other brands were founded, including Mataki (1904), Phønix Tag Materialer (1907), Kerabit (1920), SealEco (1967), Hetag Tag Materialer (1973) and Nortett (1978). Mataki was for a long period the driving force behind the consolidation of the Nordic market and, among other things, acquired Höganäs takläggningssamfund in 1982. Mataki was acquired in 1995 by Trelleborg AB and became part of Trelleborg Building Systems. With a long history going back 120 years, the Company has acquired extensive, solid experience providing it with a strong foundation for its business.

**The creation of Nordic Waterproofing**

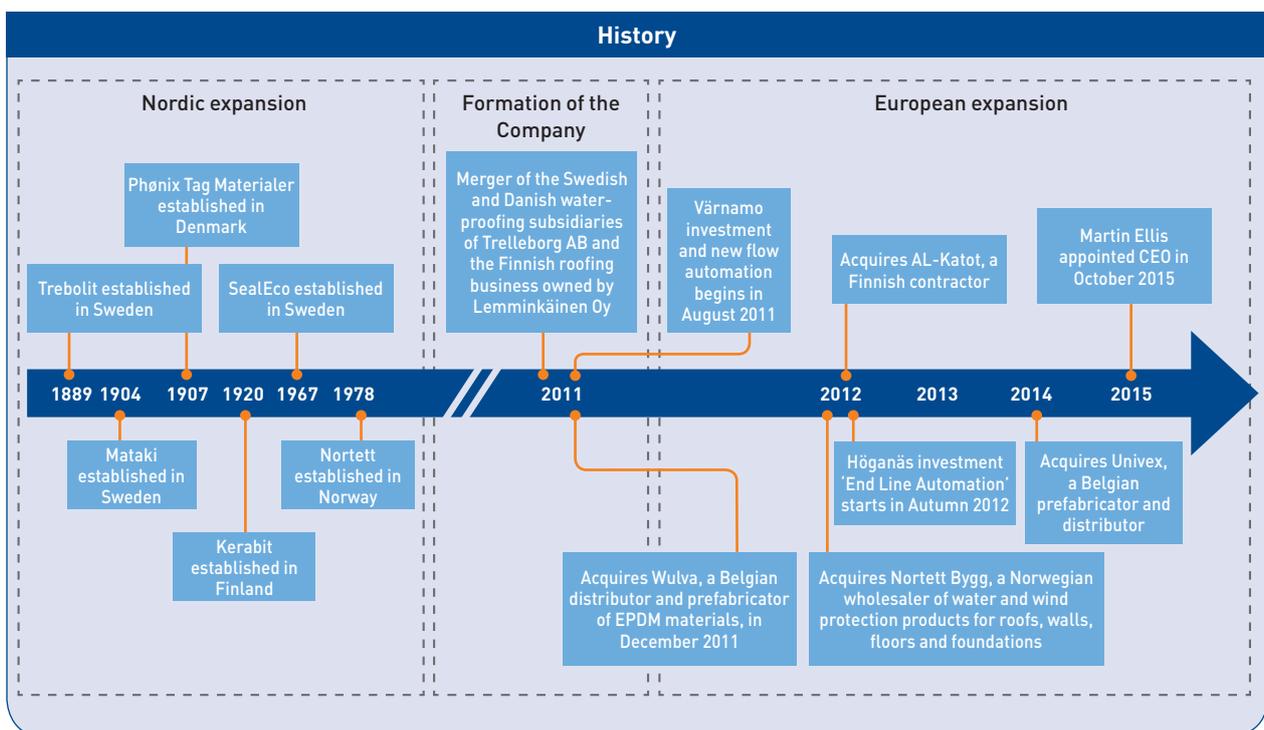
Nordic Waterproofing in its current form was established in February 2011 by the Principal Owner via a merger between Trelleborg AB's Swedish and Danish waterproofing subsidiaries and Lemminkäinen Oy's roof installation business. The merger with Lemminkäinen's roof installation business resulted in the Company achieving a strong position on the installation services market in Finland which, combined with the strong position held by Trelleborg's subsidiaries on the waterproofing markets in Sweden and Denmark, gave Nordic Waterproofing a pan-Nordic presence on the waterproofing market.

**European expansion**

Nordic Waterproofing's expansion on the European market occurred through both organic growth and strategic acquisitions of manufacturers, installation companies, prefabricators and distributors with strong brands and many years' experience on their local markets. Following the merger in 2011, Nordic Waterproofing acquired Wulva, a Belgian distributor and prefabricator of EPDM material which is now incorporated into SealEco's organisation; in 2012, Nordic Waterproofing acquired AL-Katot, a Finnish installation company, and Nortett Bygg, a retailer and distributor in Norway; and in 2014, the Company acquired Univex, a distributor and prefabricator on the Belgian market.

**Integration and consolidation**

Since the creation of Nordic Waterproofing, the Company has successfully consolidated and integrated the acquired businesses into a coordinated group. During this period, a number of operational improvements have been made, including recipe optimisation, productivity improvements, and streamlining purchasing and pricing. In addition, Nordic Waterproofing has refined its operations by closing down non-key businesses, realised considerable synergies from acquisitions, and successfully shared know-how within the Group. The Company's measures have resulted in Nordic Waterproofing successfully improving its adjusted EBIT margin from 6.6 per cent. in 2012 to 10.6 per cent. in 2015. Furthermore, the Company is well placed to benefit from most of the operational initiatives





*Innovest in Skjern is a building that includes activities with focus on education, business and innovation. On 1,000 square meters of the roof there is a customised version of green roof, Nature Impact Roof.*

implemented in the last years, the full effect of which have not yet been realised. Following the successful integration and extensive improvements, the Company is well positioned to achieve further profitable growth.

#### **STRENGTHS AND OPPORTUNITIES**

Nordic Waterproofing believes that its success to date is the result of the strengths described below. Nordic Waterproofing is of the opinion that it will continue to benefit from these strengths and seize identified opportunities to generate growth, consistent profitability and stable cash flows.

##### **Attractive markets with the potential for recovery**

The waterproofing market in the Nordic region and the EPDM market in Europe were worth approximately EUR 1.7 billion in 2015. Since their peak levels (in terms of volume) in 2007, the Company's primary markets, namely the Nordic flat roofing products and building products markets, have declined by approximately 13 per cent. and approximately 48 per cent., respectively. The growth of the waterproofing market is driven largely by the growth of the construction market, which has grown in line with general economic growth, with stability gained from the more resilient renovation sector. The market has not yet recovered from the downturn which followed the financial crisis, and, after several years of low activity on the market, growth is expected to be driven by a strong recovery in the residential construction sector and the growth of the late cyclical commercial buildings and constructions sector. Other factors supporting market growth include further urbanisation and political factors,

such as government investment in construction projects. Due to the above factors, the waterproofing market is expected to grow by approximately 2.9 per cent. between 2015 and 2017.<sup>1)</sup> With a strong market position, Nordic Waterproofing believes that it is well positioned to capture the expected recovery.

##### **Mature and consolidated industry with clear barriers to entry**

The waterproofing market is a consolidated market, and market shares tend to remain stable over time due to clear barriers to entry. The industry requires local production since transportation costs account for a considerable proportion of the total costs (high weight in proportion to the value of the product), and customers expect short delivery times, which means that manufacturers must have reliable and efficient logistic solutions. The production process within the industry consists of a high level of automation, which reduces competition from countries that can take advantage of cheap labour. The market is characterised by differences in building regulations and building traditions on the local waterproofing markets. Customers generally seek proven and well-established products and materials under strong brands with a long tradition of quality and expertise, since long-term reliability is of crucial importance. The Company's well-reputed brands, combined with partnerships and training programs and technical service, have contributed to the creation of long-term relationships with customers.

Waterproofing manufacturers have a strong bargaining position on the market in terms of pricing, since the products and solutions are crucial to the construction

1) Market report produced on the Company's behalf by an independent consultancy firm (2016).

process and account for a small fraction of the total construction cost, with far-reaching consequences if the waterproofing work is unsuccessful. The Company has not noted any significant changes in the selection of materials on the markets in recent times and bitumen is expected to continue to be the primary material used in the Nordic region. The strong bargaining position of manufacturers is further strengthened by the fact that the customer base is generally fragmented and increases in raw material prices can usually be passed on to customers.

### Market-leading provider of waterproofing products and solutions

The Company considers that Nordic Waterproofing is a market-leading, provider of a full range of products and solutions and installation services on the Nordic waterproofing market and holds a challenger position on the European EPDM market. Within the direct sales channel, the Company is of the view that Nordic Waterproofing is the market-leading provider in Denmark, Sweden and Finland. In Norway, where the Company only entered the market in 2012, the Company considers that Nordic Waterproofing is the fourth-largest provider. Within the distribution sales channel, the Company considers that Nordic Waterproofing is the market-leading provider in Finland, the second-largest provider in Sweden and Denmark, and the third-largest provider in Norway. On the European EPDM market, the Company believes that it is the third-largest provider on the market. Furthermore, Nordic Waterproofing believes that the Company is the market-leading provider on the installation services market in Finland and Denmark.

Nordic Waterproofing believes that the Company's leading market positions, combined with its offering of innovative, full waterproofing solutions under well-established and well-known locally adapted brands, have given the Company competitive advantages which will enable it to experience long-term growth and profitability. In order to further enhance its market-leading position, the Company continuously improves existing products and solutions and develops new products, focusing in particular on ease of installation and environmental awareness.

### Experience of improvements in profitability

Nordic Waterproofing's focus on profitability and continuous implementation of strategic initiatives to streamline the business has resulted in an increase in the Company's EBIT margin before items affecting comparability from 6.6 per cent. to 10.6 per cent. between 2012 and 2015, despite weak growth in the underlying market.

Nordic Waterproofing continuously examines its business and has prioritised profitability over volume since 2012. The Company has actively initiated a number of investments and improvement programs aimed at increasing the productivity of the Group, including recipe optimisation, streamlining purchasing and pricing, and productivity improvements. In addition, extensive

measures have been taken to realise considerable synergies from acquisitions. Furthermore, the Company has reduced its fixed costs in order to create a flexible cost base to enable it to be in a better condition to deal with fluctuations on the market and generate stable profits even in less favorable market conditions.

As a result of the investments and improvement programs carried out, Nordic Waterproofing believes that it has created a platform which will enable it to grow and focus on new opportunities while maintaining good profitability.

### A strong and stable cash flow means a good capacity for distributing dividends

Nordic Waterproofing is in a strong financial position and a history of profitability with stable cash flow generation despite weak market growth over the last few years. Nordic Waterproofing also expects to continue to have strong cash flows in the future thanks to its high capital efficiency and low working capital needs. The Company's net debt has also declined, from SEK 404 million in 2012 to SEK 141 million at the end of 2015.

Nordic Waterproofing's stable financial position and strong cash flows are expected to ensure that the Company is able to seize opportunities to drive organic growth and carry out potential acquisitions, whilst offering attractive dividends to the Company's shareholders (see further "*Business description – Financial targets*").

### Experienced management with international and local expertise

The members of the Group's executive management are highly competent and experienced professionals with extensive international and local industry experience, who have together developed Nordic Waterproofing into a leading company on the waterproofing market. The members of executive management have a broad range of skills that are appropriate for the continued growth of the Company's business, comprising experience from both the waterproofing industry and other areas of the construction industry. The members of executive management have between 20 and 35 years' industry experience, and the Company's CEO, Martin Ellis, has worked as CEO during the last 24 years, of which 16 years within the waterproofing industry, including as the CEO of Icopal. Nordic Waterproofing's executive management has delivered industry-leading profitability growth despite a partially weak underlying market, as well as successfully integrated acquisitions, thereby realising considerable synergies. They are now motivated to lead the Company into its next phase and receive constant support from a strong board of directors. For further information about the Group's board of directors and group management, please see the section entitled "*Board of directors, group management and auditors – Board of directors*" and "*Board of directors, group management and auditors – Group management*".



*The roof of Filborna combined power and heating plant in Helsingborg was covered with 9,000 square meters of waterproofing from Matak.*

#### **GROWTH AND DEVELOPMENT STRATEGY**

The Company's growth and development strategy is founded on three cornerstones: profitable organic growth, strategic acquisitions, and efficiency improvements.

#### **Replicate the successes from the markets in Sweden, Denmark and Finland in Norway**

On the Norwegian market, which the Company only entered into for the first time in 2012 through its acquisition of Nortett, the Company is still in its infancy in comparison with other Nordic markets. The Company is of the view that there are good opportunities to replicate its successes on the Swedish, Danish and Finnish markets to become the market-leading provider in Norway as well, within both direct sales and distribution channels. By continuing to offer a high-quality, locally-tailored range of products and logistics structure in the same way it does in other markets in the Nordic region, the Company believes that it can acquire market shares within the direct sales channel. In order to strengthen its market position within the distribution sales channel, the Company's local product portfolio will be expanded in line with demand from builders' merchants. In addition, the Company intends to enhance its position on the Norwegian market by introducing guarantee systems and partnership programs and drawing on its experiences from Denmark, Sweden and Finland. The Company also sees considerable potential in expanding its range of products within the drainage and radon control segment, since drainage and radon control products are compulsory for all homes in Norway, and a large number of buildings still need them to be installed.

#### **Extend the EPDM platform on relevant European markets**

Nordic Waterproofing believes that it is well placed to expand the Company's existing EPDM platform and business model in Europe by taking advantage of the expected growth in the European EPDM market and further enhancing its position on the local EPDM markets in which the Company currently conducts business.

To date, the European EPDM market has had limited exposure to the Company's European brand, SealEco, and the Company is evaluating whether it should enter EPDM markets which are considered to be attractive in terms of volume and price, such as Switzerland and Austria. The Company considers that its efficient production can produce the volumes required to enter new markets at competitive prices and satisfactory margins. In addition, Nordic Waterproofing is evaluating whether to enter new markets and enhance its positions on existing markets via selective acquisitions of prefabricators and distributors or by entering into partnerships with large, local installation companies. Historically, Nordic Waterproofing has carried out two successful bolt-on acquisitions of Belgian EPDM companies and established a partnership with a local partner in the Netherlands.

#### **Continue to enhance its position on its primary markets by expanding its product portfolio and product segments**

Nordic Waterproofing believes that there is potential in enhancing the Company's market position further by continue to expand, develop and improve its existing product portfolio via its efficient distribution platforms. For example, Nordic Waterproofing is intending to expand

its range of energy-efficient products and solutions, such as green roofing<sup>1)</sup> and solar panels to meet the growing demand more effectively. Furthermore, the Company is intending to increase the range of products it offers to builders' merchants and the number of products made of synthetic materials, such as PVC.

Nordic Waterproofing also believes that it can further strengthen its position by increasing its presence within selected segments, which may generate an attractive return without the need for material capital investment. Examples of segments the Company has identified include drainage and radon control, prefabricated houses and underlayers for flat steel roofing. Furthermore, the Company has identified the opportunity to launch a concept aimed at small carpentry firms that use shingle for pitched roofing on houses, by establishing partnership programs and offering training and technical service.

#### Carry out strategic acquisitions

The Company has a documented history of successfully carrying out bolt-on acquisitions, integrating acquisitions into its existing organisation, and achieving economies of coordination. Since 2011, Nordic Waterproofing has carried out four bolt-on acquisitions of diverse sizes.

The Company believes that there are opportunities to carry out further acquisitions on a selective basis and is currently evaluating potential acquisition targets. Nordic Waterproofing seeks to acquire companies with one or more of the following characteristics:

- companies with a strong position in Nordic Waterproofing's core markets or relevant non-core markets;
- a European EPDM distributor or prefabricator;
- companies with a complementary product range; and
- companies with an attractive valuation.

The purpose of Nordic Waterproofing's acquisition strategy is to extract synergies by increasing opportunities for add-on sales, centralising functions (such as production, procurement, purchasing and administration), and sharing of best practices. The Company's previous experience is that acquisitions can be integrated into the Group efficiently.

#### Further streamlining of the business

The Company has succeeded in increasing profitability in a weak market by making continuous improvements to the business. Nordic Waterproofing believes that there are good opportunities to continue to streamline the business over the next few years through further recipe optimisation and productivity improvements (such as upgrades in machinery), and a greater focus on "LEAN" production. The Company has also identified good opportunities to achieve significant cost savings by continuing to streamline the purchasing process, such as in the areas of coordination and procurement procedures. In addition, the Company is of the view that it is well placed to take advantage of ongoing profitability improvement programs



Installation of Matak UniTech® FR LESSNOX, a bitumen based waterproofing coated with a slate of titanium dioxide. In combination with UV light nitrogen oxides from pollutions are converted to nitrate, which can be taken up by plants.

1) Roofing with living vegetation, such as a grass and sedum roof and built-in waterproofing (i.e. waterproofing used for example on terraces, in courtyards and on parking decks to protect the underlying construction from moisture and chemical substances).

that have been implemented over the last few years when the end markets recover.

**BUSINESS CONCEPT AND VALUE CREATION**

**Business concept**

Nordic Waterproofing develops, manufactures, markets and distributes innovative products and solutions to waterproof, protect and preserve buildings and other constructions. The products and solutions are delivered with a high level of services and characterised by high quality, local adaptation, easy to install, energy and environmentally aware as well as long lifespan.

**Value creation**

**Vision**

Nordic Waterproofing’s vision is to be the leading and preferred full-service supplier of innovative, easy-to-implement and reliable waterproofing products and services for the protection of buildings and infrastructure.

**Mission**

***Making waterproofing easy***

Nordic Waterproofing is fully committed to understanding customers’ needs and to always exceeding their expectations. Nordic Waterproofing makes it easy and safe for customers by providing a full range of high-quality products and the highest level of service on the services offered.

Nordic Waterproofing’s products are developed to protect buildings and infrastructure, and the Company continuously strives to improve and expand its product range. Nordic Waterproofing achieve its exceptional level of service through a strong local presence, smart logistics solutions and, most importantly, a team of highly motivated employees.

**Strategy**

*Remain very close to the customer*

- Understand and predict the customer’s present and future needs
- Local production to optimise availability
- Best-in-class service, responsiveness and smart logistics

*Further improve and expand Nordic Waterproofing’s range of products and services*

- Serve the entire spectrum of products needed by the Group’s customers for the protection of buildings and infrastructure
- Emphasises environmentally innovative and energy-efficient solutions
- Full maintenance contracts for roofs

*Expand geographically*

- Focus on opportunities in Western, Central and Eastern Europe
- Preferably through bolt-on acquisitions

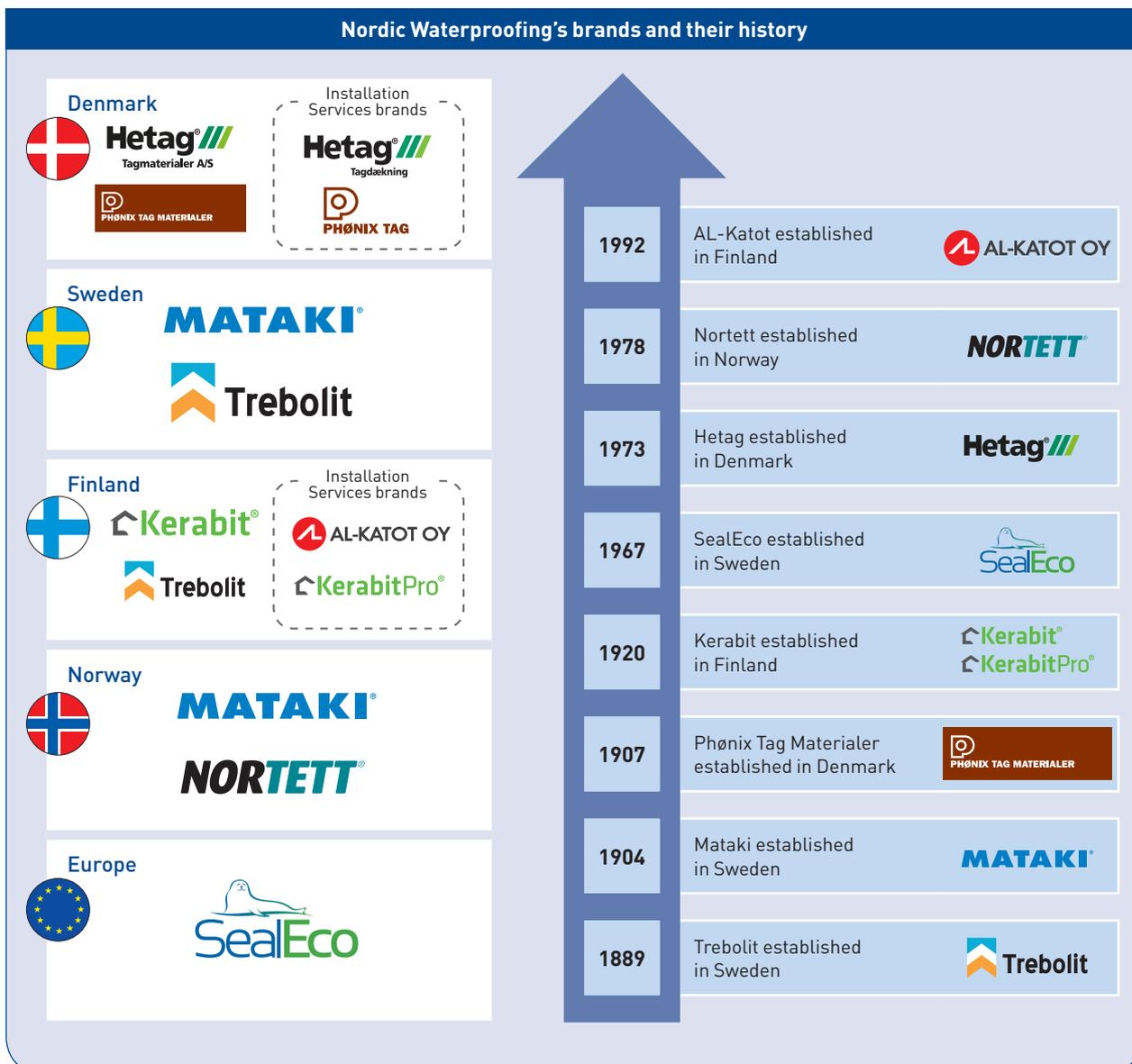
**FINANCIAL TARGETS**

Nordic Waterproofing’s board of directors has adopted the following financial targets and dividend policy.

<b>Growth</b>	Nordic Waterproofing’s goal is to exceed the growth experienced in the Company’s current markets through organic growth. In addition, the Company expects to grow through selective acquisitions.
<b>EBIT margin before items affecting comparability</b>	Nordic Waterproofing’s goal is to have an EBIT margin before items affecting comparability exceeding 10 per cent.
<b>Capital structure</b>	Net debt in relation to adjusted EBITDA before items affecting comparability (on a rolling 12-month basis), excluding temporary deviations, must not exceed 2.5 times.
<b>Dividend policy</b>	Nordic Waterproofing aims to have an annual dividend of more than 50 per cent. of its net profit. The payout decision will be based on the Company’s financial position, investment needs, liquidity position, and general economic and business conditions.

*The financial targets and dividend policy above are forward-looking and subject to a considerable degree of uncertainty. They are neither forecasts nor guarantees of future earnings, and Nordic Waterproofing’s actual results may differ significantly from those expressed or implied by these forward-looking statements due to many factors, including but not limited to those described in the section entitled “Risk factors”. Investors are encouraged not to rely solely on any of the statements above.*

## BRANDS, PRODUCTS AND SERVICES



Nordic Waterproofing applies a multi-brand strategy, which means that it manufactures and markets a large range of roofing waterproofing products and solutions and installation services under primarily nine distinctive and largely local brands, to meet the various standards and preferences in the markets. The Company's brand portfolio consists of well-reputed and well-established brands with a long tradition of quality and expertise.

Nordic Waterproofing's brands are present in all sales channels, are marketed to all types of end-users and

cover the different price segments, enabling the Company to make its offering distinctive and thereby avoid the risk of cannibalisation between brands. The brand portfolio is dynamic, which means that a brand marketed to a certain type of end-user in its geographical domestic market can be marketed to other types of end-users in adjacent geographical markets.

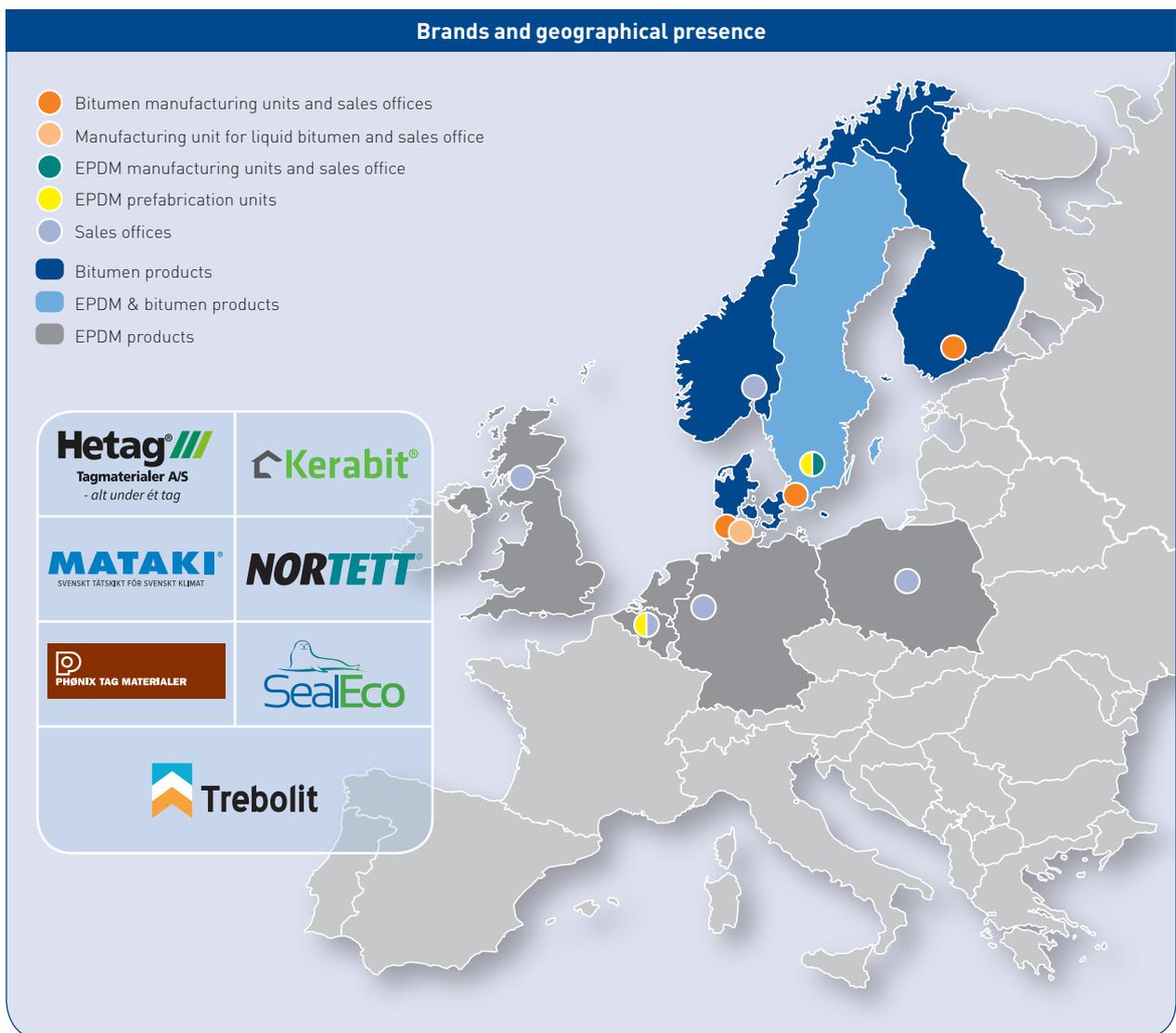
Nordic Waterproofing's business is broken down into two operating segments: Products & Solutions and Installation Services.

### Products & Solutions

In the Products & Solutions operating segment, the Company primarily offers flat roofing and pitched roofing products and solutions produced in-house, but also offers products produced by subcontractors, such as plastic sheets, foundations and moisture barriers, to complement the Company's products manufactured in-house. The business within this operating segment is conducted in the Nordic region and northern Europe. The products are sold under the Hetag Tagmaterialer, Kerabit, Matak, Nortett, Phønix Tag Materialer, and Trebolit brands, as well as the cover-all brand SealEco. Products supplied by third parties are sold to a certain extent under some of Nordic Waterproofing's brands.

The Company has ten sales offices and seven production and pre-fabrication units in Sweden, Denmark, Finland and Belgium. In 2015, an average of 320 full-time employees worked within this segment.

The products sold within the Products & Solutions segment can be broken down into the following product segments: roofing products, building products, and EPDM products. Roofing products include flat roofing waterproofing products (made of bitumen or PVC), pitched roofing waterproofing products (primarily made of bitumen and steel), and roofing accessories (such as fastening devices). Roofing products are provided primarily through the direct sales channel to installation companies. Building products include various types of

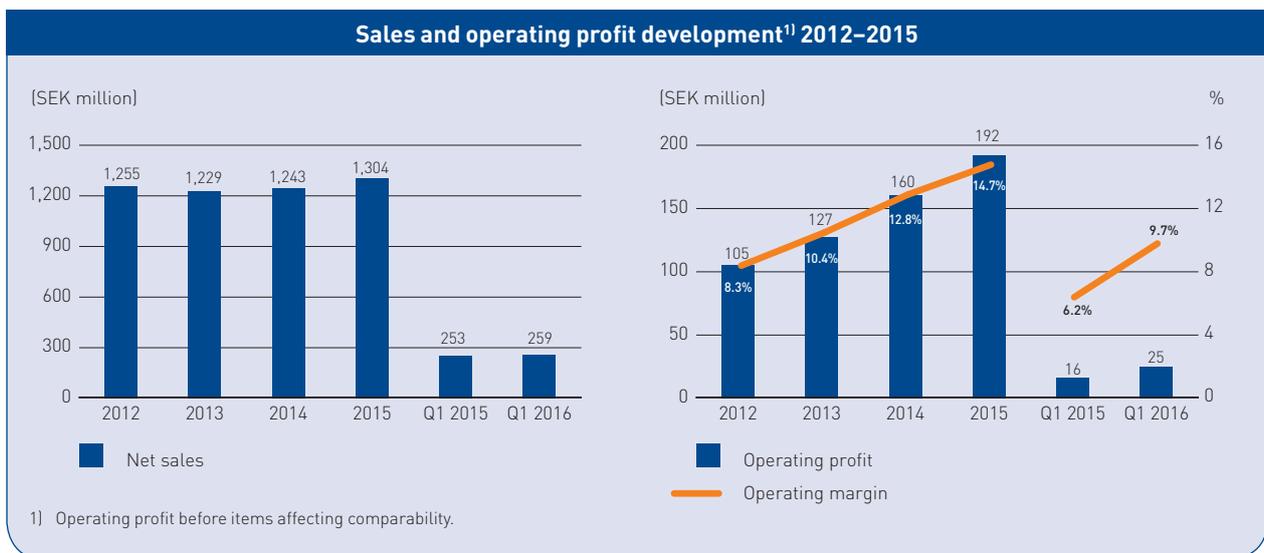


membranes for buildings (bitumen-based underlayers and moisture, wind and vapor barriers). Building products are sold primarily via the distribution sales channel to builders' merchants. EPDM products are manufactured in the synthetic rubber material EPDM, which is sold primarily on the European market and used, for example, on flat roofing, facades and as geomembranes and lining.

Within the direct sales channel, the Company considers that it is the market-leading provider in Sweden, Denmark and Finland, and the fourth-largest provider in Norway, where the Company only entered the market in 2012. Within the distribution channel, the Company considers that it is the market-leading provider in Finland, the second-largest provider in Sweden and Denmark, and the third-largest provider in Norway. On the European EPDM market, the Company considers that it is the third-largest provider. Products & Solutions accounted for 73.0 per cent. of Nordic Waterproofing's total sales in 2015<sup>1)</sup>.

The Company has experienced a positive sales trend within the Products & Solutions operating segment in the last few years and profitability within the segment has improved due to Nordic Waterproofing's continuous improvements to the business in the form of recipe optimisation, streamlining of purchasing and pricing, and productivity improvements. The Company has also successfully refined the business by closing down non-core businesses and realised synergy effects from the four acquisitions carried out between 2012 and 2015.

Within the Products & Solutions operating segment, Nordic Waterproofing intends to continue to implement most of its operational improvement programs and focus on penetrating the Norwegian market, in which the Company sees considerable potential for growth. Nordic Waterproofing also intends to expand its product portfolio and increase its presence within certain market segments, such as drainage and radon control.



1) Includes internal sales from Products & Solutions to Installation Services.

Overview of the areas of use for the Products & Solutions operating segment

### Roofing and building products

1. Bitumen membranes
2. Bituminous shingles
3. Steel roofs
4. Underlay membranes
5. Standing seam roof
6. Accessories – stack sealing
7. Moisture, wind and vapor barriers
8. Ballasted roofing systems
9. Radon control systems
10. Pond liner<sup>1)</sup>
11. Tanking<sup>1)</sup>

12. Bitumen membranes
13. EPDM roofing membranes<sup>1)</sup>
14. Insulation
15. "Green grid" (tray systems for green roofs)
16. Aluminum profiles and outlets
17. Ballasted roofing systems
18. Façade waterproofing and air sealing
19. Basement tanking systems<sup>1)</sup>
20. Geomembranes<sup>1)</sup>
21. Parking and bridge membranes and systems

1) EPDM products

### EPDM-produkter

1. Basement tanking system
2. Façade waterproofing and air sealing
3. Flat roofing system
4. Geomembrane

### Roofing products

Nordic Waterproofing offers a broad range of roofing products which are adapted for different types of roofing and needs. The products create long-term (up to 50 years) and robust protection for roofs and properties, irrespective of the climate to which they are exposed.

The Company's roofing products are sold primarily in the Nordic region. The Company's roofing products are broken down into flat roofing waterproofing products, pitched roofing waterproofing products, and roofing accessories.

Flat roofing	Bituminous shingles	Roofing accessories
		
<p>Flat roofing waterproofing systems make it particularly difficult to install roof coverings. Mataki's product UnoTech is installed on Helsingborg's concert house.</p>	<p>Bituminous shingles is an example of a waterproofing product for tiled roofs and are adapted for roofs with a gradient of 1:5 or more. The product is particularly suitable for complex roofs and works for both new-build and renovation.</p>	<p>Nordic Waterproofing offers a professional range of different roofing accessories, such as strips in various materials and formats, chimney mounts, hiltz and consoles, vapor barriers and products specially designed to meet customer specifications.</p>

#### *Flat roofing*

Flat roofs make waterproofing and installation particularly difficult, and this work is usually performed by professional installation companies. The Company's products have unique technical qualities and can easily be adapted to different environments, property types and underlay. The products are sold to installation companies and are made of bitumen and PVC.

#### *Pitched roofing*

Nordic Waterproofing's pitched roofing products are sold primarily to builders' merchants and are usually installed by private individuals. Products installed on pitched roofs are more visible than products used for flat roofs. The design and appearance of the products are therefore important factors for the customer.

#### *Accessories*

As a provider of complete roofing solutions, Nordic Waterproofing also offers a large range of essential accessories that complement the Company's products. Nordic Waterproofing sources accessories from a number of subcontractors. Products from subcontractors often constitute an important factor in the complete solution and the products are sold to both builders' merchants and installation companies.

**Building products**

The building products are sold and marketed under the Company's brands primarily to builders' merchants in the Nordic region. The building products are highly technical and therefore often require customer support and train-

ing. Nordic Waterproofing produces building products in-house, but also sells building products which are purchased from subcontractors and mainly sold under the Company's brands.

Building chemical products	Radon well
	
<p>Nordic Waterproofing has a wide range of building chemical products to aid roof installation and repairs. Examples include:</p> <ul style="list-style-type: none"> <li>- Asphalt solution for areas that need to be damp-proofed or installed with new waterproofing membrane.</li> <li>- Cold-flowing asphalt cement to cementing waterproofing overlay.</li> <li>- Asphalt paste with fibres for repairing cracks and holes in asphalt-based waterproofing.</li> <li>- Roofing paint is a cold-flowing, fiber-reinforced asphalt product which are used for renovation and restoration of old asphalt based waterproofing.</li> </ul>	<p>Nordic Waterproofing sells waterproofing products which are used to restrict radiation from soil where radon is present. To redirect the radon, Nortett offers a radon well made of 100% recycled age-resistant polyethylene.</p>



*Domes or roof lanterns are the best solution for letting in light in the middle of buildings with flat roofing.*

**EPDM products**

The Company's EPDM products are intended to be used primarily for roofing waterproofing systems, facade waterproofing and foundation waterproofing. The product offering comprises air, sound and water resistant systems resulting in environmental efficiencies, energy savings and a long lifespan. Since the products are tailored to customer's needs, they are produced in various types,

based on for example thickness and mix of materials. The products are sold primarily in Sweden, Belgium, the Netherlands, Poland, the United Kingdom and Germany. Nordic Waterproofing sells and markets EPDM products under the Company's parent brand SealEco, which includes the Cladseal, Elastoseal, GreenSeal, Prelasti, RubberShell and Superseal brands.

**Elastoseal basement tanking system****SealEco EPDM rubber membrane**

SealEco was the waterproofing provider for the construction of Dubai International Airport. The airport is an important flight hub between east and west and the world's largest airport based on the number of international passengers (over 69 million in 2014). Hall 3 in the airport is a huge dome-shaped building 750 meters long and 250 meters wide. It was waterproofed using approximately 500,000 square meters of Elastoseal EPDM-rubber membrane.

EPDM-membranes from SealEco protect the ancient Roman building Domus Aurea, Nero's golden house in Rome, Italy. The rubber membranes ensure that the drainage system works and prevent water and moisture damaging any areas.



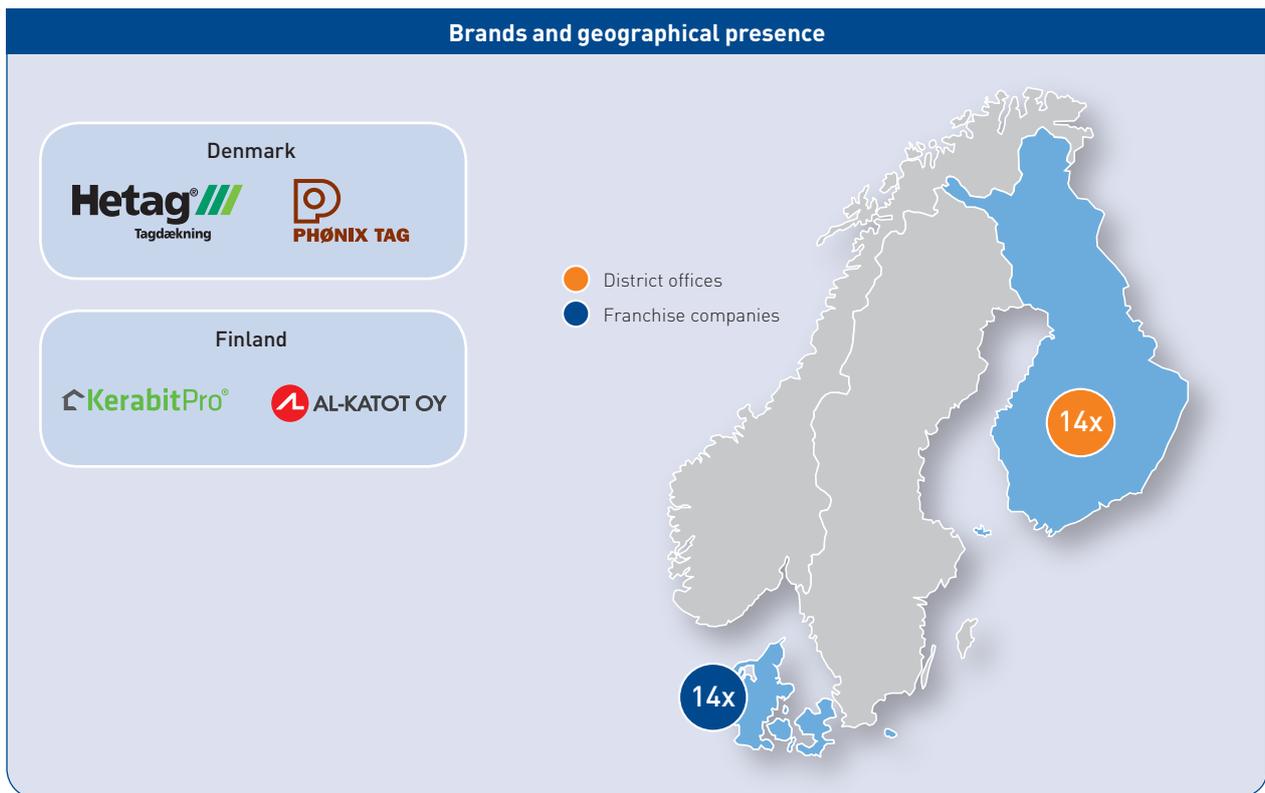
SealEco's facade system, Cladseal, protects Sweden's national stadium, Friends Arena in Solna outside Stockholm.

### Installation Services

Nordic Waterproofing offers its customers turnkey installation services in Denmark and Finland, which include both the construction of the entire roof and individual roof installation services. The Installation Services operating segment is fully integrated into the Company's business and consists mainly of the installation, maintenance and assembly of primarily the Company's own roofing products for residential and non-residential buildings. Consequently, this operating segment constitutes an additional sales channel for the Company's waterproofing products and solutions. The Company's installation business comprises its own installers in Finland, under the AL-Katot and KerabitPro brands, and in Denmark services are offered through franchising under the Phønix Tag and Hetag Tagdækning brands. The business conducted within this operating segment also creates added value for the Company, since it enables Nordic Waterproofing to better meet the needs and preferences of customers, educate the market of the importance of using high quality products, and protect the Company's

market position and brands. It is common practice in the industry for companies to offer their own installation services and a number of Nordic Waterproofing's competitors have similar services.

Nordic Waterproofing has 14 district offices in Finland and the Company owns 100 per cent. of the installation business. Accordingly, Nordic Waterproofing controls all purchasing and management systems. In Denmark, Nordic Waterproofing owns minority interests in 11 franchise companies, majority interests in three franchise companies and indirectly owns an additional five franchise companies. The members of senior management of the franchise companies are majority shareholders (usually 60 per cent.), and Nordic Waterproofing owns the remaining shares in each company. Consequently, the turnover of the franchise companies is not consolidated into the Company's balance sheets. In 2015, Nordic Waterproofing had an average of 308 full-time employees in Finland and an average of 304 full-time employees in the franchise companies in Denmark.

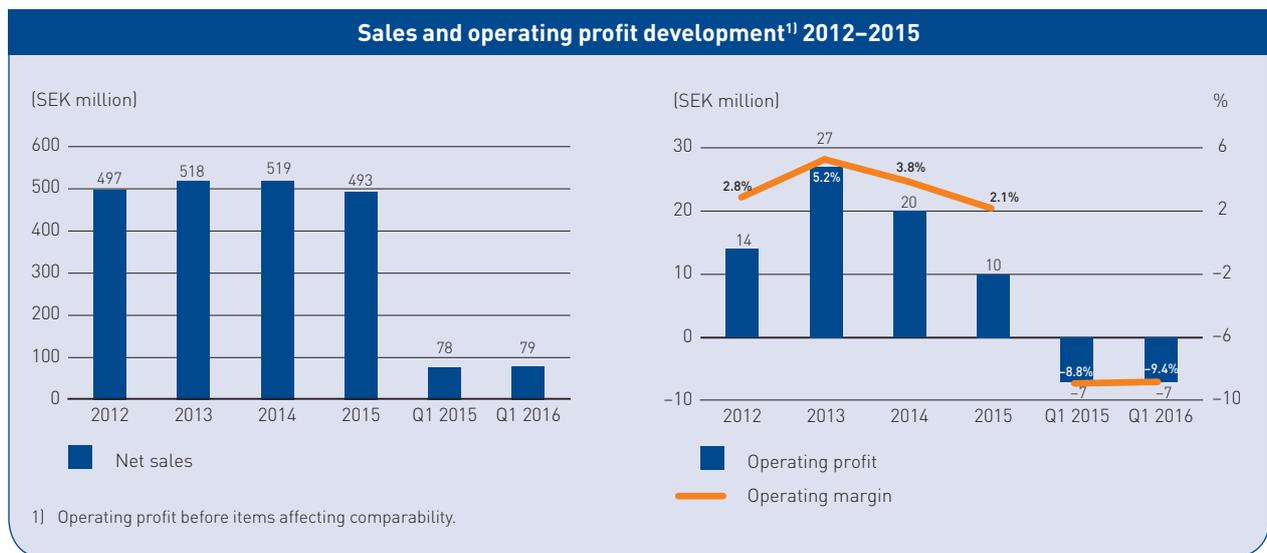


The Group is the exclusive supplier of bitumen to the franchise companies in Denmark, and certain administrative and system costs are absorbed by the franchise companies. In Finland, the Company has introduced a bonus program for the members of executive management to increase their incentive. In Denmark, the franchise model functions essentially as an incentive for the local management, *id est* the owners.

The Company experienced negative sales growth within the Installation Services operating segment between 2012 and 2015 due to a weaker construction

market in both Denmark and Finland. The Installation Services operating segment accounted for 27.0 per cent. of Nordic Waterproofing's total sales in 2015<sup>1)</sup>.

Nordic Waterproofing intends to strengthen its position within the Installation Services operating segment by means of acquisitions, expansion into new markets and increasing its range of services. A stronger position is expected to increase the Company's knowledge of customers and sales of its own waterproofing products and solutions.



1) Includes internal sales from Products & Solutions to Installation Services.

**Eiranranta, Helsinki**



- KerabitPro completed all external waterproofing in the project.
- Work comprised roofs, balconies and waterproofing on ground for, among other things, parking places.
- Reason for choosing KerabitPro was the proven track record in this type of projects.
- KerabitPro gave technical support to designers and the main contractor in all stages of this complicated high-end project.

**Innovest, Skjern**



- Phønix Tag Materialer installed a 14,000 m<sup>2</sup> circular roof.
- More than 1,000 m<sup>2</sup> green roof membrane was installed, on which sedum plants and grass were planted.
- Bitumen membrane was installed on approximately 13,000 m<sup>2</sup>.

**Kaivopuisto, Helsinki**



- KerabitPro has long history of installation and refurbishment of tile roofs which was the main reason for choosing the company for this high class project.
- KerabitPro has supplied the entire roof construction with underlay, tiles and accessories.
- Health and safety aspect were important in this project due to the height and the steepness of the pitch roofs.

**Bioproduct Mill, Äänekoski (ongoing)**



- Largest paper industry investment in Finland.
- KerabitPro is employed to install waterproofing products on an area of 40,000m<sup>2</sup> of which 30,000m<sup>2</sup> will be standard insulated roofs and 800 m<sup>2</sup> green roof membrane.
- The project will be led by 2–3 project managers and about 25 roofers will carry out the work.

## Product development

Nordic Waterproofing's objective is to be an innovative leader in the waterproofing solutions industry. The Company continuously develops existing products and solutions, focusing in particular on ease of installation and environmental awareness. Nordic Waterproofing has its own product development division which, together with the business units, develops and improves the Company's products and solutions and conducts production and factory tests. The Company's development process is carried out at both Group and business unit level and is based on trends and an analysis of the needs and requirements of customers. In addition, product development initiatives are introduced which affect the Company as a whole at Group level. The development process is designed to encourage cooperation between the business units and includes sharing of best practices between the business units in respect of, for example, recipe optimisation and improvements to products and recipes.

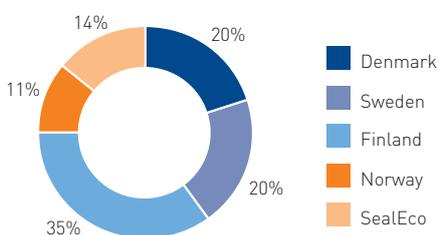
An example of a new product is the EPDM product RubberShell, which is a self-sealing rubber membrane consisting of one layer of EPDM and one layer of bitumen. A major advantage of the new product is that it is easy to install. A product improvement that has recently been introduced is shingle, which can be installed without removing the plastic sheets, resulting in a simplified installation.

The Company's development process is broken down into four stages:

1. The Group's product managers regularly identify and analyse the need for new products and customer-tailored concepts based on prevailing market trends, the needs and requirements of customers, and growth areas.
2. The product R&D function assesses feasibility and develops product prototypes.
3. Production and factory tests are conducted. The product is evaluated, and product management, together with the responsible production unit, decide whether to launch the product.
4. Following the launch of the product, there is a follow-up process in which an analysis of customer views is conducted.

## Geographical overview

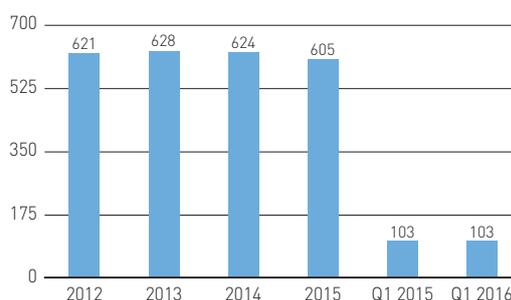
### Breakdown of sales by business unit (2015)



## Finland

Finland, Nordic Waterproofing's largest business unit, accounted for 35 per cent. of the Company's sales in 2015. The largest customer group in the Finnish market is professional installation companies. In the Finnish market, the Company sells products under the Kerabit and Trebolit brands, and installation services under the KerabitPro and AL-Katot brands. The Company has a production facility in Finland which is situated in Lojo, where the Company manufactures bitumen-based products.

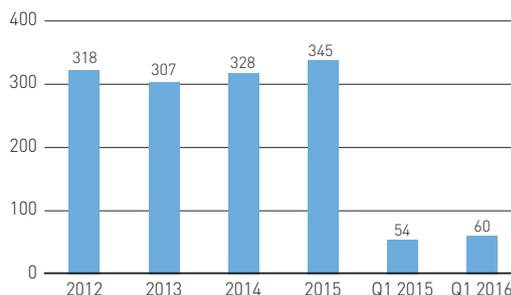
### Sales growth in Finland (SEK million)



## Sweden

Sweden accounted for 20 per cent. of the Company's total sales in 2015. The largest customer group in the Swedish market is external professional installation companies. Nordic Waterproofing has two production facilities in Sweden: one in Värnamo, where the Company produces EPDM-based products under the cover-all brand SealEco, and one in Höganäs, where the Company produces bitumen-based products under the Matakäi and Trebolit brands.

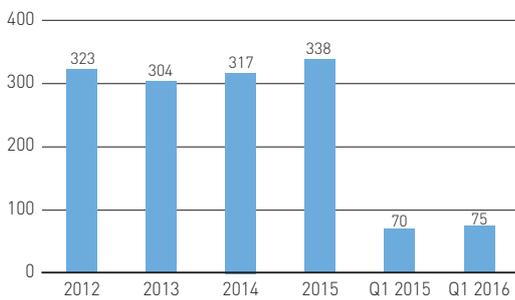
### Sales growth in Sweden (SEK million)



**Denmark**

Denmark accounted for 20 per cent. of the Company's total sales in 2015. The largest customer group in the Danish market is internal and external professional installation companies. Nordic Waterproofing provides internal installation services in Denmark through a franchise model. The Company has two production facilities in Denmark, which are situated in Vejen and Hedensted, where the Company manufactures fluid and fixed bitumen-based products. The products are sold under the Hetag Tagmateriale and Phønix Tag Materialer brands.

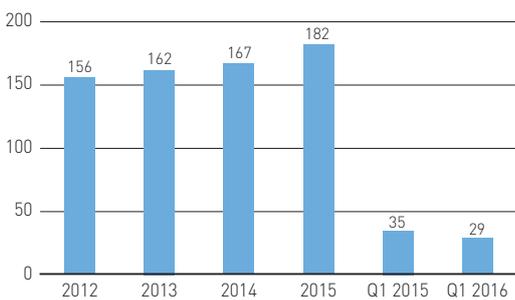
**Sales growth in Denmark (SEK million)**



**Norway**

Norway accounted for 11 per cent. of the Company's total sales in 2015. Following the acquisition of Nortett in 2012, their former products have been replaced by Nordic Waterproofing's products and are sold under the Matak and Nortett brands. No local production takes place in Norway, and instead the products are manufactured in Sweden and Finland.

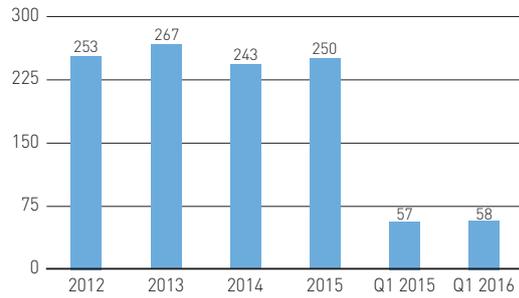
**Sales growth in Norway (SEK million)**



**SealEco**

The business unit SealEco accounted for 14 per cent. of the Company's total sales in 2015, and encompasses Belgium, the Netherlands, Poland, the United Kingdom and Germany. Within this business unit, Nordic Waterproofing also exports products to Australia, the Middle East, Switzerland and Turkey. In the European market outside the Nordics, the Company is mainly active within the EPDM products segment. The Company's products are manufactured in Värnamo in Sweden, transported on to Europe, and sold under the cover-all brand SealEco.

**Sales growth in SealEco (SEK million)**



**Customer base**

Nordic Waterproofing has a broad and diversified customer base, which means that the Company has limited customer risk and is dependent on individual customers to a negligible extent. This also means that the Company has a strong bargaining position. Nordic Waterproofing's customers primarily comprise local installation companies and builders' merchants. Installation companies were the largest customer group, accounting for 65 per cent. of total sales in 2015, and builders' merchants accounted for 35 per cent. during the same period. In 2015, the Company's five largest customers accounted for 12.9 per cent. of total sales (the largest customer accounted for 4.6 per cent., the second-largest for 2.8 per cent., the third-largest for 2.6 per cent., the fourth-largest for 1.6 per cent., and the fifth-largest for 1.3 per cent.).

All of Nordic Waterproofing's customer agreements have been entered into at a local level. Accordingly, customers with operations in more than one country generally have relationships with more than one business unit. Nordic Waterproofing has had long-lasting relationships with numerous individual customers and receives many recurring orders for a relatively low order value. The Company has limited customer risk since both the average order and the average single customer purchase have a low value. The orders from builders' merchants are generally larger than the orders from installation companies. Since the Company's operations within the operating segment Installation Services generally carry limited commercial risk, with many small contracts with a value below SEK 5 million, Nordic Waterproofing's exposure to individual customers is limited.

**Sales and marketing**

The sales process comprises three main elements: marketing, sales, customer service and training. Crucial aspects of sales and marketing include having a local focus and a strong tie to all interested parties, whilst being able to offer global functions and provide its products and solutions on a large scale.

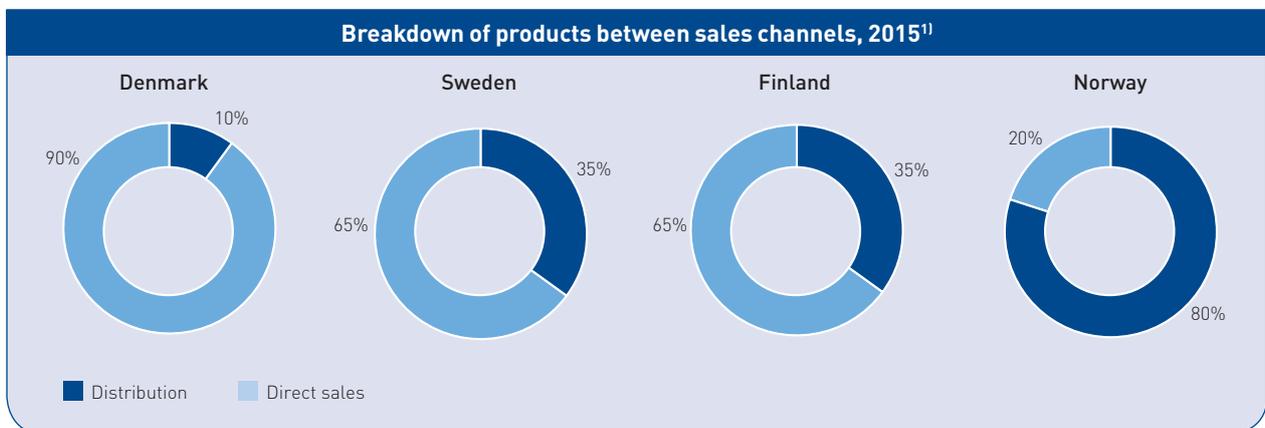
Nordic Waterproofing markets its products and solutions on a local level to ensure they are adapted to local preferences, customer behavior and sales channels. However, both marketing and sales are coordinated at

Group level. As part of its marketing strategy, the Group has strengthened its relationships with its customers and other interested parties by offering product information, technical training and support provided by the Company's service team. Through its local presence, the Company is able to maintain relationships with interested parties, enabling it to continue to develop and refine its sales and marketing efforts. The Company also uses other marketing channels, tailored to the market and brand, such as direct marketing, store campaigns, the Company's own website and online advertising. Nordic Waterproofing also assists small installation companies with updating their websites on a regular basis to present the Company's products, product specifications and installation manuals. The Company also cooperates with builders' merchants to market its products.

Sales in the Nordic region are managed by the Company's sales offices, while sales in other markets are managed by local partners (who administer export sales) and external distribution companies. All of the sales offices have extensive experience and in-depth knowledge of the market. The Company has sales offices in eight countries and each individual brand has its own sales division. In most of Nordic Waterproofing's markets, the sales organisation has a country manager, who is responsible for the local sales organisation and for implementing strategic initiatives. Nordic Waterproofing's sales

force and product order division regularly liaise with customers to increase customers' understanding of the Company's products and solutions and to ensure that customers' needs are met as regards planned and future orders. Nordic Waterproofing has long opening hours to ensure that orders can be received late in the evening and that deliveries can be made the following day. The sales and marketing organisation consists of 146 full-time employees.

Nordic Waterproofing's brands are present in all sales channels, marketed to all types of end-users and cover the different price segments. The choice of sales channel depends primarily on the type of product being provided. Nordic Waterproofing's sales channels comprise mainly of installation companies (direct sales) and builders' merchants (distribution). The advantages of direct sales include the Company's bond with local customers and stronger relationships with customers, whilst the advantages of distribution are builders' merchants' efficient logistics solutions and market penetration. Further benefits of distribution include order transparency and low credit risk. The Company believes that approximately 65 per cent. of the Company's sales related to direct sales and approximately 35 per cent. to distribution in 2015. For a more detailed description of the different sales channels, please see the section entitled "Business description – Introduction".



1) According to the Company's assessment.





### The EPDM pre-fabrication process

#### 1 Membrane positioning

- EPDM membranes are cut to size and aligned with overlap for welding

#### 2 Splicing

- The EPDM membranes are welded with a splicing machine
- When requested project unique details can be added during prefabrication enabling waterproofing made to measure in one piece



#### 3 Quality control

- Membrane quality is tested before packaging and transport
- A non-destructive air lance continuity test performed to control prefabricated splices
- A destructive test is performed to control the seams

#### 4 Packaging and transport

- Membranes are either folded into a package or folded and rolled around a pipe or tube and thereafter put on a pallet
- The pallets are wrapped with protection material to prevent membranes from being damaged during transportation

EPDM pre-fabrication enables the Company to provide tailored products directly to a customer's workplace and the installation of prefabricated products is quick and simple. The prefabrication process is generally carried out in a factory under ideal conditions which, combined with better quality control, ensures that there are fewer defective products, higher-quality products, and less spillage.

#### Raw materials and purchasing

Nordic Waterproofing's purchasing organisation is organised into a centralised group function for all business units and local purchasing functions. Purchasing of the most important input materials; bitumen, polyester and fiberglass and SBS is coordinated centrally in order to achieve economies of scale and increase the Company's

bargaining power. Market-specific products and materials are purchased by the local purchasing functions in order to increase flexibility and ensure that local needs are met. Bitumen constitutes the largest raw material cost, accounting for approximately 23 per cent. of the Company's total costs of raw materials in 2015, while polyester and fiberglass accounted for 16 per cent., EPDM 15 per cent., and SBS 10 per cent. The remaining 36 per cent. of the Company's total costs of raw materials consisted of purchases of other materials, such as packaging materials, plastic, paper, tubes, pallets, slates and sand. The supplier base comprises companies with long-term relationships with the Company. In 2015, the largest supplier accounted for approximately 17.5 per cent. of the total costs of raw materials and the five largest suppliers together accounted for approximately 50.5 per cent. Nordic Waterproofing has additional alternative suppliers to those it currently uses.

The prices on the waterproofing market are affected by fluctuations in the prices of raw materials and increases in the prices of raw materials are generally passed on by the Company to end-users. Nordic Waterproofing hedges the price of bitumen by means of hedging arrangements, usually for a period of 3–6 months, in order to further reduce the risk of fluctuations in the prices of raw materials. Rubber compounds is the most important raw material in the production of EPDM products. For further information about Nordic Waterproofing's supply agreements, please see the section entitled "*Legal considerations and supplementary information – Material agreements – Supply agreements relating to rubber compounds*".

Nordic Waterproofing's purchasing organisation takes an interest in its suppliers and places demands on them, and it is of considerable importance to the Company that suppliers conduct business in accordance with Nordic Waterproofing's environmental and safety policies. The heads of purchasing for the business units that provide bitumen meet up on a quarterly basis to assess the largest suppliers and to make decisions regarding certain issues relating to volumes. In order to evaluate the quality of the services provided by suppliers, the Company's Swedish business unit has implemented a quarterly assessment of the suppliers, a procedure that will also be implemented in other business units. Nordic Waterproofing seeks to have at least two suppliers for each key raw material.

#### Purchases of products manufactured by subcontractors

Products manufactured by subcontractors comprise primarily various accessories that complement the Company's products and help to ensure that customers receive a complete solution. The range of products manufactured by subcontractors varies from market to market, since the accessories differ for the various roofing products sold by the Company. Products manufactured by subcontractors include glue, tape and roof safety products.

### Logistics

Nordic Waterproofing has a well-functioning logistics and inventory management structure based on delivering the right product at the right time to the right destination. Most products are delivered within one to two days. Having efficient local logistics is an important part of the Company's service offering, since customers expect short lead times and transportation costs for the Company's bitumen products are relatively high. Nordic Waterproofing has local distribution platforms connected to the production facilities which, combined with local production, result in cost benefits. In addition, the local distribution platforms contribute to short lead times, reduced stock for customers and the option of delivering products directly to the customer's workplace, which improves relations with customers and increases benefits for customers. Products and solutions are provided to Norwegian customers from the Company's warehouse in Askim.

Nordic Waterproofing's stock is managed internally by each business unit individually in order to facilitate planning, while transportation services are provided by external companies in order to ensure consistently fast delivery times of products and solutions to customers. The Company's objective is to keep all products in stock in order to simplify the delivery process in the case of

delayed orders. Nordic Waterproofing is constantly seeking to streamline and improve stock management and logistics, and therefore regularly carries out various analyses in order to identify opportunities for improvement.

### ACQUISITION STRATEGY

Historically, acquisitions have been an important part of Nordic Waterproofing's growth strategy. Since Nordic Waterproofing was formed in 2011, it has carried out four strategic bolt-on acquisitions at valuations within the range of 3.0–4.2x EV/EBITDA (LTM) before synergies. The Company has successfully realised synergies from previous acquisitions by means of bolt-on sales and centralising functions, such as production, procurement, purchasing and administration, and sharing of best practices. The aim of Nordic Waterproofing's acquisition strategy is to enhance its position on existing markets, expand into new markets and acquire new skills and expertise, products and solutions, and services. For example, the Company acquired Wulva in 2011 and Nortett in 2012 in order to expand the business into Europe and Norway, and AL-Katot was acquired in 2012 in order to strengthen the Company's position in the installation services industry in Finland.

### Nordic Waterproofing's acquisitions since 2011

Company	Country	Year	Sales <sup>1)</sup>	Type of company
Wulva	Belgium	2011	EUR 2.6 million	Distributor and prefabricator of EPDM products
Nortett	Norway	2012	EUR 14.6 million	Retailer and distributor
AL-Katot	Finland	2012	EUR 10.8 million	Installation company
Univex	Belgium	2014	EUR 1.8 million	Distributor and prefabricator of EPDM products

1) Sales in the year prior to the acquisition.



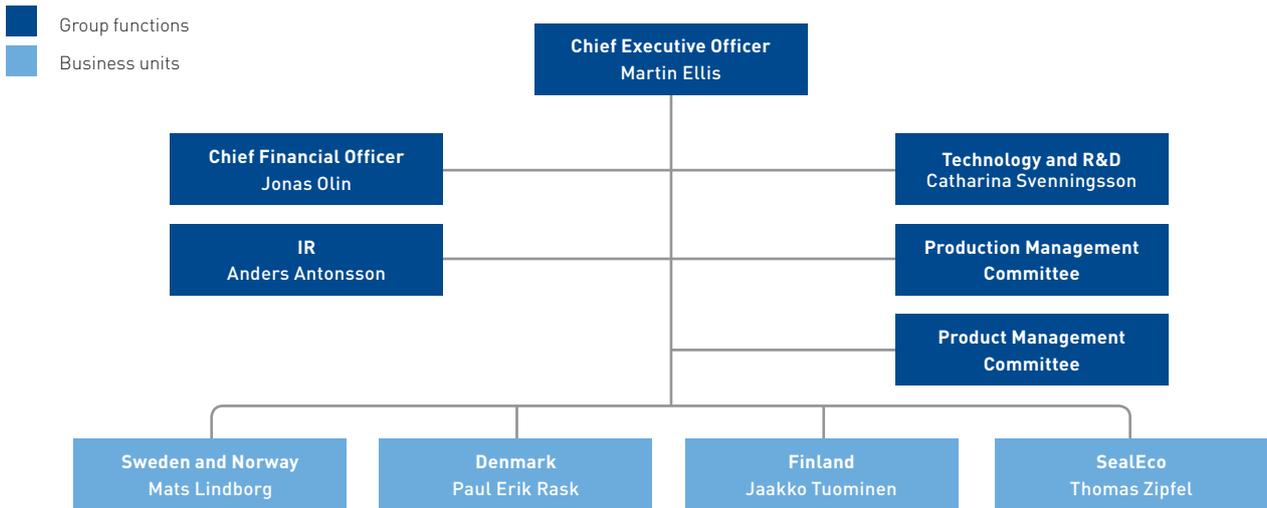
Gråsten solar plant in Denmark.

**ORGANISATION AND EMPLOYEES**

**Organisation**

The Company has a decentralised organisation structure with local management groups in each individual business unit, which are supported by a strong central management and group functions, such as the finances function and R&D function, creating both efficiency within the Group and local flexibility. Each business unit is

responsible for local production and for profitability within that unit. The Company is of the view that the decentralised management model helps to form close local relationships with customers, higher involvement, and speed in the flow of information and decision-making processes. Equally, the central functions contribute to maximising synergies throughout the entire Group.

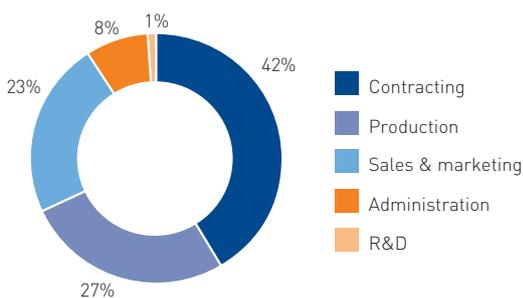


**Employees**

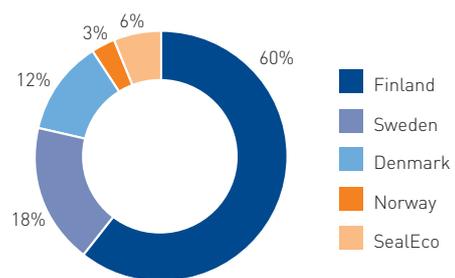
During 2015, Nordic Waterproofing had an average of 634 full-time employees (calculated as full-time equivalents). Approximately 42 per cent. of these employees worked in the Company’s installation services business unit, approx-

imately 27 per cent. worked in the production unit, approximately 23 per cent. worked in the sales and marketing unit, and approximately eight per cent. worked in the administration unit as well as approximately one per cent. who worked with research and development.

**Breakdown of employees by function (2015)**



**Breakdown of employees by business unit (2015)**



Number of employees	2015	2014	2013	2012
Average number of employees calculated as full-time equivalents	634	644	635	634
Women, (%)	15	15	14	15
<b>By business unit</b>				
Sweden	115	119	107	116
Denmark	76	80	81	85
Finland	383	396	407	400
Norway	20	18	17	12
SealEco	40	31	23	21

## ENVIRONMENT, HEALTH AND SAFETY

Nordic Waterproofing works in an environmentally aware manner and takes into consideration the environment in all decisions considered to have a direct or indirect effect on the environment. All of the Company's production facilities, other than the production facilities in Denmark, are certified for quality and environmental management in accordance with ISO 9000/14000. However, the production facilities in Denmark comply with a similar quality and environmental management system. In addition, the Company is active in reducing waste and energy consumption by streamlining production at its factories, and increasing the re-use of materials and energy from production waste which cannot be reduced or avoided. In the autumn of 2011, a major investment in the factory in Höganäs was finalised to optimise and extend the reduction of energy consumption in both the production process and at administrative departments.

Together with Trelleborg Sealing Profiles Sweden AB, Nordic Waterproofing's production facilities in the municipality of Värnamo have received a permit from the Environmental Licensing Delegation in the County Administrative Board to produce up to 25,000 tons of rubber products per year pursuant to Chapter 9, section 6 of the Swedish Environmental Code. The pre-fabrication facilities in Värnamo are operated on separate premises, but no changes are needed to be made to the business from an environmental perspective. A voluntary permit has been received from the County Administrative Board pursuant to the Swedish Environmental Code for the Company's operations in Höganäs relating to the production of bitumen-based waterproofing material.

The Company provides education and information to its employees about the environment, health and safety, and involves them in the continuous improvement process. Nordic Waterproofing maintains excellent health and safety standards in all areas in which the Company operates and seeks to minimise risks and consequences of accidents. The Company applies a zero tolerance policy towards alcohol and drugs.

The Company has an expressed policy that factors such as the environment, health and safety must be taken into consideration in the development of both products and processes. In addition, the effects on the environment, health and safety are taken into consideration when selecting the chemical substances to be used in the Company's products and processes.

## CORPORATE SOCIAL RESPONSIBILITY

The Company has adopted guidelines relating to the Company's social responsibility (known as Corporate Social Responsibility) which must be applied by all interested parties at Nordic Waterproofing. The guidelines are produced in accordance with the United Nations Global Compact Rules and also contain a policy on whistle blowing. The guidelines have been presented to, and discussed with, every employee in the Group. Nordic Waterproofing has also adopted a code of conduct which, among other things, is based on rules within the areas of human rights, employment rights, environmental protection, and corruption. The code of conduct relates to the working environment, marketplace and the community.

The majority of the Company's suppliers are certified and it is also of major importance that both suppliers and subcontractors act in accordance with Nordic Waterproofing's code of conduct. The Company's objective is to include a requirement for compliance with the rules in the code of conduct in its agreements with suppliers and subcontractors.

# SELECTED FINANCIAL INFORMATION

The following tables contain a summary of Nordic Waterproofing's historical financial information for each period presented. The financial information should be read in conjunction with the sections entitled "Operating and financial review", "Capitalisation, indebtedness and other financial information" and the financial statements contained in the sections entitled "Historical financial information for the periods 1 January – 31 March 2016 and 2015 (IFRS)" and "Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)". Figures stated in this section have been rounded up or down in certain cases, which means that the totals in the tables are not necessarily exact.

## PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise stated, the financial information presented below has been derived from the Company's audited consolidated financial statements for the financial years 2015, 2014, 2013 and 2012 and the Company's reviewed consolidated interim financial statements for the

first quarter of 2016 with comparable financial information for the first quarter of 2015, all of which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(SEK million)	1 January – 31 March		1 January – 31 December			
	2016	2015	2015	2014	2013	2012
Net sales	324.1	318.8	1,720.0	1,678.7	1,668.0	1,671.7
Cost of goods sold	-231.2	-242.9	-1,258.2	-1,261.8	-1,271.1	-1,321.7
<b>Gross profit</b>	<b>93.0</b>	<b>75.9</b>	<b>461.8</b>	<b>417.0</b>	<b>396.9</b>	<b>350.0</b>
Selling expenses	-57.2	-52.6	-215.8	-213.1	-205.3	-197.4
Administrative expenses	-26.2	-20.7	-128.3	-68.1	-66.3	-78.4
Research and development expenses	-1.9	-1.7	-6.2	-6.5	-5.7	-5.1
Other operating income	1.3	20.4	34.6	9.7	7.2	5.7
Other operating expenses	-0.7	-0.4	-9.0	-24.9	-3.5	-2.6
Share of profit in associated companies	0.0	-0.1	5.6	7.4	-1.1	4.8
<b>Operating profit (EBIT)</b>	<b>8.2</b>	<b>20.7</b>	<b>142.6</b>	<b>121.5</b>	<b>122.2</b>	<b>77.1</b>
Net finance items	-5.6	-8.0	-26.8	-25.3	-30.1	-36.9
<b>Profit before tax</b>	<b>2.5</b>	<b>12.7</b>	<b>115.8</b>	<b>96.2</b>	<b>92.2</b>	<b>40.1</b>
Tax	-2.3	-3.0	-33.9	-19.4	-21.2	-13.0
<b>Profit for the period</b>	<b>0.2</b>	<b>9.7</b>	<b>81.9</b>	<b>76.9</b>	<b>71.0</b>	<b>27.2</b>
<b>Other comprehensive income for the period</b>	<b>5.4</b>	<b>-1.7</b>	<b>-16.6</b>	<b>10.0</b>	<b>0.3</b>	<b>-2.6</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>5.6</b>	<b>8.0</b>	<b>65.3</b>	<b>86.9</b>	<b>71.2</b>	<b>24.5</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

(SEK million)	31 March		31 December			
	2016	2015	2015	2014	2013	2012
<b>Assets</b>						
Goodwill	602.4	606.3	598.4	614.1	590.1	581.6
Other intangible assets	8.2	12.0	8.7	12.5	15.6	20.9
Property, plant and equipment	188.5	178.6	187.1	182.0	181.1	182.4
Investments in associated companies	17.3	13.7	16.6	19.1	21.4	15.2
Receivables from associated companies	10.0	13.5	8.9	8.9	10.0	15.0
Other non-current receivables	6.2	5.6	6.0	4.6	5.0	5.6
<b>Total non-current receivables</b>	<b>832.6</b>	<b>829.6</b>	<b>825.6</b>	<b>841.2</b>	<b>823.1</b>	<b>820.7</b>
Inventory	188.0	197.5	168.1	180.5	149.7	170.3
Trade receivables	169.6	169.2	118.0	123.5	141.9	128.6
Receivables for on-going construction contracts	22.4	28.2	21.6	20.6	27.0	18.0
Receivables from associated companies	5.5	13.2	10.8	8.5	13.2	18.1
Other current receivables	24.4	24.5	14.0	26.9	10.3	12.0
Prepaid expenses	18.1	5.7	5.9	5.1	11.7	9.7
Cash and cash equivalents	96.9	75.5	181.3	138.8	60.7	42.3
<b>Total current assets</b>	<b>524.9</b>	<b>513.9</b>	<b>519.7</b>	<b>503.9</b>	<b>414.5</b>	<b>398.9</b>
<b>TOTAL ASSETS</b>	<b>1,357.5</b>	<b>1,343.5</b>	<b>1,345.3</b>	<b>1,345.2</b>	<b>1,237.6</b>	<b>1,219.7</b>
<b>Equity</b>	<b>753.5</b>	<b>693.4</b>	<b>747.9</b>	<b>685.4</b>	<b>599.4</b>	<b>528.2</b>
Non-current interest-bearing liabilities	262.5	328.6	250.5	327.2	365.9	404.5
Provisions	4.9	0.0	4.9	0.0	0.0	0.0
Deferred tax liabilities	30.7	28.4	29.8	24.5	26.3	24.3
Other non-current liabilities	0.0	0.0	0.0	0.0	0.0	7.7
<b>Total non-current liabilities</b>	<b>298.1</b>	<b>356.9</b>	<b>285.2</b>	<b>351.8</b>	<b>392.2</b>	<b>436.4</b>
Current interest-bearing liabilities	73.4	68.9	72.3	70.6	55.5	41.9
Trade payables	92.9	94.5	74.0	78.2	65.4	78.5
Accrued expenses	98.1	99.3	118.0	109.4	105.0	102.8
Tax liabilities	13.9	17.2	30.7	17.8	6.7	16.8
Other current liabilities	28.2	13.3	17.3	32.0	13.5	15.0
<b>Total current liabilities</b>	<b>305.8</b>	<b>293.2</b>	<b>312.2</b>	<b>308.0</b>	<b>246.1</b>	<b>255.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,357.5</b>	<b>1,345.5</b>	<b>1,345.3</b>	<b>1,345.2</b>	<b>1,237.6</b>	<b>1,219.7</b>

**CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY**

<b>(SEK million)</b>	<b>1 January – 31 March</b>		<b>1 January – 31 December</b>			
	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Cash flow from operating activities before working capital changes	-10.6	10.1	117.9	141.2	93.9	62.9
Cash flow from working capital changes	-65.7	-63.6	35.2	17.1	-8.7	-3.3
<b>Cash flow from operating activities</b>	<b>-76.3</b>	<b>-53.6</b>	<b>153.1</b>	<b>158.3</b>	<b>85.2</b>	<b>59.5</b>
Cash flow from investing activities	-8.1	-9.2	-28.8	-20.0	-15.8	-73.3
Cash flow from financing activities	-0.2	-0.2	-75.0	-60.8	-51.3	15.9
<b>Cash flow for the period</b>	<b>-84.7</b>	<b>-63.0</b>	<b>49.3</b>	<b>77.5</b>	<b>18.2</b>	<b>2.1</b>
Cash and cash equivalents at beginning of the period	181.3	138.8	138.8	60.7	42.3	41.8
Exchange-rate differences in cash and cash equivalents	0.2	-0.3	-6.8	0.6	0.2	-1.7
<b>Cash and cash equivalents at end of the period</b>	<b>96.9</b>	<b>75.5</b>	<b>181.3</b>	<b>138.8</b>	<b>60.7</b>	<b>42.3</b>

## FINANCIAL INFORMATION PER OPERATING SEGMENT IN SUMMARY

The financial information in the table below has been taken from or based on the Company's audited consolidated financial statements for the financial years 2015,

2014, 2013 and 2012 and the Company's reviewed consolidated interim financial statements for the first quarter of 2016 with comparable figures for the first quarter of 2015, all of which have been prepared in accordance with IFRS.

(SEK million)	1 January – 31 March		1 January – 31 December			
	2016	2015	2015	2014	2013	2012
<b>Net sales</b>						
Products & Solutions	258.7	252.9	1,303.9	1,243.1	1,228.9	1,254.9
Installation Services	79.3	77.7	493.5	518.8	518.4	497.1
Group Items and Eliminations	-13.9	-11.9	-77.4	-83.2	-79.4	-80.4
<b>Group</b>	<b>324.1</b>	<b>318.8</b>	<b>1,720.0</b>	<b>1,678.7</b>	<b>1,668.0</b>	<b>1,671.7</b>
<b>Operating profit (EBIT)</b>						
Products & Solutions	24.3	33.7	199.7	128.7	115.9	77.5
Installation Services	-5.6	-7.8	9.1	6.8	19.7	10.1
Group Items and Eliminations	-10.5	-5.2	-66.2	-14.0	-13.4	-10.6
<b>Group</b>	<b>8.2</b>	<b>20.7</b>	<b>142.6</b>	<b>121.5</b>	<b>122.2</b>	<b>77.1</b>
<b>EBIT before items affecting comparability</b>						
Products & Solutions	25.2	15.7	191.6	159.6	127.4	104.5
Installation Services	-7.0	-7.3	10.4	19.8	26.8	14.1
Group Items and Eliminations	-6.5	-5.2	-19.8	-14.0	-12.5	-8.9
<b>Group</b>	<b>11.8</b>	<b>3.2</b>	<b>182.2</b>	<b>165.4</b>	<b>141.6</b>	<b>109.7</b>
<b>EBIT margin (%)</b>						
Products & Solutions	9.4	13.3	15.3	10.4	9.4	6.2
Installation Services	-7.0	-10.0	1.8	1.3	3.8	2.0
Group Items and Eliminations	-	-	-	-	-	-
<b>Group</b>	<b>2.5</b>	<b>6.5</b>	<b>8.3</b>	<b>7.2</b>	<b>7.3</b>	<b>4.6</b>
<b>EBIT margin before items affecting comparability (%)</b>						
Products & Solutions	9.7	6.2	14.7	12.8	10.4	8.3
Installation Services	-8.8	-9.4	2.1	3.8	5.2	2.8
Group Items and Eliminations	-	-	-	-	-	-
<b>Group</b>	<b>3.6</b>	<b>1.0</b>	<b>10.6</b>	<b>9.9</b>	<b>8.5</b>	<b>6.6</b>

**KEY RATIOS<sup>1)</sup>**

The financial information in the table below has been taken from or based on the Company's audited consolidated financial statements for the financial years 2015, 2014, 2013 and 2012 and the Company's reviewed consolidated interim financial statements for the first quarter of 2016 with comparable figures for the first quarter of 2015, all of which have been prepared in accordance with IFRS.

Some of the key ratios presented below are so called alternative key ratios.<sup>2)</sup> Nordic Waterproofing believes that the alternative key ratios, in conjunction with other presented key ratios, will be beneficial for a potential investor.

SEK million (unless otherwise stated)	1 January – 31 March		1 January – 31 December			
	2016	2015	2015	2014	2013	2012
<b>Margins</b>						
Gross margin (%)	28.7	23.8	26.9	24.8	23.8	20.9
EBITDA margin (%)	4.2	8.2	9.6	8.5	8.5	5.8
EBITDA margin before items affecting comparability (%)	5.3	2.7	11.9	11.1	9.6	7.8
EBIT margin (%)	2.5	6.5	8.3	7.2	7.3	4.6
EBIT margin before items affecting comparability (%)	3.6	1.0	10.6	9.9	8.5	6.6
<b>Cash flow</b>						
Operating cash flow	-51.0	-60.1	213.4	188.6	132.5	105.9
Operating cash conversion (%)	Neg.	Neg.	104.5	100.9	82.5	81.6
<b>Capital structure</b>						
Capital employed	1,089.5	1,090.8	1,070.7	1,083.2	1,020.8	978.6
Equity	753.5	693.4	747.9	685.4	599.4	528.2
Net debt	239.1	322.0	141.4	259.0	360.8	404.2
Net debt/EBITDA (multiple)	n/a	n/a	0.7	1.4	2.2	3.1
Interest cover ratio (multiple)	1.5	2.7	5.8	4.4	4.2	2.2
Equity/assets ratio (%)	55.5	51.6	55.6	51.0	48.4	43.3
Net debt/equity ratio (multiple)	0.3	0.5	0.2	0.4	0.6	0.8
<b>Profitability</b>						
Return on shareholders' equity (%)	n/a	n/a	11.4	12.1	12.7	5.5
Return on capital employed (%)	n/a	n/a	13.0	11.8	12.1	7.6
Return on capital employed before items affecting comparability (%)	n/a	n/a	16.7	16.0	14.0	11.0
Return on capital employed before items affecting comparability and excluding goodwill (%)	n/a	n/a	38.1	37.3	34.8	27.3
<b>Share data</b>						
Number of shares before dilution (number)	11,546,831	11,546,831	11,546,831	11,546,831	11,546,831	11,170,207
Number of shares after dilution (number)	11,546,831	11,546,831	11,546,831	11,546,831	11,546,831	11,170,207
Average number of shares before dilution (number)	11,546,831	11,546,831	11,546,831	11,546,831	11,546,831	11,170,207
Average number of shares after dilution (number)	11,546,831	11,546,831	11,546,831	11,546,831	11,546,831	11,170,207
Earnings per share before dilution (SEK)	0.02	0.84	7.1	6.7	6.1	2.4
Earnings per share after dilution (SEK)	0.02	0.84	7.1	6.7	6.1	2.4
<b>Other</b>						
Average number of employees calculated as full-time equivalents	583	571	634	644	635	634

1) For definitions of key ratios in the table below, please see the section entitled "Selected financial information – Definitions".

2) Alternative key ratios refers to a financial measure of historical or future earnings trend, financial position, financial performance or cash flow that are not defined or specified in the applicable rules on financial reporting, such as IFRS.

**QUARTERLY FINANCIAL INFORMATION**

The financial information in the tables below has been taken from the Company's internal accounting and reporting systems and has not been audited or reviewed by the Company's auditor, with the exception of the accounts for the first quarter of 2016 and for the first quarter of 2015,

which have been derived from the Company's reviewed interim financial statements for the period 1 January – 31 March 2016. All financial information in the tables below has been prepared in accordance with IFRS.

**CONSOLIDATED QUARTERLY FIGURES, NET SALES PER OPERATING SEGMENT**

<b>(SEK million)</b>	<b>Q1 2016</b>	<b>Q4 2015</b>	<b>Q3 2015</b>	<b>Q2 2015</b>	<b>Q1 2015</b>	<b>Q4 2014</b>	<b>Q3 2014</b>	<b>Q2 2014</b>	<b>Q1 2014</b>	<b>Q4 2013</b>	<b>Q3 2013</b>	<b>Q2 2013</b>	<b>Q1 2013</b>
Products & Solutions	258.7	292.6	381.3	377.0	252.9	265.3	362.4	361.9	253.5	277.9	381.1	362.9	207.0
Installation Services	79.3	139.3	147.9	128.6	77.7	145.6	182.7	127.2	63.3	143.5	174.9	125.9	74.1
Group Items and Eliminations	-13.9	-16.8	-24.1	-24.6	-11.8	-16.9	-28.6	-26.1	-11.6	-15.3	-27.9	-26.2	-9.9
<b>Total</b>	<b>324.1</b>	<b>415.1</b>	<b>505.1</b>	<b>481.0</b>	<b>318.8</b>	<b>394.0</b>	<b>516.5</b>	<b>463.0</b>	<b>305.2</b>	<b>406.1</b>	<b>528.1</b>	<b>462.6</b>	<b>271.2</b>

<b>(SEK million)</b>	<b>Q4 2012</b>	<b>Q3 2012</b>	<b>Q2 2012</b>	<b>Q1 2012</b>
Products & Solutions	277.3	369.6	365.1	242.8
Installation Services	150.3	185.8	107.3	53.7
Group Items and Eliminations	-24.1	-23.6	-18.4	-14.3
<b>Total</b>	<b>403.5</b>	<b>531.8</b>	<b>454.0</b>	<b>282.2</b>

**CONSOLIDATED QUARTERLY FIGURES, EBIT PER OPERATING SEGMENT**

<b>(SEK million)</b>	<b>Q1 2016</b>	<b>Q4 2015</b>	<b>Q3 2015</b>	<b>Q2 2015</b>	<b>Q1 2015</b>	<b>Q4 2014</b>	<b>Q3 2014</b>	<b>Q2 2014</b>	<b>Q1 2014</b>	<b>Q4 2013</b>	<b>Q3 2013</b>	<b>Q2 2013</b>	<b>Q1 2013</b>
Products & Solutions	24.3	36.8	57.3	71.9	33.7	-1.7	55.9	58.3	16.2	11.5	54.7	53.1	-3.4
Installation Services	-5.6	7.4	6.8	2.7	-7.8	-1.6	15.8	1.0	-8.4	11.0	19.5	-1.7	-9.1
Group Items and Eliminations	-10.5	-23.0	-22.5	-15.4	-5.2	-1.3	-3.8	-4.4	-4.5	-1.3	-3.6	-3.8	-4.7
<b>Total</b>	<b>8.2</b>	<b>21.2</b>	<b>41.6</b>	<b>59.2</b>	<b>20.7</b>	<b>-4.6</b>	<b>67.9</b>	<b>54.9</b>	<b>3.3</b>	<b>21.2</b>	<b>70.6</b>	<b>47.6</b>	<b>-17.2</b>

<b>(SEK million)</b>	<b>Q4 2012</b>	<b>Q3 2012</b>	<b>Q2 2012</b>	<b>Q1 2012</b>
Products & Solutions	4.9	51.9	25.3	-4.6
Installation Services	1.3	7.1	5.6	-3.9
Group Items and Eliminations	0.9	-3.1	-3.9	-4.4
<b>Total</b>	<b>7.1</b>	<b>55.9</b>	<b>27.0</b>	<b>-12.9</b>

**CONSOLIDATED QUARTERLY FIGURES, EBIT BEFORE ITEMS AFFECTING COMPARABILITY PER OPERATING SEGMENT**

(SEK million)	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Products & Solutions	25.2	34.7	72.3	68.8	15.7	24.7	59.0	59.0	17.0	19.1	55.6	55.1	-2.4
Installation Services	-7.0	8.1	7.1	2.5	-7.3	9.4	17.0	1.1	-7.7	12.3	19.6	2.0	-7.1
Group Items and Eliminations	-6.3	-3.6	-6.0	-4.9	-5.2	-1.3	-3.2	-5.1	-4.4	-0.9	-3.3	-3.7	-4.6
<b>Total</b>	<b>11.9</b>	<b>39.2</b>	<b>73.4</b>	<b>66.4</b>	<b>3.2</b>	<b>32.8</b>	<b>72.8</b>	<b>55.0</b>	<b>4.9</b>	<b>30.5</b>	<b>71.9</b>	<b>53.4</b>	<b>-14.1</b>

(SEK million)	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Products & Solutions	16.5	55.6	30.3	2.2
Installation Services	2.0	9.2	6.8	-3.9
Group Items and Eliminations	0.9	-3.0	-2.6	-4.2
<b>Total</b>	<b>19.4</b>	<b>61.8</b>	<b>34.5</b>	<b>-5.9</b>

**CONSOLIDATED QUARTERLY FIGURES, WORKING CAPITAL**

(SEK million)	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Inventory	188.0	168.1	189.5	206.5	197.5	180.5	196.7	210.5	188.2	149.7	169.8	199.4	201.7
Trade receivables	175.1	128.8	240.9	248.3	182.4	132.0	272.7	248.8	197.5	155.1	262.9	264.1	173.4
Trade payables	-92.2	-74.0	-109.9	-122.4	-94.5	-78.2	-146.3	-119.8	-113.0	-65.4	-140.2	-151.7	-109.8
POC contracting	22.4	21.6	22.1	23.3	28.2	20.6	23.5	22.0	25.9	27.0	32.0	26.4	23.4
Other assets/liabilities	-87.8	-116.7	-126.1	-97.7	-82.3	-110.6	-120.7	-101.7	-81.7	-98.3	-109.5	-93.1	-83.0
<b>Working capital, total</b>	<b>205.5</b>	<b>127.8</b>	<b>216.5</b>	<b>258.0</b>	<b>231.3</b>	<b>144.3</b>	<b>225.9</b>	<b>259.8</b>	<b>216.9</b>	<b>168.1</b>	<b>215.0</b>	<b>245.1</b>	<b>205.7</b>

(SEK million)	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Inventory	170.3	177.0	216.2	222.9
Trade receivables	146.7	279.1	264.4	199.8
Trade payables	-78.5	-160.9	-147.3	-172.7
POC contracting	18.0	20.4	19.5	16.0
Other assets/liabilities	-99.9	-124.4	-110.7	-65.2
<b>Working capital, total</b>	<b>156.6</b>	<b>191.2</b>	<b>242.1</b>	<b>200.8</b>

## DEFINITIONS

### Income measures

#### Gross profit

Net sales less costs of goods sold.

#### EBITDA

Operating profit before depreciation, amortisation and impairment of tangible and intangible assets.

#### EBIT

Operating profit.

#### EBITDA before items affecting comparability

EBITDA before items affecting comparability

#### EBIT before items affecting comparability

EBIT before items affecting comparability

#### Items affecting comparability

Statement items that are non-recurring, have a significant impact on profit and are therefore important adjustments for understanding the underlying development of operations.

### Margin measures

#### Gross margin

Gross profit as a percentage of net sales for the period.

#### EBITDA margin

EBITDA as a percentage of net sales for the period.

#### Operating margin (EBIT margin)

EBIT as a percentage of net sales for the period.

#### EBITDA margin before items affecting comparability

EBITDA before items affecting comparability as a percentage of net sales for the period.

#### EBIT margin before items affecting comparability

EBIT before items affecting comparability as a percentage of net sales for the period.

### Cash flow

#### Operating cash flow

EBITDA before items affecting comparability plus dividends from associated companies, less cash flow related from investments in tangible and intangible assets, cash flow from changes in working capital and income from associated companies.

#### Operativ cash conversion

Operating cash flow as a percentage of EBITDA before items affecting comparability for the period.

### Capital structure

#### Net debt

Interest-bearing debts less cash and cash equivalents.

#### Net debt/EBITDA before items affecting comparability

Net debt in relation to EBITDA before items affecting comparability for the period.

#### Net debt/equity ratio

Net debt in relation to shareholders' equity.

#### Interest cover ratio

Profit after net financial items plus interest expenses in relation to interest expenses.

#### Equity/assets ratio

Shareholders' equity including non-controlling interests as a percentage of total assets.

#### Capital employed

Total assets less non-interest-bearing provisions and liabilities.

### Return measures<sup>1)</sup>

#### Return on shareholders' equity

Profit after tax attributable to parent company shareholders as a percentage of average shareholders' equity, excluding non-controlling interests.

#### Return on capital employed

EBIT as a percentage of average capital employed, calculated as the average of the period's opening and closing balances.

#### Return on capital employed before items affecting comparability

EBIT before items affecting comparability as a percentage of average capital employed, calculated as the average of the period's opening and closing balances.

#### Return on capital employed before items affecting comparability and excluding goodwill

EBIT before items affecting comparability as a percentage of average capital employed, excluding goodwill, calculated as the average of the period's opening and closing balances.

### Share data

#### Earnings per share

Profit after tax for the period attributable to parent company shareholders divided by the average number of outstanding shares for the period.

1) Return measures are based on a Rolling Twelve Months (RTM) basis.

# OPERATING AND FINANCIAL REVIEW

The operating and financial review is intended to facilitate the understanding and evaluation of trends and fluctuations in Nordic Waterproofing's results of operations and financial position. Historical performance does not necessarily provide an accurate indication of future performance. The information in this section should be read in conjunction with the information contained in "Selected financial information", "Capitalisation, indebtedness and other financial information" and Nordic Waterproofing's consolidated financial statements, including related notes, appearing elsewhere in this Prospectus.

Unless otherwise stated, the financial information presented in this Prospectus has been derived from, or calculated based on, the Company's audited consolidated financial statements for the financial years 2015, 2014, 2013 and 2012 and the Company's reviewed consolidated interim financial statements for the first quarter of 2016 with comparable figures for the first quarter of 2015, all of which have been prepared in accordance with the IFRS.

This section contains certain forward-looking statements. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised. All forward-looking statements address matters that involve risks and uncertainties, including but not limited to those described under the section entitled "Risk factors", as a result of which Nordic Waterproofing's actual results may differ materially from those indicated in the forward-looking statements. For further information on forward-looking statements, please see the section entitled "Important information – Forward-looking information and risk factors".

## FACTORS AFFECTING RESULTS OF OPERATIONS

Nordic Waterproofing believes that the following factors, in various extents, affect the results of operations:

- Markets conditions and general economic conditions
- Sales volume and pricing
- Operational efficiency
- Expansion and restructurings
- Balance between variable and fixed costs
- Prices of raw materials
- Currency fluctuations
- Seasonal variations

For a more detailed description of the risks to which the Company's operations are exposed, please see the section entitled "Risk factors".

### Market conditions and general economic conditions

Demand for products and solutions and installation services provided by Nordic Waterproofing derives from direct customers (installers) and distributors (builders' merchants) and relates to the non-residential sector, the residential sector, as well as the new-build sector and the renovation sector. For further information regarding the breakdown of sales to direct costumers and distributors as well as between the sectors referred to, please see the section entitled "Market overview – The distribution chain" and "Market overview – The addressable market – The waterproofing market in the Nordic region and EPDM products in Europe – Type of building and project".

The growth of the construction market is affected by general economic conditions and often follows GDP growth. The growth of the construction market is a key factor and driving force for growth on the waterproofing market.

While new-build generally follow GDP growth, demand for renovation is primarily driven by the composition and age of the relevant property portfolios. The renovation sector is generally more stable and less cyclical than the new-build sector because renovation projects can generally not be postponed to the same extent as new-build projects. Due to shorter planning cycles in the residential sector, the Company's results within this sector are affected by economic conditions earlier than the Company's results in the non-residential buildings sector, which are affected by economic conditions at a later stage.

### Sales volume and pricing

Nordic Waterproofing's net sales and profitability are dependent on the number of products sold and installation services carried out. Sales volumes are primarily affected by general market demand, Nordic Waterproofing's ability to provide an attractive customer offering and the Company's competitiveness relative to other players. Sales volumes are also affected by seasonal variations (see further under the section entitled "Operating and financial review – Factors affecting results of operations – Seasonal variations"). Due to Nordic Waterproofing's broad and diversified customer base sales volumes are to a

small extent dependent on individual customers. The five largest customers accounted for only 12.9 per cent. of the total sales in 2015. Nordic Waterproofing currently has a substantial overcapacity in its production facilities, which means that increased sales volumes gives a significant effect on earnings without additional investments and fixed costs.

The Company's prices are based on individual agreements with customers. Furthermore, sales are affected by the Company's ability to make adjustments to the prices charged to customers based on the prices of a number of input goods, mainly bitumen but also polyester, fiberglass and synthetic rubber. The price of bitumen is determined on a monthly basis based on the oil price, the price of the USD and a production and freight mark-up. Although a number of Nordic Waterproofing's customer agreements provide for the possibility to make price adjustments to compensate for any increases in prices of input goods, there may be a delay of up to nine months between the adjustment of the prices paid and the prices charged by the Company, and, in respect of certain customer agreements, Nordic Waterproofing is only entitled to initiate negotiations to increase prices.

### Operational efficiency

Nordic Waterproofing is constantly seeking to streamline its operations and has also succeeded in extracting synergies as a result of several acquisitions of businesses which successfully have been integrated into the Group. Nordic Waterproofing's ability to maintain operational efficiency affects the Company's earnings and cash flow. The operational efficiency is reflected in the Company's ability to obtain a favorable gross margin, reduce operating costs, and optimise the amount of working capital and fixed assets. Between 2012 and 2015, Nordic Waterproofing's EBIT margin before items affecting comparability improved from 6.6 to 10.6 per cent. partly as a result of the following streamlining measures:

- cost extractions, process and production synergies from acquired businesses;
- product and recipe optimisation, and sharing of best practices across production units;
- implementation of market pricing terms (arm's length) in respect of internal sales between Products & Solutions and Installation Services;
- shift towards more profitable customer segments in Finland;
- upgrades of and increased efficiency in the production line and production flow in Värnamo;
- installation of a new automated roll-up and palletising machine in Höganäs; and
- saving programs to reduce the number of employees in SealEco in the latter part of 2012 and the number of local offices and employees in the Finnish operations between 2012 and 2015.

### Expansion and restructurings

Part of Nordic Waterproofing's strategy is to evaluate and potentially carry out acquisitions of additional companies and businesses. Historically, the Company has grown, entered new markets and acquired market shares through acquisitions. Nordic Waterproofing's ability to integrate acquired companies and businesses, and thereby extract estimated synergies, affects the Company's earnings and cash flow. Acquisitions also give rise to statement items that are non-recurring and have a negative comparability impact on earnings. Restructurings, such as the disposal of a business, may also affect the Company's earnings and cash flow.

### Balance between variable and fixed costs

A vast majority of Nordic Waterproofing's expenses consist of variable costs. In 2015, variable costs comprised 80 per cent. of the total costs. The Company's main costs, broken down by function, consist of costs of goods sold, selling expenses and administration costs, which in 2015 accounted for 78 per cent., 13 per cent. and 8 per cent., respectively, of the total cost base of SEK 1,617 million. In the same year, 85 per cent. of the costs of goods sold consisted of variable costs.

The Company's main costs, broken down by type of costs, consist of material costs, personnel costs and other external costs, which in 2015 accounted for 51 per cent., 24 per cent. and 22 per cent., respectively, of the total cost base of SEK 1,617 million. The Company's material costs of SEK 822 million (51 per cent. of SEK 1,617 million) are variable and can, in turn, be broken down into costs of raw materials (SEK 558 million) and costs of input goods and goods for resale (SEK 264 million). Approximately half of the Company's personnel costs and two-thirds of its other external costs were variable.

Nordic Waterproofing currently has a substantial overcapacity in its production facilities. Therefore, the Company is able to meet increased sales volumes without additional investment and fixed costs, which means that the operating profit are largely affected to the same extent as the gross profit/loss from sales volumes.

### Prices of raw materials

Costs of raw materials comprise a large share of the total production costs of the waterproofing products, and the prerequisites are therefore affected by fluctuations in the prices of raw materials. The most important raw materials consist of bitumen, SBS, polyester, fiberglass and synthetic rubber, which in 2015 accounted for 23 per cent., 16 per cent., 10 per cent. and 15 per cent., respectively, of the Group's total costs of raw materials of SEK 558 million. Bitumen is priced in USD, but invoiced in local currency, while other raw materials, such as SBS and polyester, are priced and invoiced in EUR. Thus, the Group's costs for purchasing raw materials are also affected by currency fluctuations between SEK and USD as well as SEK and EUR. From time to time, Nordic Waterproofing uses derivative instruments to hedge its

exposure to the variable portion of the price of bitumen, which is based on HSFO 3.5 per cent. (high-sulfur fuel oil), in order to minimise the commercial risk associated with price fluctuations. Nordic Waterproofing is generally able to pass on any increases in prices of raw materials to its customers, albeit with a delay of up to nine months. To the extent it is not possible to pass on price increases to customers and if the terms of the Company's hedging change, price increases will affect the Company's earnings and cash flow.

**Currency fluctuations**

Nordic Waterproofing is subject to currency risks in the form of exposure to transaction exposure and translation of currencies. Transaction exposure arises in connection with acquisitions and sales of products and services in currencies other than the local currency of the relevant subsidiary. The Group has significant cash flows in foreign currencies, the most important of which are EUR, DKK and NOK. However, normal inflows and outflows in the relevant currency that arise in the course of the Group's day-to-day operations are fairly well balanced, which reduces the Group's net exposure in the relevant currency. Due to this, only flows that are unusual for the Group are currency hedged, such as binding material contracts in foreign currencies with a longer term than is the case for standard transactions. As of 31 December 2015, there were no outstanding currency hedges.

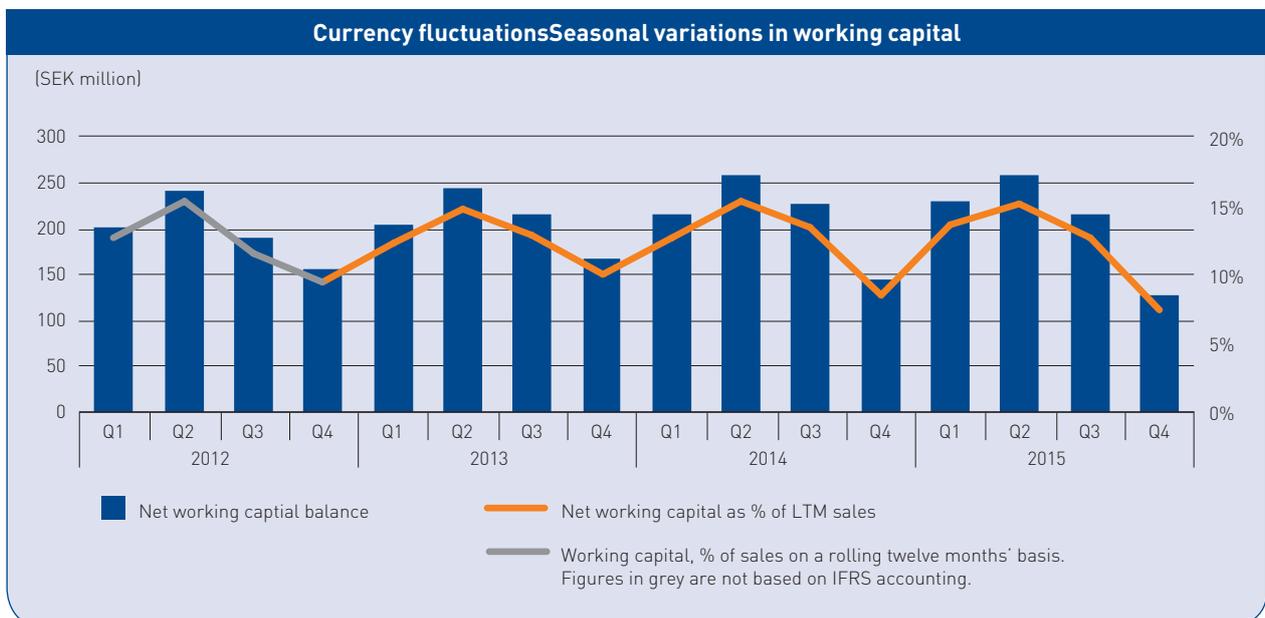
When subsidiaries' balance sheets and income statements in local currency are translated into SEK, a translation gain or loss arises. The income statement is translated into the average weighted price during the year, while the balance sheet is translated into the price at the end of the reporting period. The translation exposure constitutes the risk represented by the translation

difference in the form of the change in equity. The treasury policy does not allow translation exposure to be hedged using currency derivatives.

As set forth in the section entitled "Operating and financial review – Factors affecting Nordic Waterproofing's results of operations – Prices of raw materials", the Company is also exposed to currency fluctuations due to their impact on prices of raw materials. For further information, please see note 30 in the section entitled "Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)".

**Seasonal variations**

Nordic Waterproofing's business is affected by seasonal variations, the months of January, February and December being the weakest months. During the period 2012–2015, average sales in these three months accounted for approximately 16 per cent., whilst sales in the other nine months accounted for approximately 84 per cent. The decline during winter is explained by the cold and poor weather conditions and their impact on the construction industry. In general, there is a certain degree of stockpiling during the winter months, which transfers to a stock depletion during the summer months as a result of the increased activity on the market. If winter comes early, it may *inter alia* have the effect that many of the Company's customers choose to postpone planned projects, which, in turn, has a negative effect on annual earnings. The same applies if the winter is long and the season starts late in the spring. As a result of active work on the management of working capital, the average working capital requirement has decreased since 2013 and the working capital at year-end amounts to SEK 140–150 million. The graph below illustrates the seasonal pattern in the Company's working capital by quarter during the years 2012–2015.



Seasonal variations affect EBIT and the EBIT margin to the same extent as the sales. The graph below illustrates seasonal pattern in the Company's sales and earnings per quarter during the years 2012–2015.

**FACTORS AFFECTING COMPARABILITY OF FINANCIAL INFORMATION**

Nordic Waterproofing believes that the following factors, in various extents, affects the comparability of financial information:

- Acquisitions and disposals; and
- items affecting comparability.

**Acquisitions and disposals<sup>1)</sup>**

Between 2012 and 2015, Nordic Waterproofing acquired a number of businesses. Acquisitions and restructurings relating to acquisitions gives rise to items affecting comparability, since the acquired company's operations contribute to changes in, among other things, net sales and earnings. In all cases, the acquisitions had a negligible effect on the Company's cash flow. The following acquisitions are considered to have generated items affecting comparability during the period 2012–2015:

- Nortett Bygg AS, a retailer and distributor of building products in Norway, was acquired in February 2012. The acquisition is estimated to have increased the net sales by SEK 131.0 million in 2012. As a result of the acquisition, EBIT increased by SEK 4.9 million in the same year.
- The majority of the shares in AL-Katot, a Finnish installation company, was acquired in June 2012. The remaining 5 per cent. were acquired in March 2013. The acquisition is estimated to have contributed to increasing the net sales by SEK 53.0 million in 2012, after

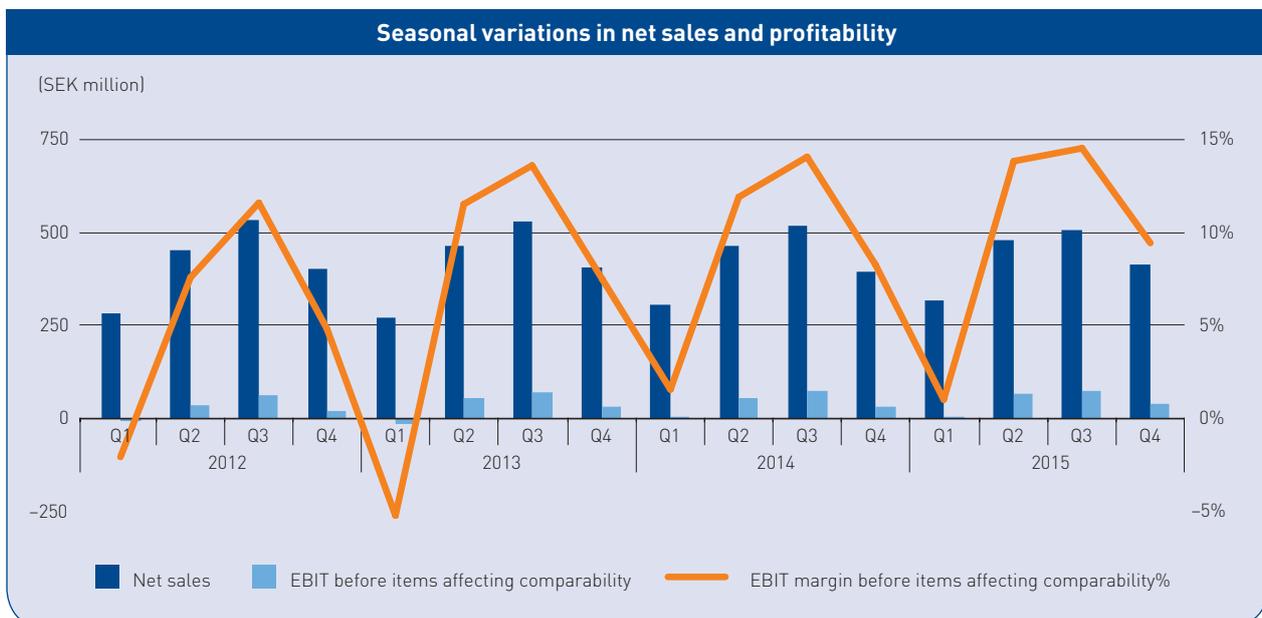
eliminating internal sales. As a result of the acquisition, EBIT increased by SEK 2.5 million in the same year.

- Univex, a prefabricator and distributor on the Belgian market, was acquired in 2014. The acquisition is estimated to have increased the net sales by SEK 6.3 million in 2014, after eliminating internal sales. As a result of the acquisition, EBIT declined by SEK 1.9 million.

**Items affecting comparability<sup>1)</sup>**

**Fluctuations in the value of derivative instruments related to hedging of prices of raw materials**

During autumn 2015, Nordic Waterproofing conducted a translation of the Group's consolidated financial statements in accordance with IFRS. As a result of the translation, all derivatives were categorised as instruments "held for trading", since documentation for the application of hedge accounting cannot be drafted retrospectively, and therefore could not be applied retroactively. However, the Group has entered into these derivative contracts in order to hedge the risks deriving from interest, currency and raw material exposures to which the Group is exposed and, as of December 2015, the Group applies hedge accounting for new contracts. The operating profit for 2012–2015 was therefore affected by changes in the fair value of the Group's derivative instruments relating to hedging of prices of raw materials. In 2012 and 2013, the impact was relatively small. During the second half of 2014, the world-market price of oil decreased significantly which, due to the reduced value of SEK 21 million on the Group's derivative instruments relating to hedging of prices of raw materials, adversely affected the operating profit, while the operating profit for 2015 was positively affected by a SEK 21.8 million reversal of the 2014 value adjustment on these contracts. As a result of the



1) The figures have not been audited or reviewed by the Company's auditor. For further information, please see the section entitled "Selected financial information – Presentation of financial information".

implementation of hedge accounting, changes in value of such derivative instruments will instead be recognised in other comprehensive incomes and thus affect the equity at period-end and the cost of goods sold in the period in which the product is sold.

#### Costs relating to disposal processes

In 2015, Nordic Waterproofing incurred costs relating to a disposal process as well as costs for the work performed by consultants, lawyers and advisors relating to the preparation of this initial public offer. In 2016, the Company estimates that it will incur additional costs of approximately SEK 10 million relating to this initial public offer.

#### Costs for replacement of CEO

Termination costs that arose when Nordic Waterproofing replaced the CEO in September 2015. The SEK 10.7 million paid to Holger C. Hansen constituted a one-off severance payment.

#### Provision related to product launch

In 2015, the Company made a provision relating to the launch of the new product RubberShell. As a result of problems that arose when the product was installed during hot weather conditions, Nordic Waterproofing expects certain costs for checking and inspecting roofs and potential repairs during the product's 10-year warranty period. The problems associated with RubberShell have been resolved, and the provisions only apply to defective RubberShell products that have already been installed.

#### Restructuring costs

Costs which arose when Nordic Waterproofing streamlined and consolidated the business, which took place regularly between 2012 and 2015 in Denmark and Finland. The largest personnel reductions took place in Finland in

2013 when sales began to decline, which were followed by further, smaller reductions in 2014 and 2015. Streamlining measures and savings program were carried out in SealEco in 2012 and in Sweden in 2014. In 2013 and 2014, costs arose in connection with the restructuring and, ultimately, the closure of a franchise company in Denmark.

Even though the Company continually seeks to improve profitability by streamlining the business, as of the date of the Prospectus no plans or decisions have been adopted which would result in further restructuring costs being incurred in addition to those reported in the first quarter of 2016.

#### Other items affecting comparability

Other non-recurring costs primarily consist of costs for the restructuring and separation from Lemminkäinen when the Group was formed, which were reported in 2012 and 2013. Among other things, a new finance function was established, the business system was upgraded and an office move took place in Finland. Costs also arose in relation to the incorporation of KerabitPro and SealEco, and the adaption of banking agreements. During the period, the Group's earnings were also adversely affected by certain transaction costs relating to Nordic Waterproofing's acquisitions as well as related restructuring costs relating to the integration of these acquisitions. For Nortett, these costs amounted to SEK 3.0 million in 2012, SEK 0.1 million in 2013 and SEK 0.7 million in 2014; for AL-Katot, SEK 0.6 million in 2012, SEK 1.1 million in 2013 and SEK 1.3 million in 2014; and for Univex SEK 1.9 million in 2014. In addition, the Company incurred limited legal costs in 2014 and 2015 in connection with an accident and the ongoing case with the Danish competition authorities (please see the section entitled "Risk factors – Risks related to the Company's operations and markets" and "Legal considerations and supplementary information – Regulatory matters").

### COMPILATION OF ITEMS AFFECTING COMPARABILITY AFFECTING OPERATING PROFIT<sup>1)</sup>

(SEK million)	1 January – 31 March		1 January – 31 December			
	2016 IFRS	2015 IFRS	2015 IFRS	2014 IFRS	2013 IFRS	2012 IFRS
Changes in value of derivative instruments related to hedging the price of raw materials	0	19.0	21.8	-21.0	0.3	-1.1
Costs relating to disposal processes	-4.1	0	-36.4	-0.5	-	-
Costs for replacement of CEO	0	0	-10.7	-	-	-
Provision related to product launch	0	0	-7.5	-	-	-
Restructuring costs	-1.1	-1.8	-5.1	-14.5	-14.7	-9.7
Other items affecting comparability	+1.6	+0.4	-1.7	-7.9	-5.0	-21.9
<b>Total non-recurring costs</b>	<b>-3.6</b>	<b>+17.5</b>	<b>-39.5</b>	<b>-43.9</b>	<b>-19.4</b>	<b>-32.7</b>

1) The figures have not been audited or reviewed by the Company's auditor. For further information, please see the section entitled "Selected financial information – Presentation of financial information".

## NON-IFRS INCOME MEASURES, ADJUSTMENTS AND KEY RATIOS

Nordic Waterproofing calculates and reports income measures, adjusted income measures and key ratios as supplementary information in the Prospectus. The Company believes that these measures and similar measures are widely used by some investors, security analysts and other interested parties as a supplementary measure of earnings trend. The applied non-IFRS measures of financial performance and key ratios calculated by Nordic Waterproofing are not necessarily comparable to income measures and key ratios with similar designations in other companies and have certain limitations as tools for analyses. Thus, they should not be considered inde-

pendently from the Company's financial statements that have been prepared in accordance with IFRS. Measures which are not calculated in accordance with IFRS are not income measures under IFRS and will not replace for example operating profit, net income and other measures prepared in accordance with IFRS.

The adjustments of income measures and key ratios calculated by Nordic Waterproofing are attributable to non-recurring items which have a significant impact on comparability and thus are important to understand the underlying development of operations. For a compilation of items affecting comparability, please see the section entitled "Operating and financial review – Factors affecting comparability of financial information".

## COMPILATION AND DERIVATION OF NON-IFRS BASED INCOME MEASURES, ADJUSTMENTS AND KEY RATIOS

SEK million (unless otherwise stated)	1 January – 31 March		1 January – 31 December			
	2016	2015	2015	2014	2013	2012
<b>EBITDA</b>	<b>13.6</b>	<b>26.2</b>	<b>164.6</b>	<b>143.0</b>	<b>141.1</b>	<b>97.0</b>
EBITDA margin (%)	4.2	8.2	9.6	8.5	8.5	5.8
Depreciation of tangible fixed assets	-4.7	-4.7	-19.0	-18.4	-15.4	-16.3
Amortisations of intangible assets	-0.7	-0.8	-3.0	-3.1	-3.5	-3.6
<b>Operating profit (EBIT)</b>	<b>8.2</b>	<b>20.7</b>	<b>142.6</b>	<b>121.5</b>	<b>122.2</b>	<b>77.1</b>
Operating margin (EBIT margin) (%)	2.5	6.5	8.3	7.2	7.3	4.6
<b>EBITDA</b>	<b>13.6</b>	<b>26.2</b>	<b>164.6</b>	<b>143.0</b>	<b>141.1</b>	<b>97.0</b>
Adjustments: Items affecting comparability	3.6	-17.5	39.6	43.9	19.4	32.7
<b>EBITDA before items affecting comparability</b>	<b>17.2</b>	<b>8.7</b>	<b>204.2</b>	<b>186.9</b>	<b>160.5</b>	<b>129.7</b>
EBITDA margin before items affecting comparability (%)	5.3	2.7	11.9	11.1	9.6	7.8
Depreciation of tangible fixed assets	-4.7	-4.7	-19.0	-18.4	-15.4	-16.3
Amortisations of intangible assets	-0.7	-0.8	-3.0	-3.1	-3.5	-3.6
<b>Operating profit (EBIT) before items affecting comparability</b>	<b>11.8</b>	<b>3.2</b>	<b>182.2</b>	<b>165.4</b>	<b>141.6</b>	<b>109.8</b>
Operating margin (EBIT margin) before items affecting comparability (%)	3.6	1.0	10.6	9.9	8.5	6.6

**STATEMENT OF OPERATING CASH FLOW IN THE GROUP IN SUMMARY**

<b>SEK million (unless otherwise stated)</b>	<b>1 January – 31 March</b>		<b>1 January – 31 December</b>			
	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
EBITDA before items affecting comparability	17.2	8.7	204.2	186.9	160.5	129.7
Elimination of holdings in associated companies result	0.0	0.1	-5.6	-7.4	1.1	-4.8
Dividends from associated companies	2.7	4.5	6.9	7.2	3.4	3.4
Cash flow from changes in working capital	-65.7	-70.3	35.2	17.1	-8.7	-3.3
Cash flow from investments in tangible and intangible assets	-5.2	-3.1	-27.4	-15.3	-23.8	-19.2
<b>Operating cash flow for the period</b>	<b>-51.0</b>	<b>-60.1</b>	<b>213.4</b>	<b>188.5</b>	<b>132.5</b>	<b>105.9</b>
<b>Operating cash conversion (%)</b>	<b>n/a</b>	<b>n/a</b>	<b>104.5</b>	<b>100.9</b>	<b>82.5</b>	<b>81.6</b>

## OPERATING SEGMENTS

Nordic Waterproofing's operations are broken down into following two operating segments:

- Products & Solutions; and
- Installation Services.

### Products & Solutions

Within the Products & Solutions segment, the Company primarily offers products and solutions produced by the Company for flat and pitched roofs as well as other complementary products purchased from different suppliers, such as plastic films, foundations and moisture barriers. Products designated for flat roofs are primarily used for non-residential buildings, while products for pitched roofs are mainly used for residential buildings. Sales are mainly conducted in northern Europe. The operations in this segment are conducted in the Nordic region and northern Europe. The Company has sales offices in eight countries and seven production and pre-fabrication units located in Sweden, Denmark, Finland and Belgium.

In 2015, Products & Solutions accounted for 76 per cent. of the Company's total net sales, of which 5 per cent. consisted of intra-group sales (to the Installation Services segment), which are eliminated in the consolidated financial statements.

### Installation Services

The Installation Services segment refers to the installation and assembly of roofing products for residential and non-residential buildings on the Finnish and Danish markets. In 2015, Installation Services accounted for 29 per cent. of Nordic Waterproofing's net sales. For further information on this segment, please see the section entitled "*Business description – Brands, products and services – Installation services*".

## JANUARY – MARCH 2016 COMPARED TO JANUARY – MARCH 2015

### Net sales

Nordic Waterproofing's net sales amounted to SEK 324.1 million in the first quarter of 2016, compared to SEK 318.8 million in the first quarter of 2015, representing an increase of 1.7 per cent. The increase in net sales is primarily attributable to increased sales in Sweden and Denmark, with 11 and 7 per cent. respectively, compared to the same period the previous year. However, the sales in Norway decreased by 17 per cent., compared to the same period the previous year, and was affected more than other countries by the early Easter, when the number of delivery days are decreased. The sales in Finland during the first quarter 2016 were unchanged compared to the same period the previous year. However, order inflow within Installation Services in Finland was 77 per cent. higher during the first quarter 2016, compared to the first quarter 2015.

### Products & Solutions

In the Products & Solutions segment, net sales amounted to SEK 258.7 million in the first quarter of 2016, compared to SEK 252.9 million in the first quarter of 2015, representing an increase of 2.3 per cent. The increase in net sales is primarily attributable to increased sales in Sweden and Denmark, with 11 and 7 per cent. respectively, compared to the same period the previous year. However, the sales in Norway decreased by 17 per cent., compared to the same period the previous year, and was affected more than other countries by the early Easter, when the number of delivery days are decreased. SealEco's roofing products showed strong growth during the first quarter 2016 and the Company's strategic initiatives continued to contribute to positive results during the period.

### Installation Services

In the Installation Services segment, net sales amounted to SEK 79.3 million in the first quarter of 2016, compared to SEK 77.7 million in the first quarter of 2015, representing an increase of 2.0 per cent. The increase in net sales is primarily attributable to the order inflow within Installation Services in Finland being 77 per cent. higher during the first quarter of 2016, compared to the first quarter of 2015. By the end of March 2016 the order book for Installation Services was 53 per cent. higher compared to the same time in 2015.

### Operating profit

Operating profit, measured as EBIT before items affecting comparability, amounted to SEK 11.9 million in the first quarter of 2016, compared to SEK 3.2 million in the first quarter of 2015. The EBIT margin before items affecting comparability amounted to 3.6 per cent. in the first quarter of 2016, compared to 1.0 per cent. in the first quarter of 2015. Items affecting comparability amounted to SEK –3.6 million (SEK 17.5 million). The increase in operating profit is primarily attributable to increased sales and improved gross margin due to lower prices on raw materials. Items affecting comparability during the period are mainly attributable to costs for the initial public offering, compared to adjustment regarding positive value adjustment of raw material derivatives for the corresponding period the previous year.

### Products & Solutions

In the Products & Solutions segment, operating profit, measured as EBIT before items affecting comparability, amounted to SEK 25.2 million in the first quarter of 2016, compared to SEK 15.7 million in the first quarter of 2015. The EBIT margin before items affecting comparability amounted to 9.7 per cent. in the first quarter of 2016, compared to 6.2 per cent. in the first quarter of 2015. Items affecting comparability amounted to SEK –1.0 million (SEK 18.0 million). The increase in operating profit is primarily attributable to increased sales and improved

gross margin due to lower prices on raw materials. Items affecting comparability during the period are mainly attributable to costs for the initial public offering, compared to adjustment regarding positive value adjustment of raw material derivatives for the corresponding period the previous year.

#### Installation Services

In the Installation Services segment, operating profit, measured as EBIT before items affecting comparability, amounted to SEK –7.0 million in the first quarter of 2016, compared to SEK –7.3 million in the first quarter of 2015. The EBIT margin before items affecting comparability amounted to –8.8 per cent. in the first quarter of 2016, compared to –9.4 per cent. in the first quarter of 2015. Items affecting comparability amounted to SEK 1.4 million (SEK –0.5 million). The profit during the first quarter of 2016 is unchanged compared to the same period the previous year. Items affecting comparability during the period refers to reversed write-down of shares in associated companies.

#### Financial income and expenses

The Group's net financial items amounted to SEK –5.6 million in the first quarter of 2016, compared to SEK –8.0 million in the first quarter of 2015, primarily attributable to lower negative net finance items due to lower interest expenses.

#### Profit before and after tax for the period

The Group's profit before tax amounted to SEK 2.5 million in the first quarter of 2016, compared to SEK 12.7 million in the first quarter of 2015. The Group's profit after tax amounted to SEK 0.2 million in the first quarter of 2016, compared to SEK 9.7 million in the first quarter of 2015.

#### Tax

The Group's tax expenses amounted to SEK 2.3 million in the first quarter of 2016, compared to SEK 3.0 million in the first quarter of 2015, corresponding to an effective tax rate of 85 per cent. (32 per cent.). The Group's effective tax rate for the period was adversely affected partly by non-deductible expenses in relation to the planned initial public offering of the Group, and partly adversely affected by the taxable profit in Finland whereas activation of a deferred tax asset was not made in line with previous years.

#### Cash flow

The cash flow from operating activities gave rise to an outflow of SEK 76.3 million in the first quarter of 2016, compared to an outflow of SEK 53.6 million in the first quarter of 2015. Cash flow from changes in working capital during the first quarter of 2016 amounted to SEK –65.7 million. The negative change in working capital is due to regular seasonal variation and is primarily due to an increase in receivables and inventory build-up ahead of high season.

The cash flow from investing activities in the first quarter of 2016 amounted to SEK –8.1 million, corresponding to –2.5 per cent. of sales, compared to SEK –9.2 million, representing –2.9 per cent. of sales, in the first quarter of 2015.

The cash flow from financing activities during the first quarter of 2016 gave rise to an outflow of SEK 0.2 million in the first quarter of 2016, compared to an outflow of SEK 0.2 million in the first quarter of 2015.

In the aggregate, cash flow amounted to SEK –84.7 million in the first quarter of 2016 compared to SEK –63.0 million in the first quarter of 2015.

### COMPARISON OF THE FINANCIAL YEARS 2015 AND 2014

#### Net sales

Nordic Waterproofing's net sales amounted to SEK 1,720.0 million in 2015, compared to SEK 1,678.7 million in 2014, which represents an increase of 2.5 per cent. The increase in net sales is primarily due to a recovery on the markets in Sweden, Denmark and Norway, but also due to the recapturing of former customers. In Sweden, net sales relating to builders' merchants increased in 2015, driven by a generally higher demand in the segment, an increase in the customer base and an expanded product range. In Norway as well, sales to builders' merchants improved as a result of an improved and expanded customer and product offer. However, the market in Finland continued to remain weak during the year, with only a small number of large projects and increased price competition. Outside the Nordic countries, net sales were adversely affected by a continued weak market in Russia, which was compensated by strong sales figures for SealEco in Europe and increased sales in Turkey. The acquisition of Belgian Univex in 2014 contributed to increased sales of SEK 4.5 million in 2015, compared to SEK 6.3 million in 2014.

The increase in net sales is also attributable to positive currency effects of SEK 25.0 million due to a strong EUR/SEK exchange rate, which was partially offset by the continued weak NOK. In order to compensate for the weakened NOK, the Company implemented price increases in Norway during the year.

The increase in operating expenses for 2015 is explained by a number of small items, including increased exit costs of approximately SEK 3 million, a new purchasing project amounting to approximately SEK 3 million, and enhancements to SealEco's organisation amounting to approximately SEK 3 million.

#### Products & Solutions

In the operating segment Products & Solutions, net sales amounted to SEK 1,303.9 million in 2015, or 75.8 per cent. of the total sales, of which SEK 77.4 million, or 5.9 per cent., related to internal sales eliminated on consolidation, compared to SEK 1,243.1 million in 2014, corresponding to an increase of 4.9 per cent. The increase in sales can be attributed to a market recovery and greater

demand from builders' merchants in Sweden and Norway, as well as positive growth on the flat roofing market in Denmark. The increase in net sales was partially offset by the generally weakened market in Finland.

The improvement in the margin in 2015 within the Products & Services segment is primarily attributable to lower costs of raw materials amounting to approximately SEK 31 million, which was partly offset by lower sales prices amounting to approximately SEK 9 million.

#### Installation Services

In the operating segment Installation Services, net sales amounted to SEK 493.5 million in 2015, representing 28.7 per cent. of the total sales, compared to SEK 518.8 million in 2014, corresponding to a decrease of 4.9 per cent. The decrease in sales within Installation Services was primarily a result of a weaker market in Finland.

#### Operating profit

Operating profit, measured as EBIT before items affecting comparability, amounted to SEK 182.2 million in 2015, compared to SEK 165.4 million in 2014. The EBIT margin before items affecting comparability amounted to 10.6 per cent. in 2015, compared to 9.9 per cent. in 2014. The increased operating profit is primarily attributable to increased gross margins, which contributed to an increase equivalent to SEK 30.1 million and favorable prices of raw materials during the second half of 2015, which were partially offset by increased operating costs of SEK 17.8 million. In 2015, operating profit was adversely affected by items affecting comparability amounting to SEK 39.6 million compared to SEK 43.9 million in 2014, mainly attributable to costs relating to the owners' disposal activities of SEK 36.4 million, costs of SEK 10.7 million for the replacement of the CEO, restructuring costs of SEK 5.1 million, and provisions for a product launch of SEK 7.5 million, partially offset by value adjustments relating to a hedge on prices of raw materials of SEK -21.8 million, whereby the operating profit including these items amounted to SEK 142.6 million in 2015 and SEK 121.5 million in 2014.

#### Products & Solutions

In the operating segment Products & Solutions, operating profit, measured as EBIT before items affecting comparability, amounted to SEK 191.6 million in 2015, compared to SEK 159.6 million in 2014, of which SEK 19.8 million and SEK 14.0 million respectively related to internal sales and were therefore eliminated on consolidation. The EBIT margin before items affecting comparability amounted to 14.7 per cent. in 2015, compared to 12.8 per cent. in 2014. Items affecting comparability during the period amounted to SEK 8.1 million, compared to SEK -30.9 million in 2014, mainly attributable to the positive effect of reversed value adjustments regarding hedging the prices of raw materials less the provision for the product launch, whereby the operating profit including these items amounted to

SEK 199.7 million in 2015, compared to SEK 128.7 million in 2014.

#### Installation Services

In the operating segment Installation Services, operating profit, measured as EBIT before items affecting comparability, amounted to SEK 10.4 million in 2015, compared to SEK 19.8 million in 2014. The lower profit was primarily a result of the weak market in Finland. The EBIT margin before items affecting comparability amounted to 2.1 per cent. in 2015, compared to 3.8 per cent. in 2014. The low margin in 2015 is attributable to lower sales for the segment, while the fixed expenses for the year remained stable. Items affecting comparability during the period amounted to SEK -1.3 million, compared to SEK -13.0 million in 2014, attributable primarily to a reduction of personnel in Finland, whereby the operating profit including these items amounted to SEK 9.1 million in 2015 and SEK 6.8 million in 2014.

#### Financial income and expenses

The Group's net financial items amounted to SEK -26.8 million in 2015, compared to SEK -25.3 million in 2014, mainly attributable to exchange losses on non-current loans offset by lower costs for borrowing due to a decline in indebtedness.

#### Profit before and after tax for the period

The Group's profit before tax amounted to SEK 115.8 million in 2015, compared to SEK 96.2 million in 2014. The Group's profit after tax amounted to SEK 81.9 million in 2015, compared to SEK 76.9 million in 2014.

#### Tax

The Group's tax expenses amounted to SEK 33.9 million in 2015, compared to SEK 19.4 million in 2014, corresponding to an effective tax rate of 29.2 per cent. in 2015, compared to 20.2 per cent. in 2014. The increase is mainly attributable to non-deductible expenses deriving from the disposal processes.

#### Cash flow

The cash flow from operating activities gave rise to an inflow of SEK 153.1 million in 2015, compared to SEK 158.3 million in 2014. The decrease was primarily attributable to the operating profit, adjusted for non-cash flow affecting items, declining to SEK 136.7 million in 2015 compared to SEK 162.5 million in 2014, a higher paid income tax of SEK 13.2 million compared to SEK 10.0 million, which was partially offset by reduced interest payments (SEK 12.7 million in 2015 compared to SEK 18.7 million in 2014) and changes in working capital as described below.

Cash flow from changes in working capital amounted to SEK 35.2 million in 2015. The positive change in working capital is primarily due to the change in other current assets and liabilities resulting in a contribution of SEK 19.9

million, a decrease in inventories corresponding to SEK 8.0 million and a decrease of other current receivables of SEK 9.9 million. This was partially offset by a decrease of accounts payable amounting to SEK 1.8 million and a SEK 0.7 million increase in accounts receivable.

The cash flow from investing activities amounted to SEK –28.8 million in 2015, corresponding to –1.7 per cent. of the sales, compared to SEK –20.0 million in 2014, corresponding to –1.2 per cent. of the sales. The decrease compared to 2014 was primarily due to increased investments in fixed assets of SEK –27.4 million in 2015 compared to SEK –15.3 million in 2014. Investments in fixed assets in 2015 are primarily attributable to maintenance of IT, inventory, and production equipment amounting to SEK 10.4 million and upgrades to existing fixed assets amounting to SEK 11.3 million. Other investments included, *inter alia*, a SEK 5.7 million investment in expansion.

The cash flow from financing activities gave rise to an outflow of SEK 75.0 million in 2015 compared to an outflow of SEK 60.8 million in 2014. The increase compared to 2014 was primarily due to increased amortisation of loans, corresponding to SEK 72.1 million in 2015 compared to SEK 60.0 million in 2014, and acquisitions of non-controlling interests corresponding to SEK 2.8 million in 2015, compared to SEK 0.7 million in 2014.

In the aggregate, cash flow amounted to SEK 49.3 million in 2015 compared to SEK 77.5 million in 2014.

### Financial position

The Group's net debt at the end of 2015 amounted to SEK 141.4 million, compared to SEK 259.0 million at the end of 2014. The net debt/equity ratio amounted to 0.2 compared to 0.4 at the end of 2014. The Group's cash and cash equivalents amounted to SEK 181.3 million in 2015, compared to SEK 138.8 million at the end of 2014.

## COMPARISON OF THE FINANCIAL YEARS 2014 AND 2013

### Net sales

Nordic Waterproofing's net sales amounted to SEK 1,678.7 million in 2014, compared to SEK 1,668.0 million in 2013, which represents an increase of 0.6 per cent. The increase in sales during 2014 is primarily due to positive currency effects (mainly from a strong exchange rate in EUR) comprising SEK 55.1 million, but also due to price increases of SEK 16.3 million on the Norwegian market. In addition, acquisition activity, including the acquisition of the Belgian company Univex, contributed to an increase of SEK 6.3 million in sales. Sales on the Swedish market increased by SEK 21.3 million, mainly driven by higher demand on the flat roofing market. As a result of a greater level of professionalism and range of products offered to builders' merchants, and price increases, net sales increased by SEK 5.5 million in Norway. The market for Nordic Waterproofing's products in Denmark recovered to some extent during the period, which contributed to an increase in the number of customers in the region.

However, the Finnish market remained weak in 2014 which, combined with the termination of a material supply arrangement relating to a major project outside Europe, increased price competition and the termination of a non-profitable customer relationship in the U.S., contributed to a decrease of SEK 41.4 million in sales. Outside the Nordic countries, Nordic Waterproofing's sales were adversely affected by weaker growth in Russia, which was partially offset by stronger sales figures for SealEco in Europe and an increase in sales in Turkey.

### Products & Solutions

In the operating segment Products & Solutions, net sales amounted to SEK 1,243.1 million in 2014, compared to SEK 1,228.9 million in 2013, representing an increase of 1.2 per cent. SEK 83.2 million of net sales related to internal sales in 2014, compared to SEK 79.4 million in 2013, which was eliminated on consolidation. The increase in net sales can be attributed to a market recovery and greater demand from builders' merchants in Sweden and Norway, as well as positive growth on the flat roofing market in Denmark.

### Installation Services

In the operating segment Installation Services, net sales were stable, amounting to SEK 518.8 million in 2014, compared to SEK 518.4 million in 2013, representing an increase of 0.1 per cent.

### Operating profit

Operating profit, measured as EBIT before items affecting comparability, amounted to SEK 165.4 million in 2014, compared to SEK 141.6 million in 2013. The increase was mainly attributable to improved gross margin through streamlining measures, *inter alia*, relating to the production units in Värnamo and Höganäs, and was partially offset by a weaker market, which affected the earnings for Installation Services. Improvements in the gross margin contributed SEK 24.3 million, which had a positive effect on earnings. The EBIT margin before items affecting comparability amounted to 9.9 per cent. in 2014, compared to 8.5 per cent. in 2013. In 2014, operating profit was adversely affected by non-recurring items amounting to SEK 43.9 million, compared to SEK 19.4 million in 2013. These items were mainly attributable to negative value adjustments regarding a hedge against changes in raw materials costs of SEK 21.0 million and restructuring costs of SEK 18.1 million, whereby the operating profit including these items amounted to SEK 121.5 million in 2014 and SEK 122.2 million in 2013.

### Products & Solutions

In the operating segment Products & Solutions, operating profit, measured as EBIT before items affecting comparability, amounted to SEK 159.6 million in 2014, compared to SEK 127.4 million in 2013, of which SEK 14.0 million and SEK 12.5 million, respectively, related to internal sales and were therefore eliminated on consolidation. The EBIT

margin before items affecting comparability amounted to 12.8 per cent. in 2014, compared to 10.4 per cent. in 2013. Items affecting comparability amounted to SEK –30.9 million in 2014, compared to SEK –11.5 million in 2013, mainly attributable to negative value adjustments regarding a hedge against changes in costs of raw materials of SEK 21 million and restructuring costs in Finland and Denmark, but also due to transaction and restructuring costs for acquisitions, whereby the operating profit including these items amounted to SEK 128.7 million in 2014 and SEK 115.9 million in 2013.

#### Installation Services

In the operating segment Installation Services, operating profit, measured as EBIT before items affecting comparability, amounted to SEK 19.8 million in 2014, compared to SEK 26.8 million in 2013. The EBIT margin before items affecting comparability amounted to 3.8 per cent. in 2014, compared to 5.2 per cent. in 2013. Items affecting comparability amounted to SEK –13.0 million in 2014, compared to SEK –7.1 million in 2013, mainly attributable to close-down of a franchise company in Denmark as well as personnel reductions in the Finnish construction operations, whereby the operating profit including these items amounted to SEK 6.8 million in 2014 respective SEK 19.7 million in 2013.

#### Financial income and expenses

The Group's net financial items for the full year 2014 amounted to SEK –25.3 million compared to SEK –30.1 million in 2013. The decrease is mainly attributable to lower borrowing costs due to lower indebtedness and the termination of a fixed interest rate swap.

#### Profit before and after tax for the period

The Group's profit before tax amounted to SEK 96.2 million in 2014, compared to SEK 92.2 million in 2013. The Group's profit after tax amounted to SEK 76.9 million in 2014, compared to SEK 71.0 million in 2013.

#### Tax

The Group's tax expenses amounted to SEK 19.4 million in 2014, compared to SEK 21.2 million in 2013, corresponding to an effective tax rate of 20.1 per cent. in 2014, compared to 23.0 per cent. in 2013. The lower tax rate is mainly attributable to improved earnings from holdings in associated companies, as well as positive earnings trend in countries with a lower tax rate than the domicile of the parent company, *id est* Denmark.

#### Cash flow

The cash flow from operating activities gave rise to an inflow of SEK 158.3 million in 2014, compared to SEK 85.2 million in 2013. The increase was primarily attributable to the operating profit, adjusted for non-cash flow items, increasing to SEK 162.5 million in 2014, compared to SEK 142.3 million in 2013, tax payments decreasing to SEK

10.0 million compared to SEK 27.2 million in 2013, and changes in working capital as described below.

Cash flow from changes in working capital amounted to SEK 17.1 million in 2014. The positive change in working capital is primarily due to a decrease in accounts receivable of SEK 30.6 million, and increased accounts payable of SEK 10.1 million, which was partially offset by an increase in inventories equivalent to SEK 21.4 million and a decrease in other operating liabilities of SEK 8.0 million.

The cash flow from investing activities in 2014 amounted to SEK –20.0 million, corresponding to –1.2 per cent. of sales, compared to SEK –15.8 million in 2013, representing –0.9 per cent. of sales. The change compared to 2013 was primarily due to declined investments in tangible fixed assets, which amounted to SEK 15.3 million in 2014 compared to SEK 23.8 million in 2013, the impact on liquidity of acquisitions of SEK 7.2 million in 2014 compared to SEK 0.0 million in 2013, partially offset by decreased cash receipts from disposal of tangible fixed assets of SEK 0.3 million in 2014 compared to SEK 12.7 million in 2013, as well as changes in receivables from associated companies amounting to SEK 0.7 million in 2014 compared to SEK –3.1 million in 2013.

The cash flow from financing activities gave rise to an outflow of SEK 60.8 million in 2014 compared to an outflow of SEK 51.3 million in 2013. The increase was primarily due to increased amortisation of loans, corresponding to SEK 60.0 million in 2014 compared to SEK 51.2 million in 2013, and acquisitions of non-controlling interests corresponding to SEK 0.7 million in 2014, compared to SEK 0.0 million in 2013.

In the aggregate, cash flow amounted to SEK 77.5 million in 2014 compared to SEK 18.2 million in 2013.

#### Financial position

The group's net debt at the end of 2014 amounted to SEK 259.0 million, compared to SEK 360.8 million at the end of 2013. The net debt/equity ratio amounted to 0.4, compared to 0.6 at the end of 2013. The Group's cash and cash equivalents amounted to SEK 138.8 million at the end of the year, compared to SEK 60.7 million at the end of 2013.

#### COMPARISON OF THE FINANCIAL YEARS 2013 AND 2012

##### Net sales

Nordic Waterproofing's net sales amounted to SEK 1,668.0 million in 2013, which is a decrease by compared to SEK 1,671.7 million in 2012, which represents a decline of 0.2 per cent. The negative trend is attributable to a generally weaker market and a loss of a small number of customers in Sweden and Denmark, which, taken together, decreased sales by SEK 25.6 million. In Norway, Nordic Waterproofing improved its sales to professional roofing contractors, which resulted in an increase in sales. In addition, an increased focus on a customer shift towards a more profitable target group in Finland decreased revenues by SEK 15.2 million, and currency

losses, mainly caused by a weakening of the Norwegian krona, affected sales by SEK 12.7 million. This was partially offset by price increases, equivalent to SEK 5.1 million, and the acquisitions of Nortett and AL-Katot, which contributed to an increase in sales by SEK 44.6 million. Outside the Nordic region, Nordic Waterproofing's net sales were affected by weaker market growth in Russia, which was partially offset by material supply to a larger project ("Wrap") in Malaysia.

#### Products & Solutions

In the operating segment Products & Solutions, net sales amounted to SEK 1,228.9 million in 2013, compared to SEK 1,254.9 million in 2012, representing a decline of 2.1 per cent. Of net sales, SEK 79.4 and SEK 80.4 million, respectively, relates to internal sales, which therefore are eliminated on consolidation. The decline in sales for Products & Solutions was attributable to weak market conditions and loss of customers.

#### Installation Services

In the operating segment Installation Services, net sales amounted to SEK 518.4 million in 2013, compared to SEK 497.1 million in 2012, which represents an increase of 4.3 per cent. The increase is primarily attributable to the 2012 acquisition of AL-Katot in Finland, which counteracted the decline in project sales due to an increased focus on profitability over volume in project implementation.

#### Operating profit

Operating profit, measured as EBIT before items affecting comparability, amounted to SEK 141.6 million in 2013, compared to SEK 109.8 million in 2012. The increase was mainly attributable to streamlining measures relating to the production units in Värnamo and Höganäs, but also to an improved internal pricing strategy for the Installation Services segment. These improvements gave rise to a positive impact from increased gross margins of SEK 45.0 million, which were partially offset by increased operating expenses of SEK 13.9 million. The EBIT margin, before items affecting comparability, amounted to 8.5 per cent. in 2013, compared to 6.6 per cent. in 2012. In 2013, operating profit was adversely affected by non-recurring items amounting to SEK 19.4 million, compared to SEK 32.7 million in 2012. These items were mainly attributable to cut-backs within installation services and production in Finland, the restructuring and impairment of receivables

relating to a Danish franchise company, the merger and streamlining of back office functions within finances and IT in Denmark, and additional incremental costs relating to the separation following the disposal of the two large listed groups Trelleborg and Lemminkäinen in connection with the formation of the Group, whereby the operating profit including these items amounted to SEK 122.2 million in 2013 and SEK 77.1 million in 2012.

#### Products & Solutions

In the operating segment Products & Solutions, operating profit, measured as EBIT before items affecting comparability, amounted to SEK 127.4 million in 2013, compared to SEK 104.5 million in 2012, of which SEK 12.5 million and SEK 8.9 million, respectively, related to internal sales and therefore eliminated on consolidation. The EBIT margin before items affecting comparability amounted to 10.4 per cent. in 2013, compared to 8.3 per cent. in 2012. Items affecting comparability amounted to SEK -11.5 million in 2013, compared to SEK -27.0 million in 2012. These items were mainly attributable to cut-backs in Finland and Denmark, as well as the separation and restructuring costs referred to above, whereby the operating profit including these items amounted to SEK 115.9 million in 2013 and SEK 77.5 million in 2012.

#### Installation Services

In the operating segment Installation Services, operating profit, measured as EBIT before items affecting comparability, amounted to SEK 26.8 million in 2013, compared to SEK 14.1 million in 2012. The EBIT margin before items affecting comparability amounted to 5.2 per cent. in 2013, compared to 2.8 per cent. in 2012. Items affecting comparability amounted to SEK -7.1 million in 2013, compared to SEK -4.0 million in 2012. These items were mainly attributable to impairment of holdings in a Danish franchise company and restructuring costs in Finland, among other things in connection with the incorporation of the Finnish construction business following the separation from Lemminkäinen and acquisition costs associated with the acquisition of AL-Katot, whereby the operating profit including these items amounted to SEK 19.7 million in 2013 respective SEK 10.1 million in 2012.

### Financial income and expenses

The Group's net financial items for the full year 2013 amounted to SEK -30.1 million compared to SEK -36.9 million in 2012, mainly attributable to decreased borrowing costs due to reduced indebtedness.

### Profit before and after tax for the period

The Group's profit before tax amounted to SEK 92.2 million in 2013, compared to SEK 40.1 million in 2012. The Group's profit after tax amounted to SEK 71.0 million in 2013, compared to SEK 27.2 million in 2012.

### Tax

The Group's tax expenses amounted to SEK 21.2 million in 2013, compared to SEK 13.0 million in 2012, corresponding to an effective tax rate of 23.0 per cent. and 32.3 per cent., respectively. The improved effective tax rate is primarily due to a positive earnings trend in Finland (the tax rate in the preceding year was adversely affected by an increase of loss carry forward without a corresponding capitalisation of deferred taxes), and also due to decreased non-deductible costs compared to the previous year.

### Cash flow

The cash flow from operating activities gave rise to an inflow of SEK 85.2 million in 2013, compared to SEK 59.5 million in 2012. The increase was primarily attributable to the operating profit, adjusted for non-cash flow items, increasing to SEK 142.3 million in 2013, compared to SEK 93.1 million in 2012. The increase was partially offset by increased tax payments of SEK 27.2 million in 2013 compared to SEK 6.1 million in 2012, as well as changes in working capital as described below.

Cash flow from changes in working capital amounted to SEK -8.7 million in 2013. The negative change in working capital is primarily due to a decline in accounts

payable of SEK 13.2 million, an increase in other current receivables of SEK 11.4 million, and an increase in accounts receivable of SEK 5.6 million, which were partially offset by a decrease in inventories equivalent to SEK 23.1 million.

The cash flow from investing activities amounted to SEK -15.8 million in 2013, corresponding to -0.9 per cent. of sales, compared to SEK -73.3 million in 2012, corresponding to -4.4 per cent. of sales. The change compared to 2012 was primarily due the absence of net cash flow effects from acquisitions in 2013, compared to SEK -54.4 million in 2012, and disposals of tangible fixed assets of SEK 12.7 million in 2013, compared to SEK 0.1 million in 2012. The change was partially offset by increased investments in tangible fixed assets amounting to SEK 23.8 million in 2013, compared to SEK 19.2 million in 2012, and a change in receivables from associated companies equivalent to SEK -3.1 million in 2013 compared to SEK 0.2 million in 2012.

The cash flow from financing activities gave rise to an outflow of SEK 51.3 million in 2013, compared to an inflow of SEK 15.9 million in 2012. The change was mainly due to increased amortisation of loans to SEK 51.2 million compared to SEK 38.7 million in 2012, as well as an issue of new shares in 2012, which generated an inflow of SEK 54.5 million.

In the aggregate, cash flow amounted to SEK 18.2 million in 2013 compared to SEK 2.1 million in 2012.

### Financial position

The Group's net debt at the end of 2013 amounted to SEK 360.8 million, compared to SEK 404.2 million at the end of 2012. As of 31 December 2013, the net debt to equity ratio amounted to 0.6, compared to 0.8 at the end of 2012. The Group's cash and cash equivalents amounted to SEK 60.7 million at the end of 2013, compared to SEK 42.3 million at the end of 2012.

# CAPITALISATION, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

## EQUITY AND LIABILITIES

The table in this section presents Nordic Waterproofing's capitalisation and indebtedness at Group level as of 31 March 2016. For information regarding the Company's share capital and shares, please see the section entitled "Share capital and ownership". The table in this section should be read in conjunction with the section entitled "Operating and financial review" and Nordic Waterproofing's consolidated financial statements and related notes, which are found elsewhere in the Prospectus. Other than what is described in the section entitled "Capitalisation, indebtedness and other financial information – Material events after 31 March 2016", there has been no material change in the capitalisation or indebtedness of Nordic Waterproofing since 31 March 2016.

### Capitalisation

(SEK million)	31 March 2016
<b>Current debt</b>	
Guaranteed	0
Secured	73.4
Unguaranteed/unsecured	232.4
<b>Total current debt</b>	<b>305.8</b>
<b>Non-current debt</b>	
Guaranteed	0
Secured	262.5
Unguaranteed/unsecured	35.6
<b>Total non-current debt</b>	<b>298.1</b>
<b>Total current and non-current debt</b>	<b>603.9</b>
<b>Shareholders' equity</b>	
Share capital	0.1
Legal reserve	0
Other reserves	-3.9
Retained earnings including profit for the year	758.0
<b>Total shareholders' equity</b>	<b>753.5</b>

### Pledged assets

Nordic Waterproofing's pledged assets as of 31 March 2016 were SEK 1,063.7 million. For further information, please see note 33 in the section entitled "Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)".

### Contingent liabilities

The total amount of contingent liabilities as of 31 March 2016 was SEK 77.9 million. For further information, please see note 33 in the section entitled "Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)".

### Pension obligations

In Sweden, the Group has defined contribution pension plans for employees that are remunerated entirely by the Group. In other countries, there are defined contribution plans that are partially paid for by the Company's subsidiaries and partially covered by contributions paid by the employees. Payments are made into these plans on an ongoing basis in accordance with the rules of the respective plan.

A defined contribution pension plan is a pension plan in which Nordic Waterproofing's obligations are limited to the fixed contributions paid in to a separate legal division. Nordic Waterproofing is under no obligation to pay any contributions if the pension fund's assets were to prove to be insufficient. Contributions relating to defined contribution plans are reported as personnel costs in the income statement as and when they fall due.

No costs relating to pension obligations are reported in the Company's or any subsidiary's balance sheet. The Company has no additional material obligations resulting from similar benefits which are required to be performed as a result of the termination of employment agreements, which could affect the figures above. For further information, please see note 27 in the section entitled "Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)".

### NET INDEBTEDNESS

A summary is provided in the table below of Nordic Waterproofing's net indebtedness as of 31 March 2016, that is to say the most recent reporting date prior to the Offer.

**Net indebtedness**

(SEK million)	31 March 2016
A. Cash and cash equivalents	0
B. Liquid funds	96.9
C. Trading securities	0
<b>D. Liquidity (A) + (B) + (C)</b>	<b>96.9</b>
E. Current financial receivables	0
F. Current bank debt	72.5
G. Current portion of non-current debt	0
H. Other current financial debt	0.9
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>73.4</b>
<b>J. Net current financial indebtedness (I) - (E) - (D)</b>	<b>-23.5</b>
K. Non-current bank debt	119.9
L. Bonds issued	0
M. Other non-current debt	142.7
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>262.6</b>
<b>O. Net financial indebtedness (J) + (N)</b>	<b>239.1</b>

Since the Offer only relates to a sale of existing shares, the Company's net indebtedness will not be affected by the proceeds under the Offer.

**CREDIT FACILITIES AND LOANS, ETC.****The existing financing**

The Company's financing preceding the Offer consists of, among other things, (i) senior credit facilities totaling EUR 43.0 million, and (ii) a revolving credit facility of EUR 16.5 million with Nordea Bank AB (publ) as lender and a vendor loan note amounting to EUR 11 million with Trelleborg AB (publ) as lender, relating to part of the consideration for the Company's acquisition of Trelleborg Waterproofing AB in January 2011 (jointly referred to as the "Existing Loan Financing"). In connection with the completion of the Offer, the Existing Loan Financing will be repaid in its entirety along with the costs of refinancing and other expenses through the utilisation of the Credit Facility (see below). For a further description of the Company's existing financing prior to the Offer, see note 30 of section "Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)".

**The new credit facility**

On 9 May 2016, the Company entered into a loan agreement with Nordea Bank AB (publ) as lender ("Lender"). Under the loan agreement, the Lender has undertaken to, upon completion of the Offer, provide certain credit facilities (jointly referred to as the "Credit Facility") in order to refinance the Existing Loan Financing and to ensure the day-to-day financing of the business.

The Credit Facilities amounts to EUR 58 million and have a final maturity date in 5 years and will be comprised of (i) a EUR 40 million long-term credit facility, and (ii) a EUR 18 million multi-currency revolving credit facility. The Credit Facility will bear interest at a rate equal to the

relevant IBOR (however, if the relevant IBOR is below zero (0) IBOR will be counted as zero (0)) plus a variable margin, which will be based on the Company's net debt to EBITDA. The Company is also required, in connection with the establishment of the Credit Facility, to pay certain fees to the Lender, including an arrangement fee and a commitment fee and also, in arrears of each financial quarter during the availability period, pay a customary commitment fee for unused obligations under the revolving credit facility.

The Credit Facility are conditional on the Company fulfilling certain marked-based financial terms, including certain key ratios, such as net debt/EBITDA and interest coverage rate, which may not deviate negatively from certain levels specified in the agreement. The Credit Facility will not be secured but will be subject to customary representations and warranties and also negative covenants, including, among other things, restrictions on pledging the Company's assets, restrictions on indebtedness for subsidiaries and restrictions on divestments. If the Company fails to comply with its obligations under the Credit Facility, the Lender is entitled to rescind the Credit Facility and demand full repayment of all outstanding loans.

**Derivatives**

From time to time, the Company uses derivative instruments to hedge the Group's exposure to fluctuations in the price of bitumen. Such derivative instruments are based on HSFO 3.5 per cent. (high-sulfur fuel oil) as the underlying asset. The Company's treasury policy provides for the possibility to hedge up to 100 per cent. of the purchase price on bitumen over a period of up to nine months (the standard time for hedges being 3–6 months). As of 31 March 2016, the Company had hedged the purchase of bitumen to a volume of 3,340 tons, corresponding to approximately nine per cent. of the expected annual consumption.

The Group has significant cash flows in foreign currencies. However, normal inflows and outflows in the relevant currency that arise within the scope of the Group's ordinary operations are fairly well-balanced, which reduces the Group's net exposure in the relevant currency. As a result, only flows that are unusual for the Group are therefore hedged, such as binding material contracts in foreign currencies with longer terms than apply for standard transactions. As of 31 March 2016, there were no outstanding currency hedges.

For further information, please see note 30 in the section entitled "Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)".

**WORKING CAPITAL STATEMENT**

Nordic Waterproofing believes that the current working capital is sufficient to meet the Company's requirements in the upcoming twelve-month period.

## INVESTMENTS AND DEPRECIATIONS

Nordic Waterproofing's ordinary investments consist primarily of investments in tangible assets in the form of fixed assets under construction, machinery and other plants and equipment, tools and installations. Nordic Waterproofing's investments, as of 2015, amounted to SEK 27.4 million. The investments have been financed by cash flows from operating activities and under existing credit facilities.

Nordic Waterproofing's production facilities are to a large extent already depreciated. As a result, depreciation is relatively low and stable, and the Company's investment need attributable to maintenance and productivity improving measures in the production facilities is limited. The Company expects that future investment needs, attributable to maintenance of and productivity improving measures in the production facilities, will amount to 1–2 per cent. of net sales.

### Investments broken down by type

(SEK million)	2015	2014	2013	2012
Maintenance	10.4	2.3	5.5	4.4
Productivity improvements	11.3	12.6	17.9	14.7
Expansion	5.7	0.4	0.4	0.0
<b>Total</b>	<b>27.4</b>	<b>15.3</b>	<b>23.8</b>	<b>19.1</b>
<b>% of net sales</b>	<b>1.6%</b>	<b>0.9%</b>	<b>1.4%</b>	<b>1.1%</b>

### Investments broken down by tangible and intangible fixed assets

(SEK million)	2015	2014	2013	2012
Tangible fixed assets	27.4	15.3	23.8	19.1
Intangible fixed assets	0.0	0.0	0.0	0.0
<b>Total</b>	<b>27.4</b>	<b>15.3</b>	<b>23.8</b>	<b>19.1</b>
<b>% of net sales</b>	<b>1.6%</b>	<b>0.9%</b>	<b>1.4%</b>	<b>1.1%</b>

## TANGIBLE FIXED ASSETS

As of 31 March 2016, Nordic Waterproofing had tangible fixed assets with a reported value of SEK 188.5 million, primarily comprising buildings and land, and machinery and other equipment. For further information, please see note 16 in the section entitled "Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)".

The Company leases machinery and other technical equipment to a limited extent. For further information regarding agreements relating to financial leases, please see note 16 and note 26 in the section entitled "Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)".

## INTANGIBLE FIXED ASSETS

As of 31 March 2016, Nordic Waterproofing had intangible fixed assets with a reported value of SEK 610.6 million, primarily comprising goodwill. For further information on the Company's intangible assets, please see note 15 in the section entitled "Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)".

### Contractual obligations

(SEK million)	Within 1 year	Within 2–5 years	Over 5 years	Total
Leases for premises	13.9	23.3	1.2	38.4
Other leasing agreements	10.2	21.5	0.0	31.7
<b>Total</b>	<b>24.1</b>	<b>44.8</b>	<b>1.2</b>	<b>70.1</b>

## ACQUISITIONS AND DISPOSALS

In February 2012, the Group acquired all of the shares in the Norwegian distribution company Nortett Bygg. In June 2012, the Group acquired the majority of the shares in the Finnish construction company AL-Katot, while the remaining five per cent. of the shares were acquired in March 2014. In July 2014, the Company acquired Univex, a prefabricator and distributor on the Belgian market. In September 2015, the Company acquired the remaining 26 per cent. of the shares in SealEco Belgium.

For further information, please see note 5 in the section entitled "Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)".

## CONTRACTUAL OBLIGATIONS

The below table sets forth the Company's contractual obligations as of 31 March 2016, based on the periods in which the payments are due.

## FINANCIAL EXPOSURE AND RISK MANAGEMENT

Financial risks refer to fluctuations in the Company's earnings and cash flow due to changes in exchange rates, interest rates, refinancing and credit risks. The Company's finance policy for the management of financial risks has been established by the board of directors and forms a framework of guidelines and rules in the form of risk mandates and limitations for financing activities.

The most significant risks that have been identified by the Company are managed continuously at various levels within Nordic Waterproofing's organisation and within the overall strategic planning process. This allows Nordic Waterproofing to identify and manage risks at an earlier stage. Furthermore, the executive management of the Company continuously reports risk issues to the board of directors, which is ultimately responsible for the Company's risk management.

The responsibility for the Company's financial transactions and risks is centralised and handled by the parent company's finance function. The main objective of the risk management is to provide cost-effective financing and minimise the negative impact of market fluctuations on the Company's earnings.

In its business activities, Nordic Waterproofing is exposed to various types of financial risks. Examples include credit, currency, interest rate, financing and liquidity risks, as well as operational and market risks.

### Credit, currency and interest rate exposure, and liquidity and financing exposure

For information about the Company's credit, currency and interest rate exposure, please see the section entitled "Risk factors – Risks related to the Company's operations and markets – Credit risks", "Risk factors – Risks related to the Company's operations and markets – Currency risks", and "Risk factors – Risks related to the Company's operations and markets – Interest rate risks". For further information regarding the Company's liquidity and financing exposure, please see note 30 in the section entitled "Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)".

(SEK million)	2015	2014	2013	2012
Bank loans and vendor loan in EUR	324.5	401.3	426.6	441.4
Bank balances in EUR	-181.3	-138.8	-60.7	-42.3
Net debt in EUR	143.2	262.5	365.9	399.2
<b>Portion of bank loans designated as hedging instruments</b>	<b>155.3</b>	<b>152.2</b>	<b>161.0</b>	<b>155.1</b>

## SENSITIVITY ANALYSIS

A sensitivity analysis is presented below. The assessment is based on values from 31 December 2015 and is based on the assumption that all other factors remain unchanged. The sensitivity analysis does not constitute an earnings forecast.

### Raw material price risk

A 10 per cent. increase/decrease in the price of bitumen would have impacted the income statement by SEK +/- 13 million, excluding fluctuations in the value of outstanding derivative contracts relating to bitumen. Expressed as an increase/decrease in the underlying price of HSFO (high-sulfur fuel oil) of USD 10 per ton, this would have had an effect of +/- 3 on the income statement.

### Interest rate risk

An increase/decrease of EURIBOR 3M by 100 interest rate points would increase/decrease the Group's annual interest expenses by approximately SEK 0.1 million, calculated based on the size of the bank loans and finance leasing liabilities less bank balances as of 31 December 2015.

### Currency risk

As of 31 December 2015, the Group had a significant exposure in EUR versus SEK in that both the Group's bank loans and the vendor loan from Trelleborg AB have been raised out in EUR. A 10 per cent. strengthening/weakening of the EUR versus SEK would have affected the Group's net financial items by SEK +/- 14.3 million, given the net liabilities that were outstanding on the reporting date (less cash holdings). Of this, SEK +/- 15.5 million would have affected other comprehensive income due to the currency hedging referred to above and as set out in the table below:

The effect on the income statement and other comprehensive income is set out in the table below (exemplified by a 10 per cent. weakening of EUR versus SEK):

<b>Income statement</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Foreign exchange gain on bank loans and vendor loan	32.4	40.1	42.7	44.1
Foreign exchange loss on liquid funds	-18.1	-13.9	-6.1	-4.2
Hedged portion of foreign exchange gain on bank loans and vendor loan	-15.5	-15.2	-16.1	-15.5
<b>Net effect reported in the income statement</b>	<b>-1.2</b>	<b>11.0</b>	<b>20.5</b>	<b>24.4</b>
<b>Other comprehensive income</b>				
Translation difference relating to subsidiaries in euro countries (Finland, Belgium and the Netherlands)	-15.5	-15.2	-16.1	-15.5
Hedged portion of foreign exchange gain on bank loans and vendor loan	15.5	15.2	16.1	15.5
<b>Net effect reported in other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total effect in the income statement and other comprehensive income</b>	<b>-1.2</b>	<b>11.0</b>	<b>20.5</b>	<b>24.4</b>

A 10 per cent. strengthening/weakening of SEK versus DKK and NOK would have resulted in translation differences in other comprehensive income of SEK 29.6 million and SEK 2.0 million, respectively.

#### **MATERIAL EVENTS AFTER 31 MARCH 2016**

The tables regarding capitalisation and indebtedness above do not reflect events that took place after 31 March 2016.

The Company has no reason to believe that there has been a material change in the Company's capitalisation since 31 March 2016, other than changes in the ordinary course of the Company's business. Warrants will in connection with the completion of the Offer be exercised and repurchased. For more information see the section entitled "Share capital and ownership – Warrants".

#### **FUTURE PROSPECTS**

The Company's general financial targets are described in more detail in the section entitled "Business description – Financial targets". Pursuant to Danish accounting rules, the Company's annual report contains an assessment of Nordic Waterproofing's future prospects for the upcoming financial year, the Company has therefore included prospective financial information in the Prospectus. For further information, please see the section entitled "Consolidated prospective financial information for the financial year 2016". As a listed company, Nordic Waterproofing has no intention, other than required by Danish annual accounting provisions and other applicable laws and provisions, of providing the market with significant economic and/or financial estimates of future prospects.

# BOARD OF DIRECTORS, GROUP MANAGEMENT AND AUDITORS

## BOARD OF DIRECTORS

According to Nordic Waterproofing's articles of association, to the extent appointed by the shareholders at a general meeting, the board of directors must consist of four to eight members appointed by the shareholders at a general meeting. Currently, Nordic Waterproofing's board of directors consists of five appointed members, including the chairman. The current board of directors has been

appointed for the period until the end of the annual general meeting to be held in 2017. The table below contains the names of the members of the board of directors, their position, the year in which they were first appointed and whether they are considered to be independent of the Company and the Principal Owner.

Name	Position	Appointed since	Independent of the Company	Independent of the Principal Owner
Ulf Gundemark	Chairman	2015	Yes	Yes
Jørgen Jensen <sup>1)</sup>	Member	2015	Yes	Yes
Holger C. Hansen <sup>2)</sup>	Member	2015	No	No
Vilhelm Sundström <sup>1)</sup>	Member	2015	Yes	No
Christian Frigast <sup>1)</sup>	Member	2015	Yes	No

1) Jørgen Jensen, Vilhelm Sundström and Christian Frigast were members of the board of directors of Nordic Waterproofing's wholly-owned, operating subsidiary Nordic Waterproofing Group 1 AB during the periods March 2011 to January 2016, January 2011 to January 2016, and March 2011 to January 2016, respectively.

2) Holger C. Hansen was, until September 2015, CEO of Nordic Waterproofing. He was also a member of the board of directors of Nordic Waterproofing Group 1 AB in 2011 and 2012.

Further information on each of the board members and their holdings of shares in the Company following completion of the Offer is set out below. For further information, please see the section entitled "Share capital and ownership – Warrants".



### Ulf Gundemark (born 1951)

Ulf Gundemark has been chairman of the board of directors of Nordic Waterproofing since 2015.

Ulf Gundemark is also a member of the board of directors of AQ Group AB, Constructor Group AS, GUMACO AB, Papyrus Holding AB, Scandi Standard AB (publ), Solar A/S and Lantmännen ek för.

In the past five years, Ulf Gundemark has been, but is no longer, chairman of the board of directors of Bridge to China AB, chairman and a member of the board of directors of Lindab International AB and Ripasso Energy Systems AB, and a member of the board of directors of Lønne International AS.

Ulf Gundemark holds a Master of Science in Electronics from Chalmers University of Technology in Gothenburg.

Ulf Gundemark does not own any shares in Nordic Waterproofing. However, Ulf Gundemark will, through his wholly owned company GUMACO AB, acquire 20,000 shares in the Offer.



### Jørgen Jensen (born 1968)

Jørgen Jensen has been a member of the board of directors of Nordic Waterproofing since 2015.<sup>1)</sup>

Jørgen Jensen is also chairman of the board of directors of Widex Akustik Oy, Widex Hörgeräte AG, Widex Italia S.p.A. and Widex Tibbi ve Teknik Cihazlar San. ve Tic. A.Ş., a member of the board of

directors and CEO of JFJ Invest ApS, a member of the board of directors of AB Widex, Active Hearing Co. Ltd., Active Hearing Pty. Ltd., Biocord AB, Bonavox Limited, Coselgi DK ApS, DFDS A/S, Hörselhuset Aktiebolag, Lifestyle Hearing Corporation Inc., Regional Hearing Specialists Ltd., Tw Group Canada Inc., Widex Australia Pty. Ltd., Widex Canada Inc., Widex China Holding A/S, Widex DK A/S, Widex Hong Kong Hearing & Speech Centre Ltd., Winstar House Limited, Widex India Private Limited, Widex Japan Co. Ltd., Widex Korea Ltd., Widex New Zealand Ltd., Widex Regional Operation Center EMEA, Widex Singapore Pte Ltd. and Widex South Africa (Pty) Ltd., a member of the executive board of Bloomhearing ApS, Widex Eesti OÜ and T.W. Electronic SA, a member of the supervisory board of Aberdeen Hearing Services Ltd., Arnold HearingCare (UK) Ltd., Coselgi UK Limited, Ebor Hearing Healthcare Ltd., Endon Hearing Care Centre Ltd., Hearing Solutions Ltd., MC351 Ltd., The Hearing Centre Lymington Ltd., Widex Marketing Services Limited, Widex UK Limited and Widex

1) Jørgen Jensen was a member of the board of directors of Nordic Waterproofing's wholly-owned, operating subsidiary Nordic Waterproofing Group 1 AB during the period March 2011 to January 2016.

USA Inc., CEO of Widex A/S and a deputy board member of Himsa II A/S.<sup>1)</sup>

In the past five years, Jørgen Jensen has been, but is no longer, chairman of the board of directors of Alto Danmark A/S, Alto International A/S, Dongguan Viper Cleaning Equipment, Nilfisk AB, Nilfisk AS, Nilfisk-Advance Professional Cleaning Equipment (Suzhou) Co. Ltd., Nilfisk-Egholm A/S and Viper Cleaning Equipment (Shanghai), a member of the board of directors of Auriga Industries A/S, Cheminova A/S, Commercial Cleaning Machines Ltd., Concepta Skabe A/S, Industrial Cleaning Machines Ltd., Municipal Cleaning Machines Ltd., Nilfisk B.V., Nilfisk Co. Ltd., Nilfisk Inc., Nilfisk Korea Ltd., Co., Nilfisk Lda., Nilfisk Ltd. (Hongkong), Nilfisk Ltd. (Ireland), Nilfisk Ltd. (New Zealand), Nilfisk Ltd. (United Kingdom), Nilfisk Professional Temizlik Ekipmanlari Tic. A.S., Nilfisk Pte. Ltd., Nilfisk Pty. Ltd., Nilfisk S.A.C., Nilfisk S.A., Nilfisk Sdn. Bhd, Nilfisk S.p.A., TCM Group A/S, TCM Invest A/S, TMK A/S and WAP South Africa Pty. Ltd., CEO of Nilfisk A/S and Nilfisk Equipamentos de Limpeza Ltda., and president of Nilfisk NV/SA, Nilfisk S.A.S. and Jungo Voirie S.A.S.

Jørgen Jensen holds a Master of Science in Economics from Aarhus University in Denmark.

Jørgen Jensen owns through JFJ Invest ApS, a company wholly owned by him, 20,976 shares in Nordic Waterproofing. In addition, Jørgen Jensen has, through JFJ Invest Aps, committed (assuming a price in the Offer corresponding to the midpoint of the price range) to exercise all of his 31,464 warrants in Nordic Waterproofing allowing for the subscription of 62,928 shares, which will be sold as part of the Offer.



#### **Holger C. Hansen (born 1969)**

Holger C. Hansen has been a member of the board of directors of Nordic Waterproofing since 2015.

Holger C. Hansen is also chairman of the board of directors of Chlopethan A/S, F. Junckers Industrier A/S, HCB Invest ApS, Junckers Holding A/S and Scanpharm A/S, deputy chairman

of the board of directors of Lilleheden A/S, a member of the board of directors of Delete Group Oy and Drico Intressenter Holdco AB, CEO of HCH Consult ApS, and a member of the executive board of AH Wood Invest ApS, Hampen Ejendomsselskab ApS, HCH Invest ApS, Klipleve Ejendomsselskab ApS, Palsgaard Gruppen ApS and Tåsinge Ejendomsselskab ApS.

In the past five years, Holger C. Hansen has been, but is no longer, chairman of the board of directors of Butiksindretning Herning A/S, Hetag Tagmaterialer A/S, Nordic Waterproofing A/S, Nordic Waterproofing Holding DK ApS, Nordisk Tagdækning A/S, Phønix Tag Storentreprise ApS and Tagselskabet af 1. Maj 2014 A/S in voluntary liquidation, a member of the board of directors of Phønix Tag Vejle A/S, and CEO of Nordic Waterproofing.

Holger C. Hansen holds a Master of Science in Economics from Copenhagen Business School in Denmark.

Holger C. Hansen owns 35,246 shares in Nordic Waterproofing. In addition, Holger C. Hansen, owns through HCH Consult ApS, a company wholly-owned by him, 65,458 shares in Nordic Waterproofing. In addition, Holger C. Hansen has, personally and through HCH Consult ApS, committed (assuming a price in the Offer corresponding to the midpoint of the price range) to exercise all of his 151,056 warrants in Nordic Waterproofing allowing for the subscription of 302,112 shares, which will be sold as part of the Offer.

1) Although Jørgen Jensen has positions in a relatively large number of companies, the workload is relatively limited in most cases and Jørgen Jensen assesses that these positions will not affect his ability to fulfill his obligations as a member of the board of directors of Nordic Waterproofing.



**Vilhelm Sundström (born 1969)**

Vilhelm Sundström has been a member of the board of directors of Nordic Waterproofing since 2015<sup>1)</sup>.

Vilhelm Sundström is also chairman of the board of directors of JB Gymnasiet Syd AB, JB Gymnasiet Mitt AB, JB Gymnasiet Norr AB, JB Grundskola AB, Friskola i Lödde AB, Galären

utbildningar i Karlskrona AB, Ad Mandatum i Vadstena AB, Culinar Utbildning i Stockholm AB and Matpedagogerna AB, a member of the board of directors of Delete Group Oy, Gianduja Invest AB, Instruo Holding AB and JB Education AB, Partner in Axcel, and a deputy board member of SAD3 Intressenter AB.

In the past five years, Vilhelm Sundström has been, but is no longer, chairman of the board of directors of ASTAR AB, Kompetensutvecklingsinstitutet Sverige AB, SAD2 Invest AB and Qenocird Holding AB, a member of the board of directors of Bostadsrättsföreningen Vattuormen 20, LGT LOGISTICS HOLDING AB, Nordic Waterproofing Group 1 AB and Nordic Waterproofing Group AB, a deputy board member of Drico Intressenter AB, Drico Intressenter Holdco AB, and CEO of Axcel Management AB.

Vilhelm Sundström holds a Master of Science in Finance and Business Administration from Hanken School of Economics in Finland.

Vilhelm Sundström does not own any shares in Nordic Waterproofing.



**Christian Frigast (born 1951)**

Christian Frigast has been a member of the board of directors of Nordic Waterproofing since 2015<sup>2)</sup>.

Christian Frigast is also chairman of the board of directors of Axcelfuture, deputy chairman of the board of directors of Pandora A/S and Danish Venture Capital

Association, a member of the board of directors of Denmark-America Foundation, and Managing Partner of Axcel.

In the past five years, Christian Frigast has been, but is no longer, deputy chairman of the board of directors of Torm A/S and a member of the board of directors of Esko-Graphics Holding A/S.

Christian Frigast holds a Master of Science in political science from the University of Copenhagen in Denmark and a Bachelor in banking from Wharton Business School, University of Pennsylvania in USA. In addition, he has undergone education in Board Leadership and Corporate Governance at Bestyrelsesforeningen in Denmark.

Christian Frigast does not own any shares in Nordic Waterproofing.

1) Vilhelm Sundström was a member of the board of directors of Nordic Waterproofing's wholly-owned, operating subsidiary Nordic Waterproofing Group 1 AB during the period January 2011 to January 2016.

2) Christian Frigast was a member of the board of directors of Nordic Waterproofing's wholly-owned, operating subsidiary Nordic Waterproofing Group 1 AB during the period March 2011 to January 2016.

## GROUP MANAGEMENT

The table below lists the name, position, year of birth and year of employment for each of the members of Nordic Waterproofing's group management.

Name	Position	Year of birth	Position held since	Employed at the Group since
Martin Ellis	Chief Executive Officer	1956	2015	2015
Jonas Olin	Chief Financial Officer	1972	2011	2007
Anders Antonsson	Head of Investor Relations	1964	2015 <sup>1)</sup>	2015
Mats Lindborg	Head of Business Area Operations (Sweden and Norway)	1964	2011	1998
Paul Erik Rask	Head of Business Area Operations (Denmark)	1962	2011	1992
Jaakko Tuominen	Head of Business Area Operations (Finland)	1953	2011	1989
Thomas Zipfel	Head of Business Area Operations (SealEco)	1961	2011	2009

1) Anders Antonsson is a consultant at Nordic Waterproofing through the company RHR Corporate Communication AB.

Further information on each of the members of group management and their holdings of shares in the Company is set out below. For further information, please see the section entitled "Share capital and ownership – Warrants".



### Martin Ellis (born 1956)

Martin Ellis has been CEO of Nordic Waterproofing since 2015.

Martin Ellis is also chairman of the board of directors of Hetag Tagmaterialer A/S, Nordic Waterproofing AB, Nordic Waterproofing A/S, Nordic Waterproofing Holding DK ApS, Nordic Waterproofing Oy and SealEco AB, a member of the

board of directors and CEO of Nordic Waterproofing Group AB and a member of the board of directors of Nordic Waterproofing Group 1 AB.

In the past five years, Martin Ellis has been, but is no longer, chairman of the board of directors of Nordic Waterproofing.

Martin Ellis holds a diploma from HEC Paris Business School, France. In addition, he attended Stern Business School in New York, USA and Getulio Vargas Business School in Sao Paulo, Brazil.

Martin Ellis does not own any shares in Nordic Waterproofing. However, within the scope of his commitment to reinvest a portion of his bonus, he will acquire 195,845 shares in Nordic Waterproofing, assuming a price in the Offer corresponding to the midpoint of the price range for the Offer and at the application of an exchange rate where EUR 1.00 corresponds to SEK 9.27. For further information, please see the section entitled "Legal considerations and supplementary information – Costs associated with the Offer".



### Jonas Olin (born 1972)

Jonas Olin has been CFO of Nordic Waterproofing since 2011.

Jonas Olin is also chairman of the board of directors of Nordisk Tagdækning A/S, a member of the board of directors of AL-Katot Oy, Tagselskabet af 1. maj 2014 A/S in voluntary liquidation, Hetag Tagmaterialer A/S, KerabitPro Oy,

Nordic Waterproofing AB, Nordic Waterproofing A/S, Nordic Waterproofing AS, Nordic Waterproofing Holding DK ApS, Nordic Waterproofing Oy, Nordic Waterproofing Property Oy, Nordic Waterproofing sp. z o.o., SealEco AB, SealEco Belgium NV, SealEco BV, SealEco Contracts Ltd., SealEco GmbH, SealEco Holding Belgium NV, SealEco Ltd. and SealEco NV, deputy CEO and Chief Financial Officer of Nordic Waterproofing Group AB and a deputy board member of Intill Dressyr AB,.

Jonas Olin holds a Bachelor in Business Administration from Lund University.

Jonas Olin owns 23,090 shares in Nordic Waterproofing. In addition, Jonas Olin has committed (assuming a price in the Offer corresponding to the midpoint of the price range) to exercise all of his 31,314 warrants (allowing for the subscription of 62,628 shares), of which 40,708 shares will be sold as part of the Offer.



### Anders Antonsson (born 1964)

Anders Antonsson has been Head of Investor Relations of Nordic Waterproofing since 2015.

Anders Antonsson is also chairman of the board of directors of RHR Corporate Communication AB, and a member of the board of directors and CEO of circle360 communication AB.

In the past five years, Anders Antonsson has been, but is no longer, in charge of IR in DDM Treasury Sweden AB (publ), senior consultant at Grayling Sweden and Vice President – Investor Relations at Northland Resources S.A.

Anders Antonsson holds a Bachelor in Social Sciences, Media and Literature from Lund University.

Anders Antonsson does not own any shares in Nordic Waterproofing.



**Mats Lindborg (born 1964)**

Mats Lindborg has been Head of Business Area Operations (Sweden and Norway) at Nordic Waterproofing AB since 2011.

Mats Lindborg is also a member of the board of directors of AB Takkonsulten i Helsingborg AB and MHT Takentreprenören i Helsingborg AB, and CEO of

Nordic Waterproofing AB.

Mats Lindborg holds a four year technical high school diploma in Building and Civil Engineering from Erik Dahlbergs Gymnasium in Jönköping.

Mats Lindborg owns 55,414 shares in Nordic Waterproofing. In addition, Mats Lindborg has committed (assuming a price in the Offer corresponding to the midpoint of the price range) to sell back all of his 75,153 warrants back to Nordic Waterproofing, which will be cancelled in connection with the Offer.



**Paul Erik Rask (born 1962)**

Paul Erik Rask has been Head of Business Area Operations (Denmark) at Nordic Waterproofing AB since 2011.

Paul Erik Rask is also chairman of the board of directors of Hetag Tagdækning Sjælland A/S, Hetag Tagdækning Syd A/S and Hetag Tagdækning Vest A/S, a

member of the board of directors and CEO of Nordic Waterproofing A/S and Hetag Tagmaterialer A/S, a member of the board of directors and member of the executive board of Nordic Waterproofing Holding DK ApS, and a member of the board of directors of Garantisel-skabet Dansk Tagdækning A/S, Hetag Tagdækning Nord A/S and Tagselskabet af 1. Maj 2014 A/S in voluntary liquidation.

In the past five years, Paul Erik Rask has been, but is no longer, chairman of the board of directors of Nordisk Tagdækning A/S and a member of the board of directors of Sønderjyllands Tagdækning A/S.

Paul Erik Rask holds a Bachelor in Business Administration from Aarhus University, a Master of Science in Business and Economics from Aalborg University, Denmark and an Executive Master of Business Administration from the Scandinavian International Management Institute in Copenhagen, Denmark. In addition, Paul Erik Rask has studied the Advanced Management Programme at INSEAD.

Paul Erik Rask owns 89,104 shares in Nordic Waterproofing. In addition, Paul Erik Rask has committed (assuming a price in the Offer corresponding to the midpoint of the price range) to sell back all of his 120,846 warrants back to Nordic Waterproofing, which will be cancelled in connection with the Offer.



**Jaakko Tuominen (born 1953)**

Jaakko Tuominen has been Head of Business Area Operations (Finland) at Nordic Waterproofing AB since 2011.

Jaakko Tuominen is also chairman of the board of directors and CEO of KerabitPro Oy, Nordic Waterproofing Oy and Nordic Waterproofing Property Oy,

chairman of the board of directors of AL-Katot Oy and a member of the board of directors of Contaki AB and Swisstrax Nordic Oy.

Jaakko Tuominen holds a Master of Science in construction engineering from Tampere University of Applied Sciences and a Dipl.EMC Euromarketing from Marketing Institute Helsinki, Finland. Jaakko Tuominen has also studied Strategy and Management at LIFIM (Finnish Institute of Management).

Jaakko Tuominen owns 27,706 shares in Nordic Waterproofing. In addition, Jaakko Tuominen has committed (assuming a price in the Offer corresponding to the midpoint of the price range) to exercise all of his 37,575 warrants in Nordic Waterproofing allowing for the subscription of 75,150 shares, which will be sold as part of the Offer.



**Thomas Zipfel (born 1961)**

Thomas Zipfel has been Head of Business Area Operations (SealEco) at Nordic Waterproofing AB since 2011.

Thomas Zipfel is also a member of the board of directors and CEO of SealEco AB, SealEco Ltd., SealEco Contracts Ltd., SealEco B.V., SealEco Belgium

N.V., SealEco Holding B.V., Univex S.A., SealEco GmbH, SealEco N.V., Nordic Waterproofing sp. z o.o. and SealEco SU Yalitim Teknolojileri A.S.

Thomas Zipfel holds a Master of Science in electronics engineering from Industrie und Handelskammer in Bochum, Germany. In addition, he has studied an Executive Marketing Program and Executive Management Program at IFL, Stockholm School of Economics, Sweden.

Thomas Zipfel owns 83,504 shares in Nordic Waterproofing. In addition, Thomas Zipfel has committed (assuming a price in the Offer corresponding to the midpoint of the price range) to sell back all of his 125,256 warrants back to Nordic Waterproofing, which will be cancelled in connection with the Offer.

## AUDITORS

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, with address Herredsvej 32, DK-7100 Vejle, Denmark, has been Nordic Waterproofing's auditor since 2014. PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab is an authorised public accountant and is a member of FSR – Danish Auditors (professional institute for authorised public accountants in Denmark). Deloitte Statsautoriseret Revisionspartnerselskab, with address Weidekampsgade 6, DK-2300 Copenhagen S, Denmark, was the Company's auditor in 2012 and 2013. Deloitte Statsautoriseret Revisionspartnerselskab is an authorised public accountant and is a member of FSR – Danish Auditors.

## OTHER INFORMATION REGARDING THE MEMBERS OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

There are no family ties between any of the members of the board of directors or the group management.

There are no conflicts of interest or potential conflicts of interest between the obligations of the members of the board of directors and group management of Nordic Waterproofing and their private interests and/or other undertakings (but several of the members of the board of directors and group management have financial interests in Nordic Waterproofing due to their shareholdings in Nordic Waterproofing). Shareholding members of the board of directors and group management will undertake, with certain exceptions, not to sell their respective holdings for a certain period after the trading on Nasdaq Stockholm has commenced; please see the section entitled "*Share capital and ownership – Commitment to refrain from selling shares (Lock-up)*".

Holger C. Hansen was chairman of the board of directors of Butiksindretning Herning A/S when the company was declared bankrupt in 27 December 2011. The bankruptcy was finalised on 19 August 2013. Vilhelm Sundström was chairman of the board of directors of the Axcel-owned companies, JB Gymnasiet Syd AB, JB Gymnasiet Mitt AB, JB Gymnasiet Norr AB, JB Grundskola AB, Friskola i Lödde AB, Galären utbildningar i Karlskrona AB, Ad Mandatum i Vadstena AB, Culinar Utbildning i Stockholm AB and Matpedagogerna AB, when the companies were declared bankrupt on 12 June 2013. Vilhelm Sundström was also a member of the board of directors of the Axcel-owned companies, Instruo Holding AB and JB Education AB, when the companies were declared bankrupt on 25 June 2013 and 12 June 2013, respectively. To Nordic Waterproofing's knowledge, no suspicions have been raised that any offences were committed in connection with the bankruptcy proceedings referred to above.

During the last five years, no members of the board of directors or group management described above has (i) been sentenced for fraud-related offences, (ii) except from what is stated above, represented a company which has been declared bankrupt or filed for involuntary liquidation, (iii) been subject to sanctions or accusations by authorities or bodies acting for particular professional groups under public law, or (iv) been subject to injunctions preventing them from carrying on a business. All members of the board of directors and group management are available at the Company's address at Drottninggatan 11, 252 21 Helsingborg.

# CORPORATE GOVERNANCE

## FRAMEWORK FOR CORPORATE GOVERNANCE

Nordic Waterproofing is a Danish public limited liability company. Prior to listing on Nasdaq Stockholm, the corporate governance of the Company has been based upon Danish law and internal rules and instructions. As a Company listed on Nasdaq Stockholm, the Company will apply and be subject to the Danish Companies Act, the Company's articles of association (the "Articles of Association"), internal rules and instructions, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code (the "Code") and the statements of the Swedish Securities Council on good practices in the stock market, as well as other Swedish, Danish and other foreign laws and regulations, as applicable. The application of the Code is fully consistent with the Danish Companies Act and Danish recommendations on corporate governance.

The most relevant Swedish and Danish corporate laws and regulations that Nordic Waterproofing will apply at the date of the listing of the Company's shares on Nasdaq Stockholm are described below. Apart from what is presented below, the fact that the Company is a Danish public limited liability company, and thus obliged to comply with Danish corporate law, does not imply any material differences compared to if the Company had been subject to Swedish corporate law applicable for public companies.

## THE CODE

The Code applies to all Swedish companies with shares listed on a regulated market in Sweden and must be applied on the date of the listing of the Company's shares on Nasdaq Stockholm. Non-Swedish companies with shares listed on a regulated market in Sweden must, in order to comply with good stock market practice, comply with either the Code or the corporate governance code applicable in the country where such non-Swedish company has its registered office. The Company has decided that it will report on compliance with the Code and not the Danish corporate governance recommendations, since the Company is listed on Nasdaq Stockholm, where companies customarily apply the Code.

The Code defines a norm for good corporate governance at a higher level of ambition than the Swedish Companies Act's and other regulations' minimum requirements. The key component is the "comply or explain" principle. It entails that the Company is not obliged to comply with every rule of the Code, but may choose other solutions that are deemed to better respond to the circumstances in the individual case, provided that the Company explains every such deviation, the alternative solution and states the reasons for this in the corporate governance report.

The Company will apply the Code from the time of listing of the shares on Nasdaq Stockholm. Any deviation from the Code will be reported in the Company's corporate governance report, which will be prepared for the first time for the financial year 2016. However, in the first corporate governance report the Company does not need to explain deviations from rules that are not applicable yet. The Company does not expect any deviations from the Code, with the exception of what is stated below regarding proposal for and nomination of auditor.

## THE GENERAL MEETING AND SHAREHOLDERS' INITIATIVES

Under the Danish Companies Act, the general meeting is the Company's highest decision-making body. The general meeting may resolve upon every issue for the Company which does not specifically fall within the scope of the exclusive powers of another corporate body.

At the general meeting, shareholders exercise their voting rights. At the annual general meeting, the shareholders vote on matters such as approval of the annual report, appropriation of Company profits or losses, resolutions to discharge the members of the board of directors and the executive management from liability for the financial year, the appointment of members of the board of directors, the appointment of an auditor, and remuneration for the board of directors.

The annual general meeting must be held in such time that the annual report, to be adopted by the board of directors and thereafter submitted to the general meeting for approval, can be submitted to the Danish Business Authority within four months after the expiry of the financial year.

Shareholders who wish a matter to be addressed at the annual general meeting must submit a written request to the board of directors no later than six weeks prior to the date of the annual general meeting.

In addition to the annual general meeting, extraordinary general meetings may be convened to deal with other specific matters.

Extraordinary general meetings must be held upon request from the board of directors or the auditor elected by the general meeting. In addition, shareholders that individually or collectively hold five (5) per cent. (or more) of the share capital can make a written request to the board of directors that an extraordinary general meeting be held to deal with a specific matter. Extraordinary general meetings to consider specific matters must be convened within two weeks of receipt of a request to such effect.

In accordance with the Articles of Association, all general meetings must be convened by the board of directors giving written notice between three and five weeks

prior to the meeting. As regards the annual general meeting, the Company must publish the date of the intended meeting no later than eight weeks prior to the date of such meeting and state the deadline for shareholder proposals. Notice of general meetings must, in the form and substance required under the Danish Companies Act, be published on the Company's website. Further, written notice of the general meeting must be emailed to all shareholders who so request. The Company also expects to concurrently announce in the Swedish daily newspaper Svenska Dagbladet that notice has been given. The notice is expected to specify the time and place of the general meeting and contain the agenda of the business to be addressed at the general meeting. If a proposal to amend the Articles of Association is to be addressed at the general meeting, a summary of such proposal must be included in the notice. For certain material amendments, the specific wording must be set out in the notice.

General meetings must be held in the Municipality of Stockholm or Helsingborg.

#### **Right to attend general meetings**

A shareholder's right to attend general meetings and to vote at general meetings is determined on the basis of the shares owned by the shareholder on the registration date. The registration date is one week before the general meeting is held. The shares which the individual shareholder owns are calculated on the registration date on the basis of the registration of ownership in the Company's share register maintained by Euroclear Sweden as well as notifications concerning ownership which the Company has received for the purposes of updating the share register.

A shareholder must also notify the Company of its participation in the general meeting and request an admission card no later than three days prior to the general meeting.

Shareholders may attend general meetings in person or through a proxy, and may also be accompanied by an advisor.

All attending shareholders are entitled to speak at general meetings.

#### **Voting rights**

Each share entitles the holder to one vote. All business addressed at the general meeting must be decided by a simple majority of votes, unless otherwise stated in the Danish Companies Act or the Articles of Association.

A resolution to amend the Articles of Association will only be validly adopted if shareholders holding no less than two-thirds of both the votes cast and the share capital represented at the general meeting vote in favor of the resolution, unless the Danish Companies Act or the Articles of Association require a larger majority.

#### **Inspection of books and records**

Under Danish law, the Company's annual report is a public document. However, in other respects the shareholders are not entitled to inspect the Company's books and records. Instead, the shareholders can exercise their right to ask questions to the board of directors or the executive management at a general meeting or submit a proposal that an examination be conducted in respect of specific matters relating to the administration of the Company or certain financial statements. If such a proposal is adopted by a simple majority of votes, the general meeting must elect one or more persons to conduct the examination. Such persons may demand from the Company's executive management any information deemed to be of importance to the assessment of the Company and must submit a written report to the general meeting. If the proposal is not adopted by a simple majority of votes, but shareholders representing at least 25 per cent. vote in favor of the proposal, any shareholder may, if reasonable grounds exist, request the local court to appoint one or more persons to conduct the examination.

#### **NOMINATION COMMITTEE**

The Company's shareholders have resolved to establish a nomination committee and to adopt rules of procedure for the nomination committee. The general rule contained in the rules of procedure for the nomination committee is that the nomination committee must comprise four members representing the largest shareholders of the Company, as of the last banking day in August in the year before the annual general meeting, who wish to participate in the nomination committee. In addition to these four members, the chairman of the board must also be a member of the nomination committee. The instructions for the nomination committee follow the Code as regards the appointment of members. The names of the members of the nomination committee must be published no later than six months prior to the annual general meeting.

Nomination committee meetings must be convened as often as required to enable the committee to perform its duties and responsibilities. Meetings must be planned taking into consideration the date of the annual general meeting. The members of the nomination committee must perform their duties in accordance with the Code. The main duties of the nomination committee are to nominate candidates for the positions of chairman of the board and other members of the board, and to submit proposals for fees and other remuneration to be paid to each of the board members.

#### **THE BOARD OF DIRECTORS**

The board of directors is the highest decision-making body after the general meeting. The responsibilities of the board of directors are set out in the Danish Companies Act, the Articles of Association, and the board's rules of procedure adopted by the board of directors. In addition, the board of directors must comply with the Code and

Nasdaq Stockholm's Rule Book for Issuers, as well as other Swedish, Danish and other foreign laws and regulations, as applicable.

Members of the board of directors (other than employee representatives, if any) are appointed annually by the shareholders at the annual general meeting for the period until the end of the next annual general meeting. The Articles of Association state that the board of directors (not including employee representatives) must consist of a minimum of four members and a maximum of eight members. The Code states that no deputy members may be appointed. The board of directors currently consists of five ordinary members. The members of the board of directors are presented in more detail in the section "*Board of directors, group management and auditors*". Under Danish law, members of the board of directors may be removed at any time by the shareholders in a general meeting, by a simple majority of votes.

Pursuant to the Code, no more than one member of the board of directors may be a member of the executive management of the Company or a subsidiary. Furthermore, such board member may not be the chairman or the deputy chairman of the board of directors. Similarly, under the Danish Companies Act, the majority of the members of the board of directors must be members who are not also members of executive management, and a board member who is also a member of the executive management cannot be chairman or deputy chairman of the board of directors.

Pursuant to the Danish Companies Act, the board of directors is responsible for the Company's overall and strategic management. In addition to performing overall management duties and strategic management duties and ensuring proper organisation of the Company's business, the board of directors must, *inter alia*, ensure that:

- the bookkeeping and financial reporting procedures are satisfactory, having regard to the circumstances of the Company;
- adequate risk management and internal control procedures have been established;
- the board of directors receives requisite regular information about the Company's financial position;
- the executive management performs its duties properly and as directed by the board of directors; and
- the financial resources of the Company are adequate at all times, and that the Company has sufficient liquidity to meet its current and future liabilities as they fall due. The Company is therefore required to continuously assess its financial position and ensure that the existing capital resources are adequate.

The board of directors has adopted, and regularly evaluates, a number of governing documents including the rules of procedure for the board of directors, executive management instructions, financial manual, treasury policy, IT policy, information security policy, diversity policy, code of conduct, information policy and insider and

log book policy. Governing documents adopted by the board are implemented in the organisation by respective country managers. In addition, the board of directors regularly adopts and evaluates the Company's business plan, including goals, strategies, risks and budget, and reviews the Company's website and ensures that such website has a special corporate governance section containing a copy of, among other things, the most recent corporate governance report. The board of directors also ensures that there are efficient systems for follow-up and control of the Company's operations and that there is a satisfactory control of the Company's compliance with laws and other regulations applicable to the Company's operations.

The board of directors regularly evaluates its work through a systematic and structured process with the purpose of developing the board of directors' work methods and efficiency. In addition, the board of directors evaluates the Company's IT strategy and its implementation and monitors compliance with the policies, instructions and guidelines established by the board of directors.

#### Audit committee

The board of directors has internally established an audit committee, which must comprise three members. The current audit committee consists of three members: Jørgen Jensen (chairman), Holger C. Hansen and Vilhelm Sundström. Its main duties, without having any impact on the duties and responsibilities of the board of directors, are to assist with oversight of:

- the Company's financial reporting;
- systems of internal control and risk management related to finances;
- external audit of the annual report;
- control of the auditor's independence, including oversight of non-audit services; and
- prepare a recommendation to the board of directors as regards the auditor to be nominated by the board of directors and elected by the annual general meeting.

The members of the committee must not be employees of the Company. The majority of the members of the audit committee must act independently of the Company and the executive management. At least one member of the audit committee, who must act independently in all respects, must also possess relevant accounting or auditing experience. No member of the audit committee can at the same time be a member of the executive management of the Company.

The Company may decide that the board of directors should not have an audit committee, provided that the board of directors performs the audit committee's duties.

The audit committee prepares proposals for the board of directors which either adopts resolutions on the matters or, if appropriate, decides upon proposals for resolutions to be adopted by the shareholders at general meetings. In 2015, the audit committee held two meetings at which minutes were kept.

### Remuneration and compensation

The board of directors has not established a remuneration committee. Instead, the board of directors considers it more appropriate that the entire board of directors performs the remuneration committee's duties. The primary duties of the board of directors as regards remuneration and compensation are as follows:

- Consider and make decisions as to the framework for the remuneration packages of the CEO of the Company, including but not limited to salary, salary increases, pension rights and any compensation or terminations payments, ensuring that the contractual terms are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- Consider and make decisions on issues concerning principles for remuneration and other terms of employment for the executive management, including evaluate whether the remuneration level is in accordance with, and not exceeding, comparable market practice levels at any given time.
- Consider and make decisions on remuneration matters of material importance to the Company, including incentive programmes and payments for the CEO of the Company. The decisions concerning the remuneration of the CEO including any incentive program shall be in accordance with and not exceed comparable market practice levels at any given time.
- Consider and make decisions on the targets (bonus levels and performance targets) for Company-operated performance related incentive programmes for executive managers of the Company as well as monitor and evaluate the fulfillment of such targets.
- Monitor and evaluate programmes for variable remuneration, both ongoing and those that have ended during the year, for the executive management.
- Monitor and evaluate the application of the guidelines for remuneration that the annual general meeting is legally obliged to establish, as well as the current remuneration structures and levels in the Company.
- Oversee the implementation of any pension, retirement, death or disability or life assurance scheme and any incentive schemes for executive managers of the Company.
- Review its own terms of reference and effectiveness on the above, on an annual basis.

On 26 February 2016, the board of directors adopted a new remuneration and compensation model for the Company's CFO and the four heads of business units, comprising a new fixed salary and a cap on the variable salary of 60 per cent. of the new fixed salary. According to the Company's previous remuneration and compensation model, the variable salary for these individuals was not capped at a certain percentage of their fixed salary.

### EXECUTIVE MANAGEMENT

Pursuant to the Danish Companies Act and the Articles of Association, the board of directors appoints and removes the members of an executive management, which is responsible for the day-to-day management of the Company. The Articles of Association state that an executive management consisting of one to five members must be appointed. Currently, the Company has only appointed one member to the executive management: Martin Ellis as CEO (Dk. *adminstrerende direktør*).

The executive management reports to the board of directors. The executive management's responsibilities are set out in the Danish Companies Act, the Articles of Association, directions and instructions given by the board of directors, and other internal regulations and instructions established by the board of directors. In addition, the executive management is required to comply with the Code and Nasdaq Stockholm's Rule Book for Issuers, as well as other Swedish, Danish and other foreign laws and regulations, as applicable.

The executive management must, *inter alia*, take any measures necessary to ensure the Company's book-keeping is maintained pursuant to law and that the management of funds is conducted in a sound manner. The executive management must attend board meetings, unless decided otherwise by the board of directors, and must keep the board of directors – through the chairman – regularly informed about matters of importance relating to the day-to-day operations. The executive management may in specific cases be authorised by the board of directors to carry out management-related measures, which are outside the scope of the Company's day-to-day business.

### GROUP MANAGEMENT

The executive management is supported by a number of senior officers of the Company's direct and indirect subsidiaries. Together with the executive management, these senior officers of the subsidiaries constitute the group management.

The CEO and other members of group management are presented in more detail in the section entitled "*Board of directors, group management and auditors*".

### REMUNERATION FOR MEMBERS OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

#### Remuneration for members of the board of directors

Fees and other remuneration for members of the board of directors, including the chairman of the board, are determined by the Company's shareholders at the annual general meeting based on proposals made by the board of directors and the nomination committee. The shareholders have resolved at a general meeting that fees be payable for the 2015 accounting year as follows: SEK 500,000 to the chairman of the board and SEK 339,000 to Jørgen Jensen. However, no board remuneration or remuneration for potential committee work is payable to board

members Holger C. Hansen, Wilhelm Sundström and Christian Frigast. Members of the board of directors are not entitled to any special benefits when they resign from the board.

### Guidelines for remuneration for the executive management and group management

The board of directors' policy is that salaries and other benefits be on market terms and adequate to attract sufficiently qualified employees for the relevant positions.

The board of directors determines the remuneration payable to the members of executive management, including the CEO. The salaries for the members of executive management consist of a fixed salary, variable salary and other benefits. The annual salary to the Company's CEO amounts to EUR 0.5 million. The CEO, with support from the board of directors, determines the remuneration payable to other members of group management. The salaries to the members of group management consist of a fixed salary and pension, and the possibility to receive variable salary and other benefits. The variable salary to which the Company's CEO and CFO and the four heads of business units are entitled is capped at 60 per cent. of their fixed salary. The members of executive management and the group management will be offered a salary which is on market terms and based on such person's responsibilities, expertise and performance. For further informa-

tion regarding the terms of employment of the CEO and members of group management, please see note 8 in the section entitled "Historical financial information regarding the financial years 2015, 2014, 2013 and 2012 (IFRS)", and for further information on remuneration to the CEO, please see the section entitled "Legal considerations and supplementary information – Costs associated with the Offer".

In addition, the shareholders may resolve at the annual general meeting to offer long-term incentive schemes such as equity-based and share price-based incentive schemes. The purpose of these incentive schemes will be to contribute to long-term value growth and provide a shared interest in value growth for shareholders and employees.

### Overview

The table below provides an overview of the remuneration to the members of the board of directors, the managing director and the other members of group management for the financial year 2015. As of 30 September 2015, no remuneration has been paid to Nordic Waterproofing's members of the board, CEO or other members of group management. Remuneration paid during the preceding period was paid by another company in the Group. For further information, please see note 8 in the section entitled "Historical financial information regarding the financial years 2015, 2014, 2013 and 2012 (IFRS)".

(SEK thousand)	Fixed salary	Variable salary	Pension	Other benefits	Total
<b>Members of the board of directors</b>					
Ulf Gundemark	500 <sup>3)</sup>	0	0	0	500
Jørgen Jensen	339 <sup>4) 5)</sup>	0	0	0	339
Holger C. Hansen	0	0	0	0	0
Vilhelm Sundström	0	0	0	0	0
Christian Frigast	0	0	0	0	0
Martin Ellis <sup>1)</sup>	709 <sup>4)</sup>	0	0	0	709
<b>CEO</b>					
Martin Ellis	1,154 <sup>3)</sup>	693 <sup>3)</sup>	0	0	1,847
Holger C. Hansen <sup>2)</sup>	12,687 <sup>4)</sup>	3,563 <sup>4)</sup>	68 <sup>4)</sup>	239 <sup>4)</sup>	16,557
<b>Other members of group management</b>					
	7,376 <sup>4)</sup>	4,071 <sup>4)</sup>	2,310 <sup>4)</sup>	673 <sup>4)</sup>	14,430
<b>Total</b>	<b>22,765</b>	<b>8,327</b>	<b>2,378</b>	<b>912</b>	<b>34,382</b>

1) Resigned from the board in September 2015.

2) Resigned as CEO in September 2015. The fixed remuneration of SEK 12,687,000 includes a lump sum of SEK 10,662,000, which was paid in connection with Holger C. Hansen's resignation as CEO in accordance with the terms of his employment contract. Holger C. Hansen is also entitled to certain benefits up to 31 October 2016.

3) Remuneration paid by Nordic Waterproofing Holding A/S.

4) Remuneration paid by another company in the Group.

5) SEK 184 thousand refers to remuneration for board work and SEK 155 thousand refers to consultant's fee.

### FINANCIAL REPORTING AND INTERNAL CONTROL

The responsibilities of the board of directors and the executive management for financial reporting and internal control is, *inter alia*, governed by the Danish Accounting Act, the Danish Annual Reports Act, the Danish Companies Act and the Code.

The board of directors regularly considers whether it would be expedient to include additional financial and

non-financial information in the Company's financial reports.

The board of directors regularly assesses the material risks associated with the Company's operations, the implementation of the Company's strategy and the risks associated with the financial reporting, and seeks to ensure that such risks are managed in a proactive and efficient manner. As part of the Company's risk manage-

ment, various internal control systems have been established, which are reviewed regularly by the board of directors to ensure that such systems are appropriate and sufficient in the context of the Company's business and operations. The Company's annual report will contain information about the management of operational risks.

The financial reporting and internal controls are aimed at providing the board of directors and executive management with reasonable assurance that:

- reporting by the executive management is reliable and in compliance with internal policies and procedures and gives a true and fair view of the Company's financial performance and financial position;
- material risks are identified and minimised;
- internal controls are in place to support the quality and efficiency of the business processes and to safeguard the Company's business and assets; and
- business is conducted in compliance with applicable laws, regulations and internal policies.

#### Conflict of interest transactions

Under the Danish Companies Act, no member of the board of directors or executive management may participate in the transaction of business that involves any agreement between the Company and that member, or legal proceedings against that member, or the transaction of business that involves any agreement between the Company and a third party, or legal proceedings against a third party, if the member has a material interest in such business and that material interest could conflict with the interests of the Company.

#### AUDITING

Pursuant to the Articles of Association, the annual general meeting must appoint a state-authorized public accountant to audit the Company's accounts. The Company's auditor is PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab. The Company's auditor is presented in more detail in the section entitled "*Board of directors, group management and auditors*". For 2015, the total remuneration to the Company's auditor amounted to SEK 4,403 thousand. The total remuneration to other auditors in the Group during the period amounted to SEK 268 thousand.

The auditor is appointed for a term of one year by the shareholders following a proposal by the board of directors following recommendation from the audit committee. The scope of the auditor's duties, including audit and non-audit duties, is agreed annually between the board of directors and the auditor based on recommendations by the audit committee. The Company has regular discussions and regularly exchanges information with the auditor.

The auditor is obliged to attend the annual general meeting and is entitled to attend other general meetings. At the annual general meeting, the auditor is obliged to

answer questions raised relating to the annual report. The auditor is also entitled to attend any board meeting at which the annual report of the Company is being presented and – under the board's rules of procedure – any other board meetings at which financial statements, on which the auditor must provide a statement, are considered.

#### INFORMATION POLICY AND INSIDER AND LOG BOOK POLICY

The Company has prepared an information policy and an insider policy for the purpose of informing employees and other relevant parties at the Company about the laws and regulations applicable to the distribution of information by the Company and the special requirements imposed on persons who are active in a listed company with regard to, *inter alia*, price-sensitive information. In this context, the Company has established routines for handling the distribution of information which has not been made public.

#### THE IR FUNCTION

The IR function is headed up by the Company's IR and Communications Manager. The primary duties of the IR function are to support the CEO and CFO in relation to the capital markets, to prepare (jointly with the CFO and communication team) quarterly and annual reports, analyst conferences, general meetings and capital market presentations, and to regularly report on IR activities.

#### REGISTRATION OF SECURITIES

##### General

Nordic Waterproofing is a Danish public limited liability company which has applied to have its shares admitted to trading on Nasdaq Stockholm. The Company's shares are registered in book-entry form in the account-based electronic securities system (central securities depository) operated by VP Securities in Denmark. To be able to trade the shares on Nasdaq Stockholm, the Company's shares registered in VP Securities will be registered in the corresponding Swedish securities system operated by Euroclear Sweden. As a result, the Company and its shares have their primary central securities depository registration in the Danish system operated by VP Securities and a secondary registration with Euroclear Sweden. Euroclear Sweden will also maintain the Company's share register.

Euroclear Sweden is registered in the central securities depository register maintained by VP Securities as the holder of all shares in the Company through Euroclear Sweden's account with VP Securities (an omnibus account). In order to allow trading in the shares on Nasdaq Stockholm, Euroclear Sweden will "mirror" the Company's shares in Euroclear Sweden's securities system. The shares registered in Euroclear Sweden's system have the same ISIN code as the shares registered in Denmark.

### Registration in Sweden

The Swedish central securities depository register is operated by Euroclear Sweden, a central securities depository and clearing organisation pursuant to the Swedish Financial Instruments Accounts Act (1998:1479) and the Swedish Securities Market Act (2007:528). Among other things, Euroclear Sweden maintains share registers for Swedish companies listed on Nasdaq Stockholm. Shares administered by Euroclear Sweden are registered in dematerialised form on central securities depository accounts and no share certificates are issued. Ownership of the shares is achieved by means of registration with Euroclear Sweden through banks or other securities institutions that have been approved as account operators by Euroclear Sweden. The register maintained by Euroclear Sweden also contains certain other information, such as pledges.

Shares can be registered on securities accounts and subsequently entered in the share register, either in the name of the owner (directly-registered shares) or in the name of a nominee approved by Euroclear Sweden (nominee-registered shares). If the shares are registered in the name of a nominee, this will be recorded in the securities system. The relationship between the nominee and the beneficial owner is contractual. Beneficial shareholders wishing to exercise certain rights (such as the right to participate at general meetings) must temporarily re-register the shares in their own name. The nominee must also regularly notify the holdings of beneficial shareholders to Euroclear Sweden.

Rights attaching to shares that entitle the holders to dividends and participation in rights issues or bonus issues are conferred on shareholders registered as owners in the Swedish central securities depository maintained by Euroclear Sweden (on the basis that Euroclear Sweden is registered as the nominee holder of all shares in the Company in the Danish central securities depository, it being understood that any such rights are conferred to holders registered in the Danish central securities depository), and dividends are usually paid into the bank accounts specified by the holders registered with Euroclear Sweden. The relevant record date must be stated in resolutions in which it is decided to pay a dividend or increase the share capital or in other resolutions relating to matters in which the shareholders have pre-emption rights.

Where the registered shareholder is a nominee, the nominee receives (on behalf of the beneficial shareholder) dividends and other financial rights attaching to the shares, such as subscription rights in conjunction with rights issues and any new shares subscribed for pursuant to subscription rights. Dividends are distributed by way of a single payment to the nominee, which is responsible for distributing the dividend to the beneficial shareholder. A similar procedure applies in respect of subscription rights and newly-issued shares.

### REQUIREMENT TO DISCLOSE SHAREHOLDINGS

Since Nordic Waterproofing's registered office is located in Denmark, the Swedish Financial Instruments Trading Act (1991:980) provides that corresponding Danish rules apply as regards the requirement to disclose shareholdings.

Pursuant to section 29 of the Danish Securities Trading Act, holders of shares in Danish companies with shares admitted to trading on Nasdaq Stockholm are required to give simultaneous notice to the company and the Danish FSA of the shareholdings in the company immediately, when the shareholding reaches, exceeds or falls below thresholds at intervals of 5, 10, 15, 20, 25, 50 or 90 per cent. and limits of 1/3 or 2/3 of the voting rights or nominal value of the total share capital.

When a company has received a notification, it must publish the content of the notification as soon as possible. Holders of shares in a company mean a natural or legal person who, directly or indirectly, holds (i) shares in the company on behalf of himself and for his own account, (ii) shares in the company on behalf of himself, but for the account of another natural or legal person, or (iii) share certificates, where such holder is considered a shareholder in relation to the underlying securities represented by the certificate.

The duty to notify set forth above further applies to natural and legal persons who are entitled to acquire, sell or exercise voting rights which are:

- i. held by a third party with whom that natural or legal person has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the issuer in question (common duty of disclosure for all parties to the agreement);
- ii. held by a third party under an agreement concluded with that natural or legal person providing for the temporary transfer of the voting rights in question in return for consideration;
- iii. attached to shares which are lodged as collateral for that natural or legal person, provided the person controls the voting rights and declares an intention to exercise them;
- iv. attached to shares in which that natural or legal person has a lifelong right of disposal;
- v. held, or may be exercised within the meaning of (i) to (iv), by an undertaking controlled by that person or entity;
- vi. attached to shares deposited with that natural or legal person and which the person can exercise at his own discretion in the absence of specific instructions from the shareholders;
- vii. held by a third party in its own name on behalf of that person; or
- viii. exercisable by that person through a proxy where that person may exercise the voting rights at his discretion in the absence of specific instructions of the shareholder.

The duty to notify set forth above also applies to any person who directly or indirectly holds (a) financial instruments that entitle the holder to purchase existing shares (for example, share options); and/or (b) financial instruments based on existing shares and with an economic effect equivalent to that of the financial instruments mentioned in (a), regardless of whether or not they provide an entitlement to purchase existing shares (for example, cash-settled derivatives linked to the value of the shares in question). Holding these kinds of financial instruments counts towards the thresholds mentioned above and may thus trigger a duty to notify by themselves or when accumulated with a shareholding.

The notification must be made immediately and during the same trading day (before midnight) of the transaction and in accordance with the provisions of the Executive Order no. 1256 of 4 November 2015 and must state the number of voting rights and shares held directly or indirectly following the transaction. The notification must further state the transaction date on which the threshold was reached or no longer reached and the identity of the shareholder as well as the identity of any natural or legal person with the right to vote on behalf of the shareholder and, in the case of a group structure, the chain of controlled undertakings through which voting rights are effectively held. The information must be notified to the company and simultaneously submitted electronically to the Danish FSA. Failure to comply with the notification requirements is punishable by fine.

When an obligation to notify is imposed on more than one natural or legal person, the notification may be made through a joint notification. However, use of a joint notification does not exempt the individual shareholders or natural or legal persons from their responsibilities in connection with the obligation to notify or the contents of the notification.

After receipt of the notification, the company must publish the contents of the notification. Furthermore, the general duty of notification under the Danish Companies Act Section 55 in respect of notification of significant holdings applies, namely when the limit of 100 per cent. of the share capital's voting rights or nominal value of the company are reached or are no longer reached.

For the purpose of designating the home member state pursuant to the Transparency Directive (2004/109/EC, as amended), Denmark is the Company's home member state.

#### MANDATORY PUBLIC TENDER OFFERS

The Danish Securities Trading Act (Part 8) and the Executive Order no. 562 of 9 October 2014 contain rules concerning public offers for the acquisition of shares admitted to trading on a regulated market (including Nasdaq Stockholm).

If a shareholding in a company with one or more classes of share admitted to trading on a regulated market or an alternative marketplace is transferred, directly or indirectly, to an acquirer or to persons acting in concert with such acquirer, the acquirer must give all shareholders of the company the option to dispose of their shares on identical terms, if the acquirer gains a controlling interest as a result of the transfer.

A controlling interest exists if the acquirer, directly or indirectly, holds more than one third of the voting rights in the company, unless it can be clearly proven in special cases that such ownership does not constitute a controlling interest. An acquirer who does not hold more than one third of the voting rights in a company nevertheless has a controlling interest when the acquirer has:

- the right to control more than one third of the voting rights in the company according to an agreement with other investors;
- the right to control the financial and operational affairs of the company according to the articles of association or agreement; or
- the right to appoint or remove a majority of the members of the board of directors and this body has a controlling influence over the company.

Warrants, call options and other potential voting rights, which may currently be exercised or converted, must be taken into account in the assessment of whether the acquirer holds a controlling interest. Voting rights attached to treasury shares must be included in the calculation of voting rights. Exemptions from the mandatory tender offer rules may be granted under special circumstances by the Danish FSA.

Pursuant to the Swedish Stock Market (Takeover Bids) Act (2006:451), any person who makes a takeover bid to shareholders, in a company listed on Nasdaq Stockholm, is required to comply with the takeover rules adopted by Nasdaq Stockholm (the "Takeover Rules"). Pursuant to this obligation, the offeror agrees to comply not only with the Takeover Rules but also the statements and decisions issued by the Swedish Securities Council as regards the interpretation of the Takeover Rules, as well as to comply with any sanctions that may be imposed by Nasdaq Stockholm.

# SHARE CAPITAL AND OWNERSHIP

Following the completion of the Offer and exercise of warrants, Nordic Waterproofing's share capital will amount to DKK 24,083,935 divided into 24,083,935 shares of DKK 1.00 each (assuming a price in the Offer corresponding to the midpoint of the price range). There is only one class of shares in the Company, meaning that each share carries one (1) vote at general meetings and that all shares will have equal rights to the Company's assets upon liquidation and distribution of dividends. The Offer does not entail any dilution effect. For additional information, please see the section entitled "*Share capital and ownership – Development of the share capital*" and "*Share capital and ownership – Warrants*".

Following the completion of the Offer, the ISIN code for Nordic Waterproofing's shares will be DK0060738409. The Company's shares have been issued in accordance with Danish law and the shareholders' rights may only be altered or modified in accordance with the Danish Companies Act and the Company's articles of association.

At the time of completion of the Offer, the Company's shares will be registered with VP Securities, which is the central securities depository and clearing organisation for shares issued by a Danish company in accordance with the Danish Companies Act. Euroclear Sweden will be registered in the central securities depository register maintained by VP Securities as the holder of all shares of the Company through Euroclear Sweden's account with VP Securities (an omnibus account). In order to allow trading in the shares on Nasdaq Stockholm, Euroclear Sweden will "mirror" the Company's shares in Euroclear Sweden's securities system. The shares registered in Euroclear Sweden's system will have the same ISIN code as the shares registered in Denmark. The Company's share register is maintained by VP Securities A/S and Euroclear Sweden. For more information, please see section entitled "*Corporate governance – Registration of securities – General*".

**DEVELOPMENT OF THE SHARE CAPITAL**

The table below sets forth the historic changes in the share capital of Nordic Waterproofing since the incorporation of the Company and up to the date of the Prospectus.

Date of Adoption	Date of registration with the Danish Business Authority	Transaction	Change in the number of shares	Total number of shares	Change in share capital (DKK)	Total share capital (DKK)	Nominal value per share (DKK)
24 January 2011	24 January 2011	Formation of the Company by cash contribution	8,000,000	8,000,000	80,000.00	80,000.00	0.01
28 January 2011	28 January 2011	New share issue against cash contribution	2,000,000	10,000,000	20,000	100,000	0.01
15 June 2011	23 August 2011	New share issue against cash contribution	256,751	10,256,751	2,567.51	102,567.51	0.01
29 February 2012	14 March 2012	New share issue against cash contribution	102,930	10,359,681	1,029.30	103,596.81	0.01
16 April 2012	7 May 2012	New share issue against cash contribution	1,098,264	11,457,945	10,982.64	114,579.45	0.01
17 April 2012	7 May 2012	New share issue against cash contribution	30,125	11,488,070	301.25	114,880.70	0.01
21 June 2012	5 September 2012	New share issue against cash contribution	50,352	11,538,422	503.52	115,384.22	0.01
20 September 2012	3 October 2012	New share issue against cash contribution	8,409	11,546,831	84.09	115,468.31	0.01
14 October 2014	11 November 2014	Division into share classes	-	A-shares: 5,182,493 B-shares: 52,349 C-shares: 4,118,226 D-shares: 41,598 E-Shares: 2,152,165 Total: 11,546,831	-	A-shares: 51,824.93 B-shares: 523.49 C-shares: 41,182.26 D-shares: 415.98 E-Shares: 21,521.65 Total: 115,468.31	0.01
6 May 2016	6 May 2016	Issue of bonus shares	2,297,819,369 (pro rata to all share classes)	A-shares: 1,036,498,600 B-shares: 10,469,800 C-shares: 823,645,200 D-shares: 8,319,600 E-Shares: 430,433,000 Total: 2,309,366,200	22,978,193.69 (pro rata to all share classes)	A-shares: 10,364,986 B-shares: 104,698 C-shares: 8,236,452 D-shares: 83,196 E-Shares: 4,304,330 Total: 23,093,662	0.01
6 May 2016	6 May 2016	Change of the nominal value of each share	2,286,272,538 (pro rata to all share classes)	A-shares: 10,364,986 B-shares: 104,698 C-shares: 8,236,452 D-shares: 83,196 E-Shares: 4,304,330 Total: 23,093,662	n/a	A-shares: 10,364,986 B-shares: 104,698 C-shares: 8,236,452 D-shares: 83,196 E-Shares: 4,304,330 Total: 23,093,662	1.00
6 May 2016	6 May 2016	Elimination of liquidation preference <sup>1)</sup>	A-shares: 12,351 B-shares: 125 C-shares: 9,814 D-shares: 99 E-Shares: n/a	A-shares: 10,377,337 B-shares: 104,823 C-shares: 8,246,266 D-shares: 83,295 E-Shares: 4,304,330 Total: 23,116,051	A-shares: 12,351 B-shares: 125 C-shares: 9,814 D-shares: 99 E-Shares: n/a	A-shares: 10,377,337 B-shares: 104,823 C-shares: 8,246,266 D-shares: 83,295 E-Shares: 4,304,330 Total: 23,116,051	1.00
8 June 2016 (expected)	8 June 2016 (expected)	Cancellation of share classes <sup>2)</sup>	n/a	23,116,051	n/a	23,116,051	1.00
14 June 2016 (expected)	14 June 2016 (expected)	Exercise of warrants	Ordinary shares: 967,884 <sup>3)</sup>	Ordinary shares: 24,083,935	Ordinary shares: 967,884 <sup>3)</sup>	Ordinary shares: 24,083,935	1.00

1) Prior to the completion of the Offer, the articles of association of the Company contained certain liquidation preferences to the A-D shares. The liquidation preferences were eliminated to achieve a share structure where all shares have equal rights.

2) Prior to the completion of the Offer, all existing share classes will be cancelled such that there will only be one class of shares in the Company after the listing. The existing Class A-E shares will all be converted into one ordinary class of shares at a ratio of 1:1.

3) Assuming a price in the Offer corresponding to the midpoint of the price range.

## WARRANTS

As of the date of this Prospectus, certain of the members of the board of directors, group management and other key individuals of the Group as well as some persons previously holding such positions, hold warrants in the Company. The warrants are divided up into two classes, Class 1 and Class 2. The completion of the Company's listing on Nasdaq Stockholm entitles the warrant holders to exercise their warrants upon the completion of the Offer, at an exercise price of respectively DKK 52.66 (class 1) and DKK 93.81 (class 2) for each warrant (allowing for the subscription of two shares). If the warrants are not exercised in connection with the completion of the Offer, the warrants will automatically lapse without compensation. Accordingly, following the implementation of the Offer, there will be no outstanding warrants in the Company.

Each warrant entitles the holder to subscribe for two (2) new shares of a nominal amount of DKK 1.00 in the Company.

In connection with the completion of the Offer, warrant holders representing 483,942 warrants (which allows for the subscription of 967,884 new shares in the Company) have undertaken to exercise their warrants. Further, warrant holders representing 552,969 warrants (which would allow for the subscription of 1,105,938 shares in the Company) have undertaken to sell their warrants back to the Company for a purchase price equal to the price in the Offer less the exercise price, upon which they will be cancelled. As the exercise and buyback of the class 2 warrants, resulting in the issuance of shares, is conditional on the final Offer price, the DKK/SEK exchange rate and certain variable shareholder transaction costs, a final Offer price at the low point of the price range, a decrease of SEK towards DKK or extraordinarily high shareholder transaction costs, could potentially lead to only the class 1 warrants being respectively exercised and bought back, resulting in only 322,628 shares being issued as a result of

warrant exercises (at a subscription price of DKK 52.66 per warrant allowing for subscription of two shares) and only 184,323 warrants (which would have allowed for the subscription of 368,646 shares) being bought back, for a purchase price equal to the price in the Offer less the exercise price. In the event, that not all warrants are exercised, the Offer will be decreased to comprise up to 11,418,632 shares, with a possibility to increase the Offer with up to 2,408,394 shares. Further, the Over-Allotment Option would be decreased to comprise 2,074,053 shares.

Otherwise, the commitments to exercise and sell back the warrants are conditional only upon completion of the Offer.

As a consequence of the above transactions, there will be no outstanding warrants in the Company upon completion of the Offer.

## DILUTION OF SHAREHOLDERS

At the time for completion of the Offer, Nordic Waterproofing has no outstanding convertible bonds, warrants or other financial instruments, which, if exercised, could result in a dilution effect for the Company's existing shareholders.

## OWNERSHIP STRUCTURE PRIOR TO AND FOLLOWING THE OFFER

The table below sets forth the ownership structure of the Company immediately prior to the completion of the Offer and immediately after the completion of the Offer based on the assumption that all outstanding warrants in the Company have been exercised for subscription of new shares in the Company in connection with the Offer; see further "*Share capital and ownership – Development of the share capital*" and "*Share capital and ownership – Warrants*". In addition to the Principal Owner and KIRKBI, certain board members, senior executives employees and advisors to the Principal Owner will sell shares in the Company to the extent presented in the table below.

## Share capital and ownership

Shareholders	Prior the Offer (At the time of publication of the prospectus (assuming completion of the cancellation of the share classes and exercise of warrants, but prior to sale of shares as part of the Offer))		After the Offer (assuming the Offer is not increased and the Over-Allotment Option is not exercised)		After the Offer (assuming the Offer is increased in full and the Over-Allotment Option is not exercised)		After the Offer (assuming the Offer is increased in full and the Over-Allotment Option is exercised in full)	
	Number	%	Number	%	Number	%	Number	%
Axcel <sup>1)</sup>	18,811,721	78.1%	9,472,116	39.3%	7,424,826	30.8%	5,582,266	23.2%
KIRKBI	3,318,040	13.8%	1,670,706	6.9%	1,309,602	5.4%	984,608	4.1%
Group management	416,596	1.7%	300,738	1.2%	300,738	1.2%	300,738	1.2%
Board of directors	486,720	2.0%	121,680	0.5%	121,680	0.5%	121,680	0.5%
Other shareholders	1,050,858	4.4%	476,727	2.0%	476,727	2.0%	476,727	2.0%
<b>Total</b>	<b>24,083,935</b>	<b>100.0%</b>	<b>12,041,967</b>	<b>50.0%</b>	<b>9,633,573</b>	<b>40.0%</b>	<b>7,466,019</b>	<b>31.0%</b>
<b>New shareholders</b>	<b>0</b>	<b>0%</b>	<b>12,041,968</b>	<b>50.0%</b>	<b>14,450,362</b>	<b>60.0%</b>	<b>16,617,916</b>	<b>69.0%</b>
<b>Total</b>	<b>24,083,935</b>	<b>100.0%</b>	<b>24,083,935</b>	<b>100.0%</b>	<b>24,083,935</b>	<b>100.0%</b>	<b>24,083,935</b>	<b>100.0%</b>
<b>Selling shareholders</b>								
Axcel	18,811,721	78.1%	9,472,116	39.3%	7,424,826	30.8%	5,582,266	23.2%
KIRKBI	3,318,040	13.8%	1,670,706	6.9%	1,309,602	5.4%	984,608	4.1%
<b>Group management</b>	<b>416,596</b>	<b>1.7%</b>	<b>300,738</b>	<b>1.2%</b>	<b>300,738</b>	<b>1.2%</b>	<b>300,738</b>	<b>1.2%</b>
Jonas Olin <sup>2)</sup>	85,718	0.4%	45,010	0.2%	45,010	0.2%	45,010	0.2%
Jaakko Tuominen <sup>2)</sup>	102,856	0.4%	27,706	0.1%	27,706	0.1%	27,706	0.1%
<b>Board of directors</b>	<b>486,720</b>	<b>2.0%</b>	<b>121,680</b>	<b>0.5%</b>	<b>121,680</b>	<b>0.5%</b>	<b>121,680</b>	<b>0.5%</b>
JFJ Invest ApS <sup>3)</sup>	83,904	0.3%	20,976	0.1%	20,976	0.1%	20,976	0.1%
Holger C. Hansen <sup>2)</sup>	140,984	0.6%	35,246	0.1%	35,246	0.1%	35,246	0.1%
HCH Consult ApS <sup>2) 4)</sup>	261,832	1.1%	65,458	0.3%	65,458	0.3%	65,458	0.3%
<b>Other shareholders</b>	<b>1,050,858</b>	<b>4.4%</b>	<b>476,727</b>	<b>2.0%</b>	<b>476,727</b>	<b>2.0%</b>	<b>476,727</b>	<b>2.0%</b>
Jari Suuronen <sup>2)</sup>	66,800	0.3%	16,700	0.1%	16,700	0.1%	16,700	0.1%
Jari Väisänen <sup>2)</sup>	66,800	0.3%	16,700	0.1%	16,700	0.1%	16,700	0.1%
Jari Valkola <sup>2)</sup>	66,800	0.3%	16,700	0.1%	16,700	0.1%	16,700	0.1%
Perttu Jauhiainen <sup>2)</sup>	66,800	0.3%	16,700	0.1%	16,700	0.1%	16,700	0.1%
Ronan Brunton <sup>2)</sup>	128,520	0.5%	32,130	0.1%	32,130	0.1%	32,130	0.1%
Andrew Andresen <sup>2)</sup>	157,096	0.7%	39,274	0.2%	39,274	0.2%	39,274	0.2%
Teemu Vuorinen <sup>2)</sup>	67,272	0.3%	16,818	0.1%	16,818	0.1%	16,818	0.1%
Nudas Veritas AS <sup>5) 6)</sup>	205,860	0.9%	154,395	0.6%	154,395	0.6%	154,395	0.6%
Mats Nordlander <sup>5)</sup>	12,000	0.0%	0	0.0%	0	0.0%	0	0.0%
Lotta Lundén <sup>5)</sup>	7,200	0.0%	0	0.0%	0	0.0%	0	0.0%
Arne Bernroth <sup>5)</sup>	14,400	0.1%	0	0.0%	0	0.0%	0	0.0%
Lars Westerberg <sup>5)</sup>	24,000	0.1%	0	0.0%	0	0.0%	0	0.0%
<b>New shareholders</b>	<b>-</b>	<b>0.0%</b>	<b>12,041,968</b>	<b>50.0%</b>	<b>14,450,362</b>	<b>60.0%</b>	<b>16,617,916</b>	<b>69.0%</b>
<b>Total</b>	<b>24,083,935</b>	<b>100.0%</b>	<b>24,083,935</b>	<b>100.0%</b>	<b>24,083,935</b>	<b>100.0%</b>	<b>24,083,935</b>	<b>100.0%</b>

1) Axcel owns its shares through the entities, Axcel IV K/S, Axcel IV K/S 2, AX Management Invest K/S and AX Management Invest II K/S.

2) Selling shares as a result of exercise warrants.

3) JFJ Invest ApS is wholly-owned by Jørgen Jensen.

4) HCH Consult ApS is wholly-owned by Holger Hansen.

5) Advisors to the Principal Owner.

6) Nudas Veritas AS is wholly-owned by Petter Holth.

### COMMITMENT TO REFRAIN FROM SELLING SHARES (LOCK-UP)

Through the agreement on placing of shares that is expected to be entered into on or about 9 June 2016, the Principal Owner, shareholding members of the board of directors and group management, as well as certain other shareholding key individuals within the Group will commit, subject to certain reservations, not to sell their respective holdings during a certain period of time after the first day of trading in the shares on Nasdaq Stockholm (the "Lock-up Period"). The commitments do not apply for the shares sold under the Offer. The Lock-up Period for the Principal Owner and KIRKBI will be 180 days, and for shareholding board members and certain shareholding employees, including senior executives, 360 days. After the expiration of the Lock-up Period, the shares may be offered for sale, which may affect the market price of the share. The Joint Global Coordinators and Joint Bookrunners may grant exemptions from these commitments.

In the above-mentioned agreement, the Company will commit to the Joint Global Coordinators and Joint Bookrunners to, *inter alia*, subject to certain exceptions, during a period of 360 days from the first day of trading in the Company's shares on Nasdaq Stockholm, not to resolve, or propose to the shareholders to resolve at a general meeting, to increase the share capital through a new issue of shares or other financial instruments without the written approval of the Joint Global Coordinators and Joint Bookrunners.

See also the section entitled "*Legal considerations and supplementary information – Material agreements – Placing agreement*".

### SHAREHOLDERS' AGREEMENTS

Upon completion of the Offer and the listing of the Company's shares, there will be no shareholders' agreement between the shareholders aiming at creating a common influence over the Company, or that may result in a change of control of the Company.

### RESTRICTIONS ON THE DISPOSAL OF SHARES IN THE COMPANY

The shares in Nordic Waterproofing will, following completion of the Offer, be freely transferable. The shares covered by the Offer are not subject to any mandatory public offer, squeeze-out or sell-out process. No takeover bid has been made with respect to the offered shares since the Company was incorporated.

### AUTHORISATION TO INCREASE THE SHARE CAPITAL

The board of directors is authorised to increase the Company's share capital in one or more issues without pre-emption rights for the Company's existing shareholders by up to a nominal amount equivalent to not more than 10 per cent. of the total outstanding share capital. The

increase in share capital, which may be effected for cash or contribution in kind, may take place at or above the market price.

Further, the board of directors is authorised to increase the Company's share capital in one or more issues up to a nominal amount equivalent to not more than 10 per cent. of the total outstanding share capital, with pre-emption rights for the Company's existing shareholders. The new shares may be issued for cash at a subscription price to be determined by the board of directors, which may be below the market price.

The above-mentioned authorisations to the board of directors may, in the aggregate, not exceed a nominal amount equivalent to 10 per cent. of the total outstanding share capital and will be in force through 30 April 2017. The increase may be effected either gradually or immediately and with or without pre-emption rights for existing shareholders. Such new shares will carry the same rights as the existing shares.

For further information regarding the authorisation, see the section "*Articles of association*".

### REPURCHASE OF SHARES

Under Danish law, a limited liability company may acquire its own shares if they are fully paid up. The shares may be acquired both in ownership and by way of security. If a limited liability company acquires its own shares for consideration, such consideration may only consist of the funds that are distributable as dividends pursuant to the most recently approved annual report of the company, and the company's holding of its own shares must be disregarded when assessing whether the company satisfies the mandatory minimum capital requirements. An acquisition of a company's own shares for consideration cannot take place without the board of directors obtaining authority from the shareholders in a general meeting, and such authority may only be given for a specified time, which may not exceed five years. The authority must specify (i) the maximum permitted value of the company's own shares; and (ii) the minimum and maximum amount that may be paid by the company as consideration for the shares. At a general meeting held on 19 May 2016, the shareholders authorised the board of directors, for the period until the 2017 annual general meeting, to repurchase shares with the restriction that the Company cannot hold more than 10 per cent. of the outstanding share capital at any given time and the purchase price cannot deviate by more than 10 per cent. from the price quoted on Nasdaq Stockholm.

The board of directors may initiate a repurchase program as an alternative to dividend distribution. For further information regarding tax effects related to repurchase of shares, see the section "*Tax considerations*".

# ARTICLES OF ASSOCIATION<sup>1)</sup>

NORDIC WATERPROOFING HOLDING A/S (CVR NO. 33 39 53 61)

## 1 NAME AND OBJECT

- 1.1 The name of the Company is Nordic Waterproofing Holding A/S.

## 2 OBJECTS

- 2.1 The objects of the Company are, directly or indirectly, to engage in research, manufacturing, trade, distribution of products and services, and any other related activities, including holding shares in other entities and providing loans or financing to other group entities.

## 3 SHARE CAPITAL

- 3.1 The Company's nominal share capital is DKK 24,083,935.00.
- 3.2 The share capital has been fully paid.

## 4 SHARES

- 4.1 The nominal value of each share is DKK 1.00.
- 4.2 No shares shall carry special rights.
- 4.3 The shares shall be issued in the name of the holder and shall be recorded in the Company's register of shareholders.
- 4.4 The shares are negotiable instruments.
- 4.5 No restrictions shall apply as to the transferability of the shares.
- 4.6 No shareholder is under an obligation to have his shares redeemed in whole or in part by the Company or by any third party.
- 4.7 The Company's shares are registered with and issued in dematerialised form through VP Securities A/S, CVR No. 21 59 93 36. Rights concerning the shares shall be notified to VP Securities A/S in accordance with applicable rules.
- 4.8 The register of shareholders is kept by Euroclear Sweden AB, Swedish corporate registration number 556112-8074.

## 5 AUTHORISATION TO INCREASE THE SHARE CAPITAL

- 5.1 During the period until 30 April 2017 the board of directors is authorised to increase the Company's share capital in one or more issues without pre-emption rights for the Company's existing shareholders by up to a nominal amount of DKK 2,408,394.00. The capital increase shall take place at no less than market price. The board of directors may decide to effect the capital increase by cash payment or by contribution in kind.

- 5.2 During the period until 30 April 2017 the board of directors is authorised to increase the Company's share capital in one or more issues up to a nominal amount of DKK 2,408,394.00 with pre-emption rights for the Company's existing shareholders. The new shares shall be issued against cash payment at a subscription price to be determined by the board of directors, which may be below the market price.
- 5.3 The total nominal amount, which the board of directors can increase the share capital by under the authorisations pursuant to Articles 5.1 and 5.2, is DKK 2,408,394.00.
- 5.4 New shares issued pursuant to Articles 5.1 and 5.2 shall be issued in the name of the holder and shall be recorded in the holder's name in the Company's register of shareholders, shall be negotiable instruments, and shall in every respect carry the same rights as the existing shares. No shareholder shall be obliged to have its shares redeemed fully or partly.
- 5.5 The board of directors is authorised to lay down detailed terms and conditions for capital increases pursuant to the above authorisations and to make any such amendments to the Company's Articles of Association as may be required as a result of the board of directors' exercise of said authorisations.

## 6 GENERAL MEETINGS – VENUE AND NOTICE

- 6.1 All general meetings of the Company shall be held in the Municipality of Helsingborg, Sweden, or in the Municipality of Stockholm, Sweden, as decided by the board of directors.
- 6.2 All general meetings shall be convened by the board of directors with at least three weeks' and no more than five weeks' notice by publishing a notice on the Company's website. Furthermore, a notice of the general meeting shall be sent to all shareholders recorded in the Company's register of shareholders, who have requested such a notice.
- 6.3 For a continuous period of three weeks beginning no more than three weeks before the date of the general meeting, including the date of the meeting, the Company shall make the following information available on its website:
  1. The notice convening the general meeting.
  2. The total number of shares and voting rights at the date of the notice.
  3. The documents to be presented at the general meeting, including with respect to the annual general meeting the audited annual report.

1) The English articles of association below is an unofficial translation of the Danish articles of association which will be adopted on 8 June, 2016.

4. The agenda and complete proposals.
5. The forms to be used for voting by proxy or voting by correspondence.

## **7 GENERAL MEETINGS – SPECIFICALLY ABOUT THE ANNUAL GENERAL MEETING**

- 7.1 Annual general meetings shall be held in time for the audited and adopted annual report to be submitted to and received by the Danish Business Authority no later than four months after the expiry of the financial year.
- 7.2 No later than eight weeks before the contemplated date of the annual general meeting, the board of directors shall publish the date of the general meeting and the deadline for submission requests for specific business to be included in the agenda, see Article 7.4.
- 7.3 The agenda of the annual meeting shall include the following:
  1. The board of directors' report on the Company's activities in the past financial year.
  2. Adoption of the annual report, including determination of the remuneration for the board of directors.
  3. Appropriation of profit or settlement of loss pursuant to the adopted annual report.
  4. Resolution to grant discharge of liability to members of the board of directors and the Executive Management.
  5. Election of members to the board of directors.
  6. Election of auditor(s).
  7. Proposals from the board of directors and shareholders, if any.
- 7.4 Proposals from shareholders for consideration by the annual general meeting shall be submitted to the board of directors in writing no later than six weeks before the date of the general meeting. In the event that the board of directors receives a proposal later than six weeks before the general meeting, the board of directors shall nonetheless decide whether it was received in time for it to be included on the agenda.

## **8 GENERAL MEETINGS – SPECIFICALLY ABOUT EXTRAORDINARY GENERAL MEETINGS**

- 8.1 Extraordinary general meetings shall be held when determined by a general meeting, the board of directors or requested by the Company's auditor. Furthermore, the board of directors shall convene an extraordinary general meeting within two weeks of receipt of a written request from shareholders representing at least five per cent. of the share capital containing specific proposals for the business to be transacted at such extraordinary general meeting.

## **9 GENERAL MEETINGS – SHAREHOLDERS' ATTENDANCE, VOTING RIGHTS, ETC.**

- 9.1 The right of a shareholder to attend any general meeting and to vote is determined relative to the shares held by the shareholder at the registration date.
- 9.2 The registration date is one week before the general meeting. The shares held by each shareholder are determined at the registration date based on the number of shares held by that shareholder as registered in the Company's register of shareholders and on any notifications of ownership received by the Company at the registration date for the purpose of registration in the Company's register of shareholders, which have not yet been registered.
- 9.3 Any shareholder, who is entitled to attend the general meeting pursuant to Articles 9.1 and 9.2 and who wishes to attend the general meeting, shall request an admission card no later than three days before the general meeting is held.
- 9.4 Any shareholder, who has received an admission card, may attend in person or by proxy. The shareholder or the proxy holder may attend the general meeting accompanied by an advisor.
- 9.5 A shareholder, who is entitled to attend a general meeting pursuant to articles 9.1 and 9.2, may also vote in writing. A vote by correspondence must be received by the Company no later than the business day before the general meeting in order to be counted at the general meeting. A vote by correspondence cannot be withdrawn.
- 9.6 Each share of a nominal value of DKK 1.00 shall carry one vote.
- 9.7 All general meetings shall be held in English or Swedish as decided by the board of directors without any simultaneous interpretation into Danish. Documents prepared in connection with or following a general meeting shall be in English or Swedish as decided by the board of directors.

## **10 GENERAL MEETINGS – CHAIRMAN, RESOLUTIONS AND MINUTES**

- 10.1 A chairman of the meeting appointed by the board of directors shall preside over the proceedings at the general meetings and decide upon all questions of procedure, voting and voting results
- 10.2 Resolutions at all general meetings shall be passed by a simple majority of votes cast, unless otherwise prescribed by law or by these Articles of Association.

## **11 ELECTRONIC COMMUNICATION**

- 11.1 All communication from the Company to the individual shareholders, including notices convening general meetings, may take place electronically by publication on the Company's webpage or on email. This includes the complete proposals for amendments to the Articles of Association, agenda, annual

report, interim report, quarterly report, stock exchange releases, minutes, proxy forms, mail-in voting forms, admission cards and other general information. The Company may at all times choose to send notices etc. by ordinary post instead.

- 11.2 Communication from a shareholder to the Company may take place by email or ordinary post.
- 11.3 Each shareholder is responsible for ensuring that the Company has the correct email address of the shareholder at all times. The Company is not obliged to verify such contact information or to send notices in any other way.
- 11.4 The Company's website contains information about system requirements and electronic communication procedures.

#### **12 GROUP LANGUAGE**

- 12.1 The corporate language of the Group is English.

#### **13 BOARD OF DIRECTORS**

- 13.1 The general meeting shall elect no less than four and no more than eight members to the board of directors of the Company.
- 13.2 The members of the board of directors elected by the general meeting are elected for a term of one year. Re-election of the board members may take place.
- 13.3 The chairman of the board of directors is elected at the general meeting. If such election has not been made, or if the chairman resigns during a term of election, the board of directors shall elect a chairman among its members to serve until the earlier of the next annual general meeting, or the time when a chairman of the board of directors has otherwise been elected by the general meeting.
- 13.4 The board of directors forms a quorum when more than half of all members are represented.
- 13.5 The issues dealt with by the board are passed by a simple majority of votes. In case of equality of votes, the chairman has the casting vote.
- 13.6 The board of directors draws up rules of procedure in order to regulate its tasks.
- 13.7 The board of directors is authorised to pass one or more resolutions to distribute interim dividends.

#### **14 EXECUTIVE MANAGEMENT**

- 14.1 The board of directors shall appoint at least one but no more than five managers to comprise the Company's executive management.
- 14.2 The executive management conducts the day-to-day management of the Company.
- 14.3 If more than one manager is appointed, the board of directors establishes the division of work and responsibility between the managers, and one of the managers may be appointed chief executive officer.

#### **15 NOMINATION COMMITTEE**

- 15.1 A nomination committee shall be appointed consisting of up to six members.
- 15.2 The main objective and responsibility of the nomination committee is to prepare proposals to the annual general meeting for the election of the chairman and other members of the board of directors as well as for the remuneration to the board of directors.
- 15.3 The appointment of members to the nomination committee and the rules governing the work of the nomination committee are set forth in the Rules of Procedure for the nomination committee attached as Appendix 1.

#### **16 INCENTIVE PAY**

- 16.1 The Company has prepared a set of general guidelines for incentive pay to the board of directors and to the executive management. The guidelines, which have been presented to and adopted by the general meeting of the Company, are available to the public on the Company's website.

#### **17 POWER TO BIND THE COMPANY**

- 17.1 The Company shall be bound by the joint signatures of the chairman of the board of directors and a registered manager, two directors or by the joint signatures of all the directors.

#### **18 AUDIT**

- 18.1 The audit of the accounts of the Company shall be performed by one or two state-authorized public accountant(s).
- 18.2 The accountant(s) is/are elected by the general meeting to hold office until the next annual general meeting. Re-election may take place.

#### **19 FINANCIAL YEAR AND ANNUAL REPORT**

- 19.1 The financial year of the Company is 1 January to 31 December.
- 19.2 The Company's annual reports shall be prepared and presented in English.

# LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

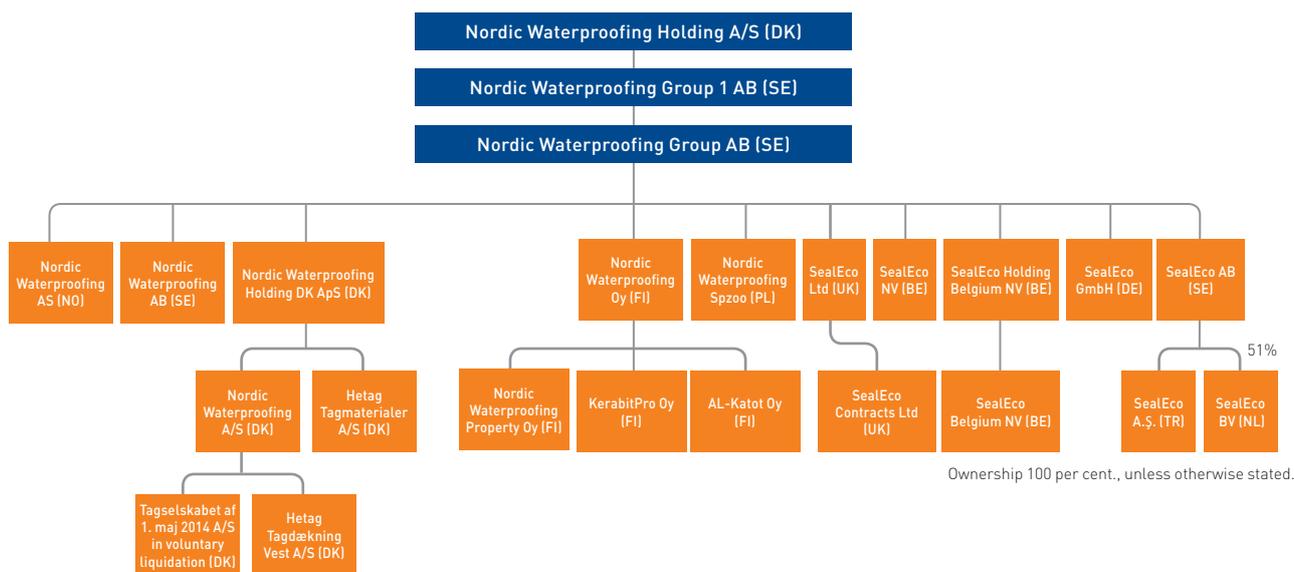
## GROUP STRUCTURE

The ultimate parent company in the Group, Nordic Waterproofing Holding A/S, company registration number 33395361, is a Danish public limited liability company which was formed and registered with the Danish Business Authority on 24 January 2011. The current company name was registered on 10 May 2016. The registered office of the Company is situated in Vejen, Denmark.

The Group conducts its business primarily in Sweden, Denmark, Finland and Norway, but also has operations in Belgium, the Netherlands, Poland, the United Kingdom and Germany. The table below shows subsidiaries directly or indirectly owned by the ultimate parent company Nordic Waterproofing Holding A/S, and certain other

associated companies. All of the entities indicated below are wholly-owned, except for SealEco BV in which the Group owns 51 per cent. of the shares. In addition, the Group owns 50 per cent. of the shares in Garantisekskabet Dansk Tagdækning A/S and Tätskiktsgarantier i Norden AB, and 25 per cent. of the shares in Takkonsulten i Helsingborg AB.

The Group also has shareholdings in a number of franchise companies, usually a 40 per cent. stake. The Group's shareholdings may increase from time to time due to changes in the management of the franchise companies and resulting changes in ownership. The Company's group structure is illustrated below.



## AGREEMENTS ENTERED INTO IN THE COURSE OF THE DAY-TO-DAY BUSINESS

In the course of their day-to-day business, entities in the Group have, *inter alia*, entered into agreements concerning the supply of raw materials for production and agreements concerning sales of the Group's products. A brief description of these types of agreements is provided below. However, the Company does not consider that there is any specific agreement which is of material importance to the Group's operations as a whole, other than as described in the section entitled "*Legal considerations and supplementary information – Material agreements*".

### Supply agreements

Nordic Waterproofing's suppliers are primarily suppliers of raw materials and input goods. Some of these relationships with suppliers are governed by written contracts, whilst other orders are placed with Nordic Waterproofing by means of meetings or email correspondence followed up by order confirmations or individual order statements. The written contracts generally have a short term (one or two year periods) and do not necessarily contain clear supply undertakings for the supplier. In Nordic Waterproofing's opinion, the supply agreements have been entered into on terms customary in the industry.

### Customer contracts

Nordic Waterproofing's products are sold primarily to installation companies, builders' merchants and end-users. The current customer contracts generally have a short term (one year periods) or are terminable on short notice. The customer contracts have generally been entered into on terms customary in the industry. The agreements contain, among other things, product warranties which, depending on the product and country, apply for a period of between five and thirty years. Customer contracts entered into with builders' merchants have generally been entered into on standard terms applied by the builders' merchants; consequently, the contracts do not contain any undertakings as to volumes and customers are entitled to order products from competitors. In a number of the customer contracts, Nordic Waterproofing has provided an undertaking to deliver ordered products on short notice. In the event deliveries are not made on time, the customer is entitled to liquidated damages based on a fixed sum or based on the value of the delayed order.

A significant proportion of the sales to installation companies are made on the basis of orders, without a written contract, but often with reference to general industry terms and conditions. Despite the fact that the installation companies can enter into agreements with other suppliers, in Nordic Waterproofing's view the installation companies rarely choose to switch to another supplier because of their strong relationship with the Company. In the industry in which the Group operates,

oral and non-formal agreements are fairly common. The installation companies are generally small, owner-managed companies which do not consider formal agreements to be essential to the relationship. For further information, please see the section entitled "*Market overview – The distribution chain – Installation companies*".

Since the customer contracts often have a short term or contain provisions permitting Nordic Waterproofing to renegotiate prices based on increases in prices of raw materials, the Group is able to implement price changes (within three to nine months) if the Group's production costs increase.

## MATERIAL AGREEMENTS

In the Company's opinion, there is no individual agreement which is of material importance to the Group's operations as a whole, other than the agreements described below.

### Agreements with bitumen suppliers

Nordic Waterproofing's operations are dependent on bitumen. The Group has a bitumen supplier which, pursuant to local supply agreements, supplies most of the Group's bitumen requirements to Nordic Waterproofing's production facilities in Sweden, Finland and Denmark. The Swedish and Danish agreements are renegotiated on an annual basis, while the term of the Finnish agreement is one year and is extended accordingly unless either party terminates the agreement before 31 May each year. The terms of the Swedish and Danish supply agreements were extended until 31 December 2016 and 31 March 2017, respectively. In Denmark, there is an additional bitumen supplier that supplies bitumen to the production facilities in Denmark. The initial term of the supply agreement with the additional bitumen supplier has expired, but the terms of the agreement are still applied between the parties.

Despite the fact that Nordic Waterproofing regularly evaluates other bitumen suppliers, the cooperation with the current principal supplier of bitumen is considered to be long-term and the Group has a good relationship with the supplier.

### Supply agreements relating to rubber compounds

One of Nordic Waterproofing's two principal suppliers of rubber compounds provides special rubber products. In the Company's opinion, some costs would be incurred to replace this supplier on short notice and, at the same time, maintain the production of all components. The supply agreement with this supplier has been terminated for renegotiation. The parties have renegotiated the terms of the agreement, but, as of the date of this Prospectus, have not yet entered into a new agreement but are still applying the terms of the earlier agreement, with the exception of the minimum volume commitment according to which Nordic Waterproofing undertook to purchase a significant proportion of its rubber product requirements from the supplier. In Nordic Waterproofing's opinion, this

is a long-term collaboration and the Group has a good relationship with the supplier. Hence, the Company believes that a new written agreement, on reasonable terms, will be entered into between the parties.

The initial term of Nordic Waterproofing's agreement with the other principal supplier of rubber compounds expires on 31 December 2020 and will be extended in consecutive periods of one year, unless terminated by either party on nine months' prior written notice. The supply agreement contains a minimum volume commitment pursuant to which the Company is required to purchase a minimum of 23,000 tons of rubber compounds during the period up to and including 2020. According to the Company, the supply agreement has been entered into to secure Nordic Waterproofing's demand for rubber compounds and the Company estimates that future demand for relevant rubber compounds will exceed the minimum volume commitments.

#### Franchise agreements and shareholders' agreements with franchisees

The Danish company Nordic Waterproofing A/S owns direct minority interests in 11 franchise companies, majority interests in three franchise companies and indirectly owns an additional five franchise companies. The managers of the franchise companies are majority shareholders of the franchise companies. The shareholders' agreements entered into between Nordic Waterproofing A/S and the franchisees provide, among other things, that the maximum dividend (under Danish law) must be distributed and that no less than 75 per cent. of the dividend must be reinvested in as a subordinated loan in the relevant franchise company. The obligation to reinvest the dividends applies until the relevant franchise company has sufficient equity to allow for the release of the security provided by Nordic Waterproofing for the benefit of the franchise companies to Nordea Bank Danmark A/S under each franchise company's relevant facility agreement. For further information on the security provided, please see note 33 in the section entitled "*Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)*". The shareholders' agreements are supplemented by franchise agreements entered into with each franchise company. The franchise agreements are terminable by the franchisee on 12 months' notice and by Nordic Waterproofing on three years' notice.

#### New credit facility

The Company has entered into a new facility agreement with Nordea Bank AB (publ) (as arranger). For information about the new facility agreement, please see the section entitled "*Capitalisation, indebtedness and other financial information – Credit facilities and loans, etc.*"

#### Placing Agreement

According to the terms of an agreement on the placing of shares in Nordic Waterproofing which is intended to be signed on or about 9 June 2016 between the Company, the Principal Owner, KIRKBI and the Joint Global Coordinators and Joint Bookrunners (the "Placing Agreement"), the Principal Owner, KIRKBI and certain board members, senior executives and employees of the Company and advisors to the Principal Owner undertake to sell the shares that are covered by the Offer to the buyers that are designated by the Joint Global Coordinators and Joint Bookrunners. In the event the Joint Global Coordinators and Joint Bookrunners fail to place the shares in the Offer, they undertake to acquire the shares in the Offer themselves. The Principal Owner and KIRKBI has reserved the right to increase the Offer by up to 2,408,394 additional shares. The Principal Owner and KIRKBI also intends to grant an Over-Allotment Option, which entails a commitment, at the request of the Joint Global Coordinators and Joint Bookrunners and no later than 30 days from the first day of trading in the Company's shares, to sell up to an additional 2,167,554 shares in the Offer. The Over-Allotment Option may only be exercised in order to cover potential over-allotments within the scope of the Offer.

Pursuant to the Placing Agreement, the Company provides customary representations and warranties to the Joint Global Coordinators and Joint Bookrunners, primarily relating to the accuracy of the information in the Prospectus, the compliance of the Prospectus and the Offer with relevant legal and regulatory requirements, and the absence of any legal, and/or other, restrictions preventing the Company from entering into the Placing Agreement or completing the Offer. Pursuant to the Placing Agreement, the Joint Global Coordinators and Joint Bookrunners' commitment to designate purchasers to acquire the shares under the Offer (or, if the Joint Global Coordinators and Joint Bookrunners fail to do so, to acquire the shares themselves) is conditional upon, *inter alia*, the warranties provided in the Placing Agreement being correct. If the conditions in the Placing Agreement are not fulfilled, the shares will not be delivered or paid for pursuant to the Offer. Under the Placing Agreement, subject to customary qualifications, the Company will undertake to indemnify the Joint Global Coordinators and Joint Bookrunners against certain claims under certain circumstances.

Pursuant to the Placing Agreement, the Principal Owner, shareholding members of the board of directors and certain shareholding employees of Nordic Waterproofing, including the Company's senior management, undertake not to sell their shares during a lock-up period (please see further the section entitled "*Share capital and ownership – Commitment to refrain from selling shares (Lock-up)*").

Furthermore, under the Placing Agreement, the Company undertakes certain limitations, as described in the section entitled "*Share capital and ownership – Commitment to refrain from selling shares (Lock-up)*".

## PERMITS AND ENVIRONMENTAL MATTERS

Nordic Waterproofing's production facilities are subject to reporting duties or permits pursuant to environmental regulations and permit regulations in each relevant country. Nordic Waterproofing has a voluntary permit (pursuant to the Swedish Environmental Code) for the production of bitumen-based waterproofing at the facility in Höganäs. The production at the facility in Värnamo requires a permit pursuant to the Swedish Environmental Code. Nordic Waterproofing has a shared environmental permit for this production, where SealEco AB and Trelleborg Sealing Profiles Sweden AB have divided up the permitted production volumes under the permit between them. In Denmark, Nordic Waterproofing has been granted two environmental permits for the production facilities in Vejen; one permit was granted in 1989 and the other in 2006. In 2000, in connection with their evaluation of the permit granted in 1989, the Danish supervisory authorities stated that the permit did not have to be renewed. A renewal was also considered in January 2016 due to the establishment of the new tank farm at Park Allé 22, but the authorities concluded that a renewal was not necessary. The next environmental inspection will take place in 2019 and it is likely that the permit will need to be renewed in connection therewith unless plans for alterations, expansions or interruptions of operations call for a renewal at an earlier stage.

In Finland, an environmental permit has been granted for the production facilities in Lojo. The Finnish environmental permit must be renewed no later than 30 July 2017. Please see further the section entitled "*Risk factors – Environmental permits and operations hazardous to the environment*".

Contamination has been detected at two of the Group's properties in Denmark. Nordic Waterproofing will be liable vis-à-vis the public authorities for contamination caused during Nordic Waterproofing's period of ownership (from 2001 and forward). If the contamination relates to the period prior to Nordic Waterproofing's ownership, the Danish supervisory authorities can claim that the former owner and polluter is liable for the contamination, which means that the former owner might, in turn, bring a claim against the Group on contractual grounds, as Nordic Waterproofing has undertaken to indemnify the former owner for environmental claims. However, due to a number of legal and factual circumstances, it may be difficult for the Danish authorities to argue that the former owner should be held liable for the contamination and for the former owner to pass on such liability to Nordic Waterproofing.

## DISPUTES

Nordic Waterproofing conducts business in a number of countries and, in the course of its day-to-day business, Nordic Waterproofing may from time to time be subject to disputes, claims and administrative proceedings.

On 9 March 2016, Nordic Waterproofing A/S received a letter from Hydrotec Danmark A/S stipulating an alleged

claim of approximately DKK 53.5 million. The alleged claim is substantiated in a draft statement of claim, which was enclosed with the letter, but no legal proceedings have been initiated. The Company has been informed that similar letters have been sent to other market operators as well.

According to the draft statement of claim, the claim concerns an alleged loss which Hydrotec Danmark A/S alleges it has suffered, and will suffer during the period 2016–2026 (the claim for future loss represents approximately DKK 34 million of the claim), due to the addressees' alleged breach of the Danish Competition Act. The alleged breach concerns the adoption of product standards for membranes for roofing and the application of those standards, the so-called TOR scheme, which provides customers, consultants and contractors with the possibility of prescribing and using certified membranes for roofing products that meet the TOR's product requirements, instructions and all applicable fire codes. However, the allegation is that the parties' actions relating to the TOR scheme have the object or effect of creating entry barriers for competitors. Additionally, it is being alleged that the conduct of Nordic Waterproofing (and that of its competitor Icopal) in this regard amounts to an abuse of a collective dominant position in the market.

As the basis for the addressees' liability, the draft statement of claim refers to a decision by the Danish Competition Council. However, to date, no such decision has been adopted and, accordingly, the draft statement of claim is highly speculative and rests upon potential future action by the Competition Council. The investigation by the DCCA, which may result in a decision by the Competition Council, is still in its relatively early stages, and the final outcome of the investigation is uncertain (see also the section "*Legal considerations and supplementary information – Regulatory matters*").

Nordic Waterproofing A/S has rejected the claim in its entirety as unfounded and Hydrotec Danmark A/S has yet not filed a statement of claim. In the event an infringement decision is adopted against Nordic Waterproofing A/S, it cannot be excluded that additional claims will be filed.

Other than as stated above, the Company and its direct and indirect subsidiaries are not involved, and have not been involved in the previous 12 months, in any litigation proceedings or arbitration proceedings which have recently had, or may have, a material effect on the financial position or profitability of the Company or the Group.

## INSURANCE

Nordic Waterproofing engages insurance brokers to purchase insurance. The Group holds, *inter alia*, the following insurance policies: general insurance and product liability insurance (including professional liability insurance for loss arising in the performance of consultancy services), transportation insurance, liability insurance for directors and senior executives, commercial crime insurance, property and burglary insurance, business travel insurance and motor vehicle insurance.

The insurance policies referred to above have been taken out at group level, with either Nordic Waterproofing Group AB or Nordic Waterproofing Group 1 AB as policyholder, and provide insurance coverage for the relevant policyholder and its subsidiaries. Nordic Waterproofing AB has also taken out liability insurance with Zurich Insurance plc (Ireland) together with Icopal AB, which, together with Nordic Waterproofing AB, owns Tätskiktsgarantier i Norden AB. The liability insurance covers claims brought against Nordic Waterproofing AB or Icopal AB pursuant to the liability undertakings issued by Tätskiktsgarantier i Norden AB on behalf of Nordic Waterproofing AB, Icopal AB and individual installation companies to the installation companies' end-users.

The insurance coverage for the insurance policies referred to above is subject to certain limits depending on the type of loss. In addition to the insurance policies listed above, the Group has a limited number of insurance policies at a local level.

In Nordic Waterproofing's opinion, the insurance coverage is sufficient for the Group's operations and all of the policies have been entered into on market terms.

#### REAL ESTATE

With the exception of the land on which the facility in Värnamo is located, Nordic Waterproofing owns all of the land on which the Group's production facilities are located.

In December 2012, the property situated at Park Allé 22 in Denmark underwent a subdivision and was divided up into two properties: Park Allé 22 and Park Allé 24. The property situated at Park Allé 24 was sold to K.H. Ejendomme A/S, and K.H. Ejendomme A/S was granted a right of first refusal to acquire the property Park Allé 22 at market value in the event Nordic Waterproofing directly or indirectly disposes of the property.

The production facility in Värnamo is leased by a company in the same group as one of Nordic Waterproofing's most important suppliers, which was previously in the same group as Nordic Waterproofing. The lease expires on 31 December 2018, after which the lease term is automatically extended in consecutive periods of three years unless the lease is terminated by either party at least 24 months prior to the end of the term. In addition, Nordic Waterproofing leases a number of office premises, small warehouses and sales offices.

In Nordic Waterproofing's opinion, all of the leases have been entered into on market terms in each relevant country.

#### REGULATORY MATTERS

Since 20 November 2014, Nordic Waterproofing A/S and other providers of waterproofing products have been subject to an investigation by the Danish Competition and Consumer Authority (the "DCCA"). The investigation is still in its relatively early stages. On 17 September 2015, the DCCA issued a so-called Notice of Concern stating its

preliminary hypothesis with regard to potential restrictions of competition in the Danish market resulting from the adoption and application of product standards for waterproofing products.

Nordic Waterproofing A/S does not agree with the DCCA. If the DCCA decides that Nordic Waterproofing A/S has breached the competition rules as outlined in the Notice of Concern, Nordic Waterproofing A/S could be exposed to a fine as well as civil actions for damages.

Any fine would be calculated on the basis of the new Danish fining guidelines, which so far have never been applied in practice. The alleged infringement outlined in the Notice of Concern would likely amount to a "serious infringement". According to the new guidelines, the basic amount of a fine for such infringement is DKK 4–20 million.

A formal decision is unlikely to be adopted before late 2016 at the earliest. Moreover, a potential decision would be subject to appeal before the Competition Appeals Board, and thereafter before the ordinary courts.

#### INTELLECTUAL PROPERTY RIGHTS

Nordic Waterproofing's most important intellectual property rights comprise its trademarks and domain names, which are protected by means of registration in a number of countries. The Group also owns a limited number of patents and utility models.

The Group's trademarks, which are registered by subsidiaries in various countries, include, *inter alia*, the following: PHØNIX TAG MATERIALER, PHØNIX TAG, HETAG TAGMATERIALER, HETAG TAGDÆKNING, BITU-KOMPAKT-SYSTEM, DIFFOTEX, NORDIC GREENERGY, NOWA SAFE, PRENOTAG PRENOTECH, TEAM KERABIT, KERABIT, ALU-POIKA, KATTO-PEKKA, MUOVI-POIKA, PYROK, KERABITPRO, KATTOMAATTI, ILMO, SAUMO, TREBOLIT, MATAKI, NORTETT and SEALECO. The trademarks are registered in most countries (varies between the different trademarks) in order to provide the Group with protection against passing off and trademark infringement, including in Sweden, Denmark, Finland, the EU, and the United States.

Nordic Waterproofing has also registered a number of domain names which mirror the Group's more important trademarks. The domain names are registered by different subsidiaries in the Group. According to the Company, the most important domain names are nordicwaterproofing.com, sealeco.com, matak.com, matak.se, trebolit.com, trebolit.se, nortett.no, phonixtagmaterialer.dk, phonixtag.dk, hetag.dk, kerabit.fi, kerabitpro.fi and nordicwaterproofing.fi.

#### TRANSACTIONS WITH CLOSELY-RELATED PARTIES

In the Company's opinion, transfer prices between different companies in the Group are based on the arm's length principle, *id est* the prices are equivalent to those which would have applied between parties that are independent of each other, properly informed and have an interest in

the transactions. For further information about transactions with closely-related parties, please see note 34 in the section entitled “*Historical financial information for the financial years 2015, 2014, 2013 and 2012 (IFRS)*”.

### STABILISATION

The Joint Global Coordinators and Joint Bookrunners may, in connection with the Offer and listing on Nasdaq Stockholm, perform transactions which will result in the share price being sustained at a higher level than would otherwise would be the case.

The stabilisation measures aimed at underpinning the share price may be taken from the first day of trading in the shares on Nasdaq Stockholm, and during a subsequent period of up to 30 calendar days. These stabilisation transactions may be performed by the Joint Global Coordinators and Joint Bookrunners at a price no higher than the selling price established in the Offer. The stabilisation measures may result in the market price of the shares reaching a level not sustainable in the long term and exceeding the price that would have otherwise prevailed in the market.

The fact that the Joint Global Coordinators and Joint Bookrunners may carry out stabilisation measures does not necessarily imply that such measures will be taken. Furthermore, performed stabilisation measures may be discontinued at any time. Once the stabilisation period (30 calendar days) has expired, the Joint Global Coordinators and Joint Bookrunners will announce whether stabilisation measures have been taken, and if so, what dates the measures were taken, including the last date for such measures, and the price range within which the stabilisation transactions were performed.

### PRE-EMPTION RIGHTS

Under Danish law, all shareholders have pre-emption subscription rights in connection with capital increases affected as cash contributions. An increase in the share capital can be resolved upon by the shareholders at a general meeting or by the board of directors pursuant to authorisation given by the shareholders. In connection with an increase in the Company’s share capital, the shareholders may, by adopting a resolution at a general meeting, disapply the general Danish pre-emption rights of shareholders. Under the Danish Companies Act, such resolution may only be validly adopted if shareholders holding at least a two-thirds majority of the votes cast and the share capital represented at a general meeting vote in favor of the resolution, subject to such capital increase taking place at or above market price and no existing shareholder being offered to participate. The board of directors is authorised to increase the Company’s share capital in one or more issues at market price without pre-emption rights for the shareholders. For further information, please see the section entitled “*Share capital and ownership – Authorisation to increase the share capital*”.

Shareholders resident in certain jurisdictions, including but not limited to the United States, Canada, Japan and Australia, may be restricted from exercising pre-emption rights unless the Company decides to comply with applicable local requirements. Consequently, certain holders of shares in the Company may not be able to exercise their pre-emption rights or participate in a rights issue, as the case may be, unless a registration statement under the U.S. Securities Act is effective with respect to such rights or an exemption from the registration requirements is applicable.

At the time of any issue of new shares subject to pre-emption rights or in a rights issue, as the case may be, the Company intends to evaluate the costs and potential liabilities associated with complying with any local requirements, including any registration statement in the United States, as well as the indirect benefits to the Company of enabling non-Danish or Swedish shareholders to exercise their pre-emption rights to shares or participation in any rights issue, as the case may be, and any other factors considered appropriate at the time, and then to make a decision as to whether to comply with any local requirements, including filing any registration statement in the United States. No assurances are given that local requirements will be complied with or that any registration statement will be filed in the United States to enable such shareholders to exercise pre-emption rights or participate in a rights issue.

### COMPULSORY PURCHASE

Where one shareholder holds more than 90 per cent. of the shares in the Company and a corresponding proportion of the voting rights, such shareholder may, pursuant to section 70 of the Danish Companies Act, purchase the remaining shares held by the other shareholders. In this case, the shareholders must be requested, under the rules governing notices of general meetings and by publication in the IT-system of the Danish Business Authority, to transfer their shares to the shareholder within four weeks. The contents of the notice to the other shareholders regarding compulsory purchase are subject to specific requirements.

If the purchase price cannot be agreed upon, the price must be determined by an independent expert appointed by a court in the jurisdiction of the Company’s registered office in accordance with the provisions of the Danish Companies Act. The shares of the remaining shareholders may be purchased at the date of expiry of the four-week period. This applies even in the event that the price remains subject to final determination by an expert provided that funds representing the aggregate Offer price have been deposited by the purchasing shareholder. In such case, the remaining shareholders must be given no less than three months’ notice, by means of an announcement in the IT system of the Danish Business Authority, that the right to request an expert to determine the purchase price will be forfeited at the expiry of the deadline.

Furthermore, where one shareholder holds more than 90 per cent. of the shares in the Company and a corresponding proportion of the voting rights, the other shareholders may require such shareholder to acquire their shares pursuant to section 73 of the Danish Companies Act. If the purchase price cannot be agreed upon, the price must be determined by an independent expert appointed by the court in the jurisdiction of the Company's registered office in accordance with the provisions of the Danish Companies Act.

#### ADVISORS

The Joint Global Coordinators and Joint Bookrunners and Moelis provide financial advice and other services to Nordic Waterproofing and the Principal Owner in relation to the Offer, for which they will receive customary remuneration. The total remuneration payable is dependent on the success of the Offer. The Joint Global Coordinators and Joint Bookrunners and Moelis have also from time to time provided, and may in the future provide, services to the Principal Owner and parties closely related to the Principal Owner in the course of the Company's day-to-day operations in connection with other transactions.

#### THE SUBSCRIPTION UNDERTAKINGS

AMF, Carnegie Fonder and Swedbank Robur Fonder (the "Cornerstone Investors") have undertaken to the Joint Global Coordinators and Joint Bookrunners, the Principal Owner and the Company to acquire shares pursuant to the Offer corresponding to 2.75, 5.5 and 7.5 per cent., respectively, of the total number of outstanding shares in the Company after the completion of the Offer. The undertakings of the Cornerstone Investors amount to a total of 3,793,219 shares, corresponding to 31.5 per cent. of the number of shares in the Offer (22.8 per cent. of the number of shares in the Offer, assuming the Offer is increased in full and the Over-Allotment Option is exercised in full).

The Cornerstone Investors receive no compensation for the subscription undertakings and the investments are made on the same terms as other investors in the Offer. The Joint Global Coordinators and Joint Bookrunners, the Principal Owner and the board of directors of the Company consider that the Cornerstone Investors have a good credit rating and thus will be able to fulfil their undertakings. However, the subscription undertakings are not secured through bank guarantees or other similar arrangements. The subscription undertakings are subject to certain conditions, e.g. that the first day of trading in the Company's shares will occur not later than on 10 June 2016. In the event any of these conditions is not fulfilled, there is a risk that the subscription undertakings will not be fulfilled.

In addition to the Cornerstone Investors, Martin Ellis, CEO of Nordic Waterproofing, has committed to acquire 195,845 shares in the Company, assuming a price in the Offer corresponding to the midpoint of the price range for

the Offer and at the application of an exchange rate where EUR 1.00 corresponds to SEK 9.27. For further information, please see the section entitled "*Legal considerations and supplementary information – Costs associated with the Offer*". Thereto, Ulf Gundemark, chairman of the board of directors of Nordic Waterproofing, has undertaken to acquire 20,000 shares in the Offer through his wholly owned company GUMACO AB.

The Offer is thus guaranteed to approximately 33 per cent. (corresponding to approximately 24 per cent. of the number of shares in the Offer, assuming the Offer is increased in full and the Over-Allotment Option is exercised in full).

Subscription undertakings	Subscription undertakings (% of the total number of shares in the Company after the completion of the Offer)	Number of shares
AMF	2.75	662,308
Carnegie Fonder	5.5	1,324,616
Swedbank Robur Fonder	7.5	1,806,295

#### About AMF

AMF is a limited liability life insurance company that is owned equally by the Swedish Trade Union Confederation (LO) and the Confederation of Swedish Enterprise. The company is run according to mutual principles, entailing that AMF's profits accrue in their entirety to the customers. With SEK 528 billion in assets managed as of 31 March 2016 for approximately 4 million customers, AMF is one of Sweden's leading pension companies and one of the largest owners on Nasdaq Stockholm. AMF has approximately 350 employees.

#### About Carnegie Fonder

Carnegie Fonder's operations began in 1988 with Swedish equity funds, and have since been expanded to include both fixed-income funds and emerging market funds. Carnegie Fonder has a value-oriented management philosophy, which means that the fund managers looking for with stable earnings and high dividends.

#### About Swedbank Robur Fonder

Swedbank Robur is one of the Scandinavia's largest fund managers and a wholly owned subsidiary of Swedbank. Swedbank Robur offers savings alternative for retail and institutional clients through mutual funds and discretionary asset management.

#### COSTS ASSOCIATED WITH THE OFFER

It is estimated that Nordic Waterproofing's costs associated with the Offer and the admission of its shares to trading on Nasdaq Stockholm will amount to approximately SEK 30–32 million.

In connection to the completion of the Offer, Nordic Waterproofing's CEO, Martin Ellis, will receive the amount of EUR 3 million in cash from the selling shareholders of the Company, which will consequently not be payable by the Company. Martin Ellis has provided an undertaking to, in connection to the Offer, invest half of this EUR 3 million in shares in Nordic Waterproofing. Martin Ellis has provided an undertaking to retain these shares for a period of no less than 12 months. However, this period may be extended, where recommended by the Joint Global Coordinators and Joint Bookrunners. Furthermore, the bonus from the selling shareholders is conditional on Martin Ellis not resigning as CEO of Nordic Waterproofing within 24 months of the completion of the Offer.<sup>1)</sup> Martin Ellis is obliged to refund the bonus in the event he resigns before then. Please see further above in the section entitled "*Legal considerations and supplementary information – The subscription undertakings*".

#### **DOCUMENTS AVAILABLE FOR INSPECTION**

Nordic Waterproofing's (i) articles of association; (ii) audited group accounts for the financial years 2015, 2014, 2013 and 2012, including auditor's reports; and (iii) reviewed group accounts for the first quarter of 2016 and 2015, as well as Nordic Waterproofing's subsidiaries' annual reports for the financial years 2015 and 2014, are available for examination during office hours at the Company's offices, located at Drottninggatan 11, 252 21 Helsingborg.

1) The notice period under the employment contract is, as main rule, 12 months. Martin Ellis has, within 24 months of the completion of the Offer, no right to terminate the employment contract. Prior to the completion of the Offer Martin Ellis has the right to terminate the employment contract without any notice period but loses in such case the right to bonus.

# TAX CONSIDERATIONS

Below is a summary of certain Swedish and Danish tax issues related to the Offer for private individuals and limited liability companies that are resident in Sweden and Denmark for tax purposes, unless otherwise stated. The summary is based on the assumption that all conditions related to the Offer are fulfilled. Further, the summary is based on current legislation and is only intended to provide general information regarding the shares as from the admission for trading on Nasdaq Stockholm.

It shall be noted that the tax legislation may change, also with retroactive effect.

The summary does not cover:

- Situations where shares are held in an investments savings account (Sw. *investeringssparkonto*) or endowment insurance (Sw. *kapitalförsäkring*);
- Situations where shares are held as current assets in business operations;
- Situations where shares are held by a general partnership or a limited partnership;
- The special rules regarding tax exempt capital gains (including non-deductible capital losses) and dividends within the company sector, which may be applicable if shares in Nordic Waterproofing are considered as business related (for tax purposes);
- The special rules on shares in closely held companies or shares which have been acquired by means of such shares;
- Foreign companies conducting business through a permanent establishment in Sweden; or
- Special tax rules applicable to certain investors (for example investment funds and insurance companies).

The summary comments do not purport to cover investors subject to special tax regimes, including: Danish Act on Pension Investment Return Taxation; professional investors, certain institutional investors, insurance companies, pension companies, banks, stockbrokers and investors with tax liability on return on pension investments. Similarly, the summary comments do not cover taxation of individuals and companies who carry on a business of purchasing and selling shares.

The tax consequences for each individual shareholder will ultimately depend on the holder's particular circumstances. Prospective investors should consult their own tax advisors for information regarding the tax consequences considering their own particular tax situation, including the applicability and effects of foreign income tax legislation and tax treaties. The comments do not purport to be a complete tax or legal advice.

## TAX CONSIDERATIONS IN SWEDEN

### Private individuals

As for individuals that are resident in Sweden for tax purposes, capital income such as interest, dividends and capital gains will be taxed in the category income from capital. The tax rate of this category is 30 per cent. For Danish tax consequences, see section "Tax considerations – Tax considerations in Denmark – Shareholders non-resident in Denmark for tax purposes".

Capital gains and capital losses at a future disposal of the shares will be calculated as the difference between the sale proceeds/redemption price less expenses relating to the disposal and the acquisition cost of the shares. The acquisition cost shall be determined in accordance with the average method (Sw. *genomsnittsmetoden*) meaning that the actual acquisition cost for all shares of the same class and type shall be calculated jointly. The acquisition cost for publicly traded shares may alternatively be determined by using the standard method (Sw. *schablonmetoden*) under which the acquisition cost is calculated as 20 per cent. of the sale proceeds/redemption price less expenses relating to the disposal. Redemption of shares is equated with disposal.

Capital losses on listed shares may be fully offset against taxable capital gains that arise in the same fiscal year on shares and other securities taxed as shares (except for units in investment funds containing Swedish receivables only, Sw. *räntefonder*). Capital losses not absorbed by these set-off rules are deductible at 70 per cent. in the capital income category.

Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as property tax. The tax reduction is granted at 30 per cent. of the net loss that does not exceed SEK 100,000 and at 21 per cent. of any remaining net loss. An excess net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30 per cent. is withheld on dividends. The preliminary tax is normally withheld by Euroclear or, in respect of nominee-registered shares, by the nominee. Nordic Waterproofing will not withhold any preliminary tax, unless required by law.

### Limited liability companies

As for limited liability companies, all income including capital gains and dividend payments where the shareholding is less than 10 per cent. of the company's voting rights or, for shares in companies residing in the European Union, 10 per cent. of the subsidiary's capital, will be taxed as business income at a tax rate of 22 per cent. Capital gains and capital losses shall be calculated in accordance with the rules applicable to private individuals (cfr above). Deductible capital losses on shares may only be offset against taxable capital gains on shares and other securities taxed as shares. Capital losses may in certain cases be utilised against capital gains in other group companies as well. A capital loss that cannot be utilised may be carried forward and utilised against future capital gains on shares and other securities taxed as shares, without any limitation in time. For Danish tax consequences, see section "Tax considerations – Tax considerations in Denmark – Shareholders non-resident in Denmark for tax purposes".

### Shareholders non-resident in Sweden for tax purposes

Shareholders that are non-resident in Sweden for tax purposes will normally not be taxable in Sweden for dividend and capital gains on disposals of shares. Shareholders may, however, be subject to taxation in their state of residence. Redemption of shares is equated with disposal.

When a non-resident company holds shares through a permanent establishment in Sweden, dividend and capital gains are subject to taxation in accordance with the rules applicable for Swedish companies.

According to a special rule, individuals that are not resident in Sweden for tax purposes may however be subject to Swedish capital gains taxation upon disposals of shares in Nordic Waterproofing, if they have been domiciled in Sweden or have had a habitual abode in Sweden at any time during the calendar year in which the shares are disposed or the 10 preceding calendar years. The applicability of this rule is, however, often limited by the applicable tax treaty for the avoidance of double taxation.

## TAX CONSIDERATIONS IN DENMARK

### Private individuals

For Danish tax purposes, dividends received by Danish tax residents are taxed as share income at a rate of 27 per cent. up to an amount of DKK 50,600 (2016), which is doubled for cohabiting spouses to an amount of DKK 101,200 (2016). Share income exceeding the aforementioned limits are taxed at a rate of 42 per cent. Such amounts are subject to annual adjustments and include all share income, *id est*, all capital gains (on shares) and dividends derived by the individual or cohabiting spouses, respectively.

Gains from the sale of shares are taxed as share income at a rate of 27 per cent. until an amount of DKK 50,600 (2016) for individuals, which is doubled for cohabiting spouses to an amount of DKK 101,200 (2016). Gain exceeding the aforementioned limits are taxed at a rate of 42 per cent. Such amounts are subject to annual adjustments and include all share income, *id est*, all capital gains and dividends derived by the individual or cohabiting spouses, respectively.

The calculation of capital gain or loss on the sale of shares, which are traded on a regulated market, are calculated as the difference between the purchase price and the sale price. The purchase price is generally determined using the average method which means that each share is considered acquired at a price equivalent to the average acquisition price of all the shareholder's shares in the issuing company.

Losses on the sale of shares traded on a regulated market can only be offset against other share income deriving from similar shares, which should include dividends and capital gains from shares traded on a regulated market. To the extent that a loss from the sale of shares as mentioned cannot be offset in an income year, such unused losses may be offset against a cohabiting spouse's share income deriving from shares traded on a regulated market.

Any remaining unused losses from shares traded on a regulated market, can be carried forward indefinitely and offset against future share income deriving from similar shares in respect to gains and dividends on other shares traded on a regulated market. It is a prerequisite that the Danish tax authorities have received information concerning the ownership of the shares, which is normally provided to the Danish tax authorities by the securities dealer.

Redemption of shares is equated with disposal.

### Limited liability companies

For limited liability companies, a distinction should be made between subsidiary shares, group shares, tax-exempt portfolio shares and taxable portfolio shares:

- "Subsidiary Shares" are generally defined as shares owned by a shareholder holding at least 10 per cent. of the nominal share capital of the issuing company.
- "Group Shares" are generally defined as shares in a company in which the shareholder of the company and the issuing company are subject to mandatory Danish tax consolidation or fulfil the requirements for voluntary international tax consolidation under Danish law.
- "Tax-Exempt Portfolio Shares" are generally defined as shares not traded on a regulated market owned by a shareholder holding less than 10 per cent. of the nominal share capital in the issuing company.
- "Taxable Portfolio Shares" are shares that do not qualify as subsidiary shares, group shares or tax-exempt portfolio shares.

Danish dividend taxation on shares are generally subject to the standard Danish corporate tax rate of 22 per cent. in 2016 and onwards, irrespective of ownership period. Dividend received from portfolio shares are subject to taxation at the corporate tax rate. 70 per cent. of dividends on tax exempt portfolio shares are included in taxable income, implying an effective tax rate of 15.4 per cent. Dividends received on subsidiary shares and group shares should not be subject to taxation.

The obligation to withhold dividend tax is imposed on the distributing company, and to the extent that dividend tax is withheld at a higher amount, the shareholder should receive a refund in connection with the final tax assessment for the income year.

Gains or losses on disposal of subsidiary shares, group shares and tax-exempt portfolio shares are not included in the taxable income of the shareholder. It should be noted, that special Danish anti-avoidance legislation aims at circumvention of the 10 per cent. threshold.

Capital gains from the sale of taxable portfolio shares are taxable at the corporate income tax rate irrespective of ownership period, whereas losses on such shares are generally deductible.

Calculation of any gain or loss is generally made in accordance with mark-to-market principle, which implies that each year's taxable gain or loss is calculated as the difference between the market value of the shares at the beginning and end of the tax year. Danish taxation will therefore occur on an accrual basis irrespective of realisation.

A sale of shares acquired in prior years implies that the calculation of gains or losses for the respective income year equals the difference between the value of the taxable portfolio shares at the beginning of the income year and the value of the taxable portfolio shares at realisation. If taxable portfolio shares have been acquired and realised in the same income year, the taxable income equals the difference between the acquisition sum and the realisation sum. If taxable portfolio shares are acquired in the income year and not realised in the same income year, the taxable income equals the difference between the acquisition sum and the value of the shares at the end of the income year.

A change of status from subsidiary shares/group shares/tax-exempt portfolio shares to taxable portfolio shares (or vice versa) is deemed to be a disposal of the shares and a reacquisition of the shares at market value at the time of change of status. Redemption of shares is equated with disposal.

## Shareholders non-resident in Denmark for tax purposes

### Private individuals

Dividends paid in respect of shares are generally subject to Danish withholding tax. From 2016 the Danish withholding tax is 27 per cent. A refund of Danish withholding tax can be made if the dividend-receiving individual is a resident of a state having a double taxation treaty with Denmark. A refund from the Danish tax authorities is in that case made of the tax amount exceeding the rate according to the treaty. Treaties generally provide for a 15 per cent. withholding tax rate. It should specifically be noted that a refund is normally done in accordance with a certain application procedure, and only following an application from the person liable to pay taxes.

If the shareholder holds less than 10 per cent. of the nominal share capital and is tax resident in a state which has a double taxation treaty or an international agreement, convention or other administrative agreement on assistance in tax matters according to which the competent authority in the state of the shareholder is obliged to exchange information with Denmark, dividends are subject to tax at a reduced rate of 15 per cent. If the shareholder is tax resident outside the EU, it is an additional requirement that the shareholder together with related shareholders holds less than 10 per cent. of the nominal share capital. Note that the reduced tax rate does not affect the withholding rate. The shareholder must also in this situation claim a refund as described above in order to benefit from the reduced rate.

A special taxation regime applies to dividends, distributed to individuals residing in certain countries. This special tax regime provides that tax on dividends may be withheld at the applicable tax rate specified in the relevant tax treaty. In order to qualify for the application of this special tax regime, a holder of shares must deposit his shares with a Danish bank, and the shareholding must be registered with and administered through VP Securities. If not, a refund of excess withholding tax may be sought pursuant to the procedure described in the preceding paragraph.

Where a non-resident of Denmark holds shares which can be attributed to a permanent establishment in Denmark, dividends are taxable pursuant to the rules applicable to Danish tax.

An issuer of shares is subject to Danish withholding tax obligations.

Shareholders not resident in Denmark will normally not be subject to Danish tax on any gains realised on the sale of shares, irrespective of the ownership period. Where a non-resident of Denmark holds shares which can be attributed to a permanent establishment in Denmark, such gains are taxable pursuant to the rules applicable to Danish tax residents.

No share transfer tax or stamp duties are payable on transfer of shares. Redemption is equated with disposal. Individuals that are not resident in Denmark for tax purposes will normally not be taxable in Denmark for capital gains on redemption of shares. No withholding tax, transfer tax or stamp duties are payable on redemption of shares.

#### Limited liability companies

Dividends from subsidiary shares are exempt from Danish withholding tax provided the taxation of the dividends is to be waived or reduced in accordance with the Parent Subsidiary Directive (2011/96/EU) or in accordance with a tax treaty with the jurisdiction in which the company investor is resident. Dividends from group shares are exempt from Danish withholding tax provided the company investor is a resident of the EU or the EEA and the taxation of dividends should have been waived or reduced in accordance with the Parent Subsidiary Directive (2011/96/EU) or in accordance with a tax treaty with the country in which the company investor is resident had the shares been subsidiary shares.

Withholding tax may be imposed unless the company receiving the dividend is the beneficial owner thereof. If Denmark is to reduce taxation of dividends on both subsidiary shares and group shares to a foreign company under a tax treaty, Denmark will not — as a matter of domestic law—exercise such right and will in general not impose any tax at all.

From 1 May 2015 Danish legislation includes a double tax treaty rule and EU Directive override rule, which enable the Danish tax authorities to deny benefits which could not have been achieved without for example an intermediary holding company, if the relevant “arrangement” is not established for legitimate business reasons or the “arrangement” does not reflect the economic reality.

Dividend payments on portfolio shares (both tax-exempt portfolio shares and taxable portfolio shares) are subject to a withholding tax of 27 per cent. in 2016, irrespective of ownership period. Please note that the withholding tax rate for corporate investors may be lowered to 22 per cent. in 2016 with retroactive effect due to a bill recently presented by the Danish Parliament. A request for a refund of Danish withholding tax can however be made by the shareholder in the following situations:

1. In the event that the dividend-receiving company is a resident of a state having a double taxation treaty with Denmark, the shareholder may claim a refund of the tax amount exceeding the treaty rate, through certain certification procedures, from the Danish tax authorities. The double taxation treaties generally provides for a 15 per cent. withholding tax rate.
2. If the shareholder holds less than 10 per cent. of the nominal share capital of the company and the shareholder is tax resident in a state which has a double taxation treaty or an international agreement, convention or other administrative agreement on assistance in tax matters according to which the competent authority in the state of the shareholder is obliged to exchange information with Denmark, dividends are subject to tax at a reduced rate of 15 per cent. If the shareholder is tax resident outside the EU, it is an additional requirement that the shareholder together with related shareholders holds less than 10 per cent. of the nominal share capital of the company. The shareholder must also in this situation claim a refund as described above. For information about this procedure, see section “*Tax considerations – Tax considerations in Denmark – Private individuals*”.

Where a non-resident company of Denmark holds shares which can be attributed to a permanent establishment in Denmark, dividends are taxable pursuant to the rules applicable to Danish tax residents described above.

An issuer of shares is subject to Danish withholding tax obligations in accordance with applicable Danish laws.

Shareholders not resident in Denmark will normally not be subject to Danish tax on any gains realised on the sale of shares, irrespective of the ownership period. Where a non-resident of Denmark holds taxable portfolio shares which can be attributed to a permanent establishment in Denmark, such gains are taxable pursuant to the rules applicable to Danish tax residents.

No Danish share transfer tax or stamp duties are payable on transfer of shares. Redemption is equated with disposal. Companies that are not resident in Denmark for tax purposes will normally not be taxable in Denmark for capital gain on disposal of shares. No withholding tax, transfer tax or stamp duties are payable on redemption of shares.

# HISTORICAL FINANCIAL INFORMATION FOR THE PERIODS 1 JANUARY – 31 MARCH 2016 AND 2015 (IFRS)

INTERIM REPORT, January-March 2016

Helsingborg, 9 May 2016

**NORDIC**  
**WATERPROOFING**

## Strong start to the year and continued focus on service and customer-oriented logistics

### First quarter of 2016

- Net sales for the Group increased by 2 percent to SEK 324 m (319). The net sales were the highest ever for the Group in a first quarter
- Net sales amounted to SEK 259 m (253) for Product & Solutions and SEK 79 m (78) for Installation Services
- Operating profit (EBIT) before items affecting comparability amounted to SEK 12 m (3), which was the highest ever for the Group in a first quarter
- Operating profit (EBIT) amounted to SEK 8 m (21)
- In accordance with the usual seasonal variations, the operating cash flow was negative, amounting to SEK -51 m (-60)
- Earnings per share before and after dilution were SEK 0.02 (0.84)

### Financial key ratios

Amounts in SEKm unless otherwise stated	Q1 2016	Q1 2015	Change	R12 2016	12M 2015
Net sales	324	319	2%	1,725	1,720
Gross profit	93	76	22%	479	462
Gross margin %	28.7%	23.8%	4.9pp	27.8%	26.9%
EBITDA	13	26	-49%	152	165
EBITDA before items affecting comparability	17	8	102%	213	204
EBITDA-margin before items affecting comparability, %	5.3%	2.7%	2.6pp	12.3%	11.9%
EBIT	8	21	-61%	130	143
EBIT before items affecting comparability	12	3	269%	191	182
EBIT-margin before items affecting comparability, %	3.6%	1.0%	2.6pp	11.1%	10.6%
Net profit	0	10	-98%	72	82
Operating cash flow	-51	-60	15%	223	213
Net debt	239	322	-26%	239	141
Earnings per share before and after dilution, SEK	0.02	0.84	-98.0%	6.27	7.10

### Expectations for the financial year 2016

For the full year 2016, Nordic Waterproofing Group expects the general market development to be similar to 2015 in most of its markets. The Group expects to fulfil its financial target to exceed the growth in its current markets through organic growth. For the same period, the Group expects an increased profit before tax, interest and items affecting comparability of approximately 10% compared to the full year 2015.

### Grounds for assumptions

The above statements regarding prospects for 2016 are based on the Group's accounting principles, which are in accordance with the IFRS accounting and valuation rules. The statements contain estimates and assumptions that are beyond the Group's control and/or influence. Important underlying assumptions include factors such as the successful implementation of sales initiatives based on the Group's plans and expectations, a positive contribution from the Finnish business, greater presence on the Norwegian market, and positive development in the costs of raw materials. For further information on the grounds for assumptions for the statements on the prospects for 2016, please see the section entitled "Consolidated prospective financial information for the financial year 2016" in the prospectus dated 30 May 2016, which is available on the Company's website [www.nordicwaterproofing.com](http://www.nordicwaterproofing.com).

Unless otherwise stated, figures within parentheses refer to the previous year or the corresponding period the previous year in respect of income statement and/or cash flow items and the end of the previous year or the corresponding period the previous year in respect of balance sheet items.

**NORDIC WATERPROOFING HOLDING A/S**  
Vester Alle 1  
DK-6600 Vejten, Denmark

T: +46 42 36 22 40  
[investors@nordicwaterproofing.com](mailto:investors@nordicwaterproofing.com)

PAGE 1 OF 18  
CVR No. 33395361  
[www.nordicwaterproofing.com](http://www.nordicwaterproofing.com)

## Message from the CEO

### Strong growth and improved earnings

Nordic Waterproofing's business grew strongly during the first quarter of 2016. The Group's operating profit (EBIT) before items affecting comparability increased by SEK 9 m compared to the corresponding period in 2015, making this quarter the strongest introduction to a financial year in the Group's history. In terms of seasonal variations, the first quarter of the year is the weakest quarter due to low market activity, but we are satisfied with the growth in sales compared to the corresponding quarter in 2015, despite the fact that some of our markets continued to experience weak demand and that the Easter weekend occurred during the period, with fewer delivery days in comparison with the corresponding quarter in 2015. Our focus is on continuing to provide a high level of customer service, a high-quality product and highly effective logistics solutions, combined with motivated and engaged employees and being appreciated by our customers. We are therefore looking forward to a good full year for the Nordic Waterproofing Group.



**Martin Ellis,**  
*President and CEO*

### Jan-Mar 2016

Net sales:

**SEK 324 m**

EBIT before items  
affecting comparability:

**SEK 12 m**

EBIT margin before  
items affecting  
comparability:

**3.6 %**

Nordic Waterproofing is one of Northern Europe's leading producers and providers of products and related services for waterproofing, protecting and preserving buildings and infrastructure.

The Group's net sales in the first quarter of 2016 showed growth of 2 percent from SEK 319 m to SEK 324 m, which was strongest quarter ever for the Group. Our two operating segments, Products & Solutions and Installation Services, reported stable and satisfactory sales, with growth of 2 percent each. Two of our core markets, Sweden and Denmark, continued to experience a favourable sales trend due to a relatively mild winter and positive indicators about the state of the global economy. In Norway, we noted slightly weaker sales during the quarter, which was partly due to the slightly extended, early Easter weekend. Since the customer base is stable and sales in Norway are relatively low during the first quarter, volumes are expected to recover during the upcoming high season. The Finnish market indicates signs of growth, driven primarily by customers' projects in the Helsinki region, but in general demand continues to remain weak due to low domestic activity and weak growth on the Russian market.

Our total order book for Installation Services continues to experience strong growth. The order book is now 53 percent higher than at the same time in 2015. In the Products & Solutions segment, our strong local brands have achieved success during the important start to the year. We note that the Group's five largest customers in the builders' merchants sector are increasing their market shares and they appreciate our products; among other things, they have appointed Matak and Nortett "2015 supplier of the year".

#### A significant increase in operating profit during the first quarter

During the first quarter, operating profit (EBIT) before items affecting comparability experienced positive growth, from SEK 3 m in the first quarter of 2015 to SEK 12 m in 2016. The EBIT margin before items affecting comparability increased to 3.6 percent during the quarter.

The Product & Solutions segment reported an increase in operating profit (EBIT) before items affecting comparability from SEK 16 m to SEK 25 m, an increase of 60 percent compared to the first quarter of 2015. This strong growth is the result of an increase in sales volume, a continued strong focus on costs, and the Group's excellent relationships with customers. The period experienced low prices of oil and bitumen, and the Group is carefully following developments which potentially may lead to price pressure in relation to bitumen products in the future.

In the Installation Services segment, EBIT before items affecting comparability was unchanged in comparison with the first quarter of 2015, amounting to SEK -7 m. The business in this operating segment is primarily conducted in Finland and through franchise companies in Denmark. In Finland, we noted higher market activity, including a number of large projects, which generates a lower EBIT margin in comparison with average orders.

In conclusion, there are good conditions for Nordic Waterproofing to deliver the products and services demanded by customers to protect buildings and infrastructure from water and unfavourable weather conditions. We will strengthen our position in our core markets and continue to evaluate growth opportunities on selected markets and niches.

Vejen, 9 May 2016



Martin Ellis  
President and CEO

## The Group

### Net sales

The Group's net sales for the first quarter increased to SEK 324 m [319], corresponding to organic growth of 3 percent, due primarily to favourable weather conditions in comparison with the previous year. Foreign currency translations had an adverse effect on net sales of 1 percent and are attributable mainly to the weaker Norwegian krona compared to the corresponding period the previous year.

Analysis of net sales	Q1 2016 [%]	Q1 2015 [SEKm]
Previous period		319
Organic growth	3%	10
Structural effects	0%	0
Currency effects	-1%	-5
<b>Current period</b>	<b>2%</b>	<b>324</b>

Sales in Sweden and Denmark increased by 11 and 7 percent respectively compared to the same period the previous year. However, sales in Norway declined by 17 percent (9 percent adjusted for foreign currency translation effects) and were impacted more than other countries by the early Easter, with even fewer delivery days. Sales in Finland remained unchanged compared to the corresponding quarter the previous year, but it was noted that the order inflow within the Installation Services segment in Finland was 77 percent higher during the first quarter compared to the same period the previous year.

### Operating profit (EBIT)

Operating profit (EBIT) for the first quarter declined to SEK 8 m (21) due to items affecting comparability, and the EBIT margin declined to 2.5 percent (6.5). Items affecting comparability amounted to SEK -4 m (18), the previous year's EBIT having been affected by a positive adjustment in the market value of raw materials derivatives of SEK 19 m. For further information, please see the section entitled "Items affecting comparability". EBIT before items affecting comparability thereby increased to SEK 12 m (3) in the first quarter. The EBIT margin before items affecting comparability increased to 3.7 percent (1.0), which is explained primarily by favourable, mild weather, which resulted in higher sales volumes and favourable prices of raw materials during the period compared to the first quarter the previous year.



### Net financial items and profit before tax

Net financial items during the first quarter amounted to SEK -6 m (-8). The decline in comparison with the same period the previous year is due primarily to lower interest expenses.

Profit before tax for the first quarter declined to SEK 3 m (13). The decline in profit in comparison with the same period the previous year is due primarily to the difference in items affecting comparability between the periods, which was partially offset by the improved gross margin within the Products & Solutions segment.

### Taxes

Income tax for the first quarter of 2016 declined to SEK -2 m (-3). The Group's effective tax rate for the period amounted to 85 percent (32) and was adversely affected both by non-deductible expenses in relation to the planned initial public offering of the Group, and the taxable profit in Finland, where activation of a deferred tax asset was not made in line with previous years.

### Seasonal variations

Nordic Waterproofing's business is affected significantly by seasonal variations in the construction industry, where approximately 60 percent of sales generally occur during the second and third quarters. The weakest period is the first quarter of the year, which, due to the winter, has accounted for approximately one fifth of annual sales for the past three financial years. There is generally planned inventory build-up of primarily finished products during the first six months of the year, which transfers to a stock depletion during the third and fourth quarters as a result of increased activity on the market.

### Items affecting comparability

Items affecting comparability comprise of income statement items that are non-recurring, have a significant impact on profit and are important for understanding the underlying development of the Company. The costs comprise in particular costs relating to procedures linked to changes in ownership and the planned initial public offering. In addition, the items include restructuring measures relating to new acquisitions and improvements to the day-to-day business, where the Group is enhancing its operations by means of measures including reorganizations of production facilities and sales units. These expenses consist primarily of personnel costs and other external costs.

In autumn 2015, Nordic Waterproofing conducted a conversion of the financial statements to IFRS and, as a result, hedge accounting could not be used retroactively in respect of purchases of bitumen. As from December 2015, the Group applies hedge accounting for new contracts, so the previous adjustments for market value which have affected EBIT have been included as items affecting comparability to ensure the reporting is comparable to the principles currently being applied.

Items affecting comparability SEKm, unless otherwise stated	Q1 2016	Q1 2015	12M 2015
Costs related to exit of the Company	-4	0	-36
Costs related to change of CEO	0	0	-11
Raw material hedge value adjustment (pre-hedge accounting)	0	19	22
Provision product introduction	0	0	-8
Restructuring	-1	-1	-5
Other	1	0	-2
<b>Current period</b>	<b>-4</b>	<b>18</b>	<b>-40</b>

### Cash flow

Operating cash flow during the first quarter was SEK 9 m stronger than the corresponding period the previous year, amounting to SEK -51 m (-60). The negative cash flow followed the usual seasonal variations and is explained by an increase in receivables and inventory build-up ahead of the high season.

Operating cash flow estimated for the most recent twelve-month period (April 2015 to March 2016) improved, amounting to SEK 220 m (159), entailing a strong operating cash conversion of 105 percent (96).

The cash flow from operating activities during the first quarter was SEK 22 m lower than the corresponding period the previous year, amounting to SEK -76 m (-54). The negative change is explained primarily by a payment of final income tax relating to taxation for 2014.

The cash flow from investing activities during the first quarter was at the same level as the corresponding period the previous year, amounting to SEK -8 m (-9). During the first quarter, the Group acquired 40 percent of the holdings in an associated company in Denmark. In addition, the Group reduced its holdings in another associated company in Denmark as part of the Group's strategy to reduce ownership that temporarily exceeds 50 percent as soon as possible.

### Investments and depreciations

Gross investments during the first quarter amounted to SEK 5 m (3), primarily consisting of increased capacity through investments in new machinery for the production of shingles in Finland and the installation of an additional oven for the vulcanization of membranes in Värnamo. Depreciations amounted to SEK -5 m (-5).

### Financial position and liquidity

Nordic Waterproofing's principal external financing consists of bank loans and a vendor loan that was established when the Group was formed after the acquisition of the business from Trelleborg in 2011. The external financing agreement contains financial covenants which are monitored and followed up on a quarterly basis. Nordic Waterproofing has fulfilled the terms and conditions of the existing facility agreements every quarter.

The Group's net debt has continued to decrease due to the strong cash flow, amounting to SEK 239 m at the end of the period, compared to SEK 322 m at the end of the corresponding period the previous year. However, during the first quarter, net debt increased by SEK 98 m due to the customary seasonal decline in cash and cash equivalents arising from a greater need for working capital, including inventory build-up and payment of income tax. In addition, accrued interest costs relating to the vendor loan from Trelleborg were capitalized in the amount of SEK 9 m (9) in the first quarter. The Group's cash and cash equivalents amounted to SEK 97 m (76) at the end of the period. Since no portion of the Group's SEK 133 m (133) overdraft facility was utilized at the end of the quarter, the total liquidity available was SEK 230 m (209).

Indebtedness calculated as interest-bearing net debt/EBITDA before items affecting comparability during the most recent twelve-month period was 1.1x (0.7x) at the end of the period, and the net debt/equity ratio was 0.3x (0.5x).

### Pledged assets and contingent liabilities

There were no significant changes in pledged assets or contingent liabilities during the period.

### Employees

The average number of employees during the first quarter of 2016 (expressed as full-time equivalents) was 583, compared to 571 during the same period the previous year.

### Significant risks and uncertainties

A description of significant risks and uncertainties is found in Nordic Waterproofing's 2015 annual report. There has not been any significant changes in significant risks and uncertainties since the publication of the annual report.

### Material events after the end of the period

No material events have occurred after 31 March 2016.

### The parent company

The parent company, Nordic Waterproofing Holding A/S, is a holding company that does not conduct any business. The parent company's profits primarily reflect the net revenues for joint Group services and deductions for salaries, other remuneration and compensation, and similar expenses.

### Incentive programs

In 2011, the Group introduced a share option program under which senior executives and key individuals are entitled to acquire shares in the Company. The options entitle the option holders to acquire shares in the parent company at a price equal to the market value of the shares when the options were subscribed for, index-linked upwards at a predetermined discount rate. Two classes of options have been issued (class 1 and class 2), the difference between the classes consisting of differences in the predetermined discount rate. The options were acquired at market value, which was determined using the Black and Scholes model at the time of subscription. The options can be exercised in connection with a sale or initial public offering of the parent company or in June 2021 (in the event a sale or initial public offering has not occurred prior thereto). Due to the uncertainty relating to the determined market value of the shares in relation to the determined exercise price and the outstanding number of options, the option program is considered to have a limited dilution effect, and no dilution effects have been established.

No changes to the incentive program have been made in 2016.

### Shares and share capital

As of 31 March 2016, the share capital amounted to DKK 138 thousand and the total number of issued shares was 11,546,831. If all options in the incentive program were exercised, 1,036,911 new shares will be issued and the total number of shares (after dilution) will be 12,583,742. The Company has five (5) classes of shares. Each share entitles the holder to one vote at general meetings. On 31 March 2016, the Company had 34 shareholders.

### Ownership structure

As of 31 March 2016, the largest shareholders of Nordic Waterproofing Holding A/S were Axcel and KIRKBI.

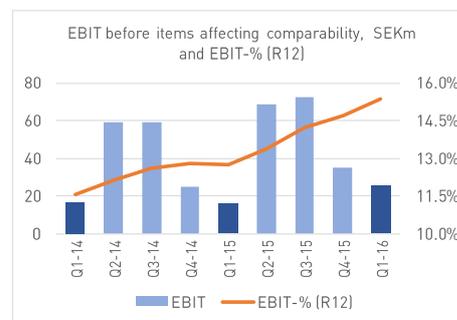
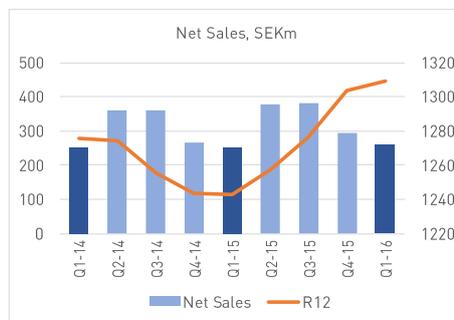
## Operating segments

### Products & Solutions

Net sales for the first quarter of 2016 grew by 2 percent compared to the corresponding period the previous year, increasing to SEK 259 m (253). Sales in Sweden and Denmark increased by 11 and 7 percent respectively compared to the same period the previous year. However, sales in Norway declined by 17 percent, being affected more than other countries by the early Easter, with even fewer delivery days.

SealEco's roofing products experienced strong growth during the quarter and the strategic initiatives have resulted in continued positive earnings during the period.

Operating profit (EBIT) before items affecting comparability for Products & Solutions for the first quarter increased to SEK 25 m (16). The EBIT margin before items affecting comparability amounted to 9.7 percent (6.2). The improvement during the quarter is explained primarily by lower costs of raw materials, but also by the higher sales volume.



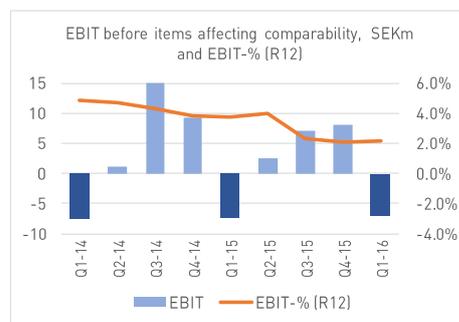
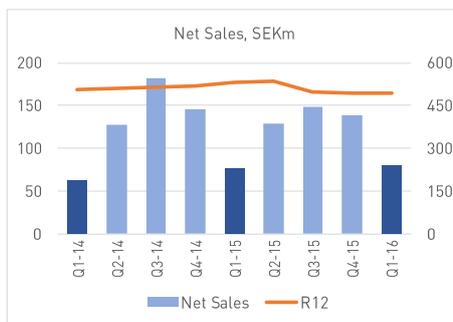
### Installation Services

Net sales for the first quarter of 2016 increased by 2 percent compared to the corresponding period the previous year, amounting to SEK 79 m (78). Order inflow during the first quarter increased by 77 percent compared to the previous year, and the order book was 53 percent higher at the end of March 2016 compared to the same time the previous year.

#### Order inflow and order book

SEKm, unless otherwise stated	Q1 2016	Q1 2015	Change
Order inflow in the period	104	59	77%
Order book at end of period	191	125	53%

Operating profit (EBIT) before items affecting comparability for Installation Services for the first quarter was unchanged, amounting to SEK -7 m (-7). The EBIT margin before items affecting comparability was -8.8 percent (-9.4 percent).



Nordic Waterproofing Holding A/S, CVR No. 33395361  
Interim report, January-March 2016

**NORDIC**  
**WATERPROOFING**

## Quarterly data

Key figures (SEKm)	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Net sales	324	415	505	481	319	394	516	463
Operating profit (EBIT) before items affecting comparability	12	39	73	66	3	33	73	55
EBIT-margin before items affecting comparability, %	3.6%	9.5%	14.5%	13.8%	1.0%	8.3%	14.1%	11.9%
Net profit	0	7	26	39	10	-4	50	34
Operating cashflow	-51	125	109	39	-60	113	108	18
Operating cashflow (R12)	223	213	201	200	178	189	150	146
Operating cash conversion (R12), %	105%	105%	102%	101%	96%	101%	82%	80%
Net debt	239	141	221	295	322	259	319	407
Earnings per share, SEK	0.02	0.65	2.23	3.38	0.84	-0.37	4.32	2.91

Net sales by segment (SEKm)	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Products & Solutions	259	293	381	377	253	265	362	362
Installations Services	79	139	148	129	78	146	183	127
Group Items & Eliminations	-14	-17	-24	-25	-12	-17	-29	-26
Total	324	415	505	481	319	394	517	463

Net sales by country (SEKm)	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Sweden	60	80	108	104	54	68	101	101
Norway	29	36	55	56	35	34	52	50
Denmark	75	90	90	89	70	81	83	81
Finland	103	156	186	160	103	160	217	159
Europe	56	51	65	71	55	49	63	71
Rest of world	2	2	1	2	2	1	1	2
Total	324	415	505	481	319	394	516	463

EBIT before items affecting comparability, by segment (SEKm)	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Products & Solutions	25	35	72	69	16	25	59	59
Installation Services	-7	8	7	3	-7	9	17	1
Group Items & eliminations	-6	-4	-6	-5	-5	-1	-3	-5
Total	12	39	73	66	3	33	73	55

## Management's statement

Today, the Group's Board of Directors and Executive Board discussed and approved the quarterly report for the period January-March 2016 for Nordic Waterproofing Holding A/S.

The quarterly report is presented in accordance with IAS 34 "Interim Financial Reporting", which has been approved by the EU, and additional Danish requirements relating to the disclosure of information for quarterly reports by listed companies.

In our opinion, the quarterly report provides a fair presentation of the Group's assets, shareholders' equity and liabilities, and financial position as of 31 March 2016, as well as of the results of the Group's operations and cash flow for the period January-March 2016.

Furthermore, in our opinion, the review by management provides a true and fair view of the performance of the Company's and the Group's operations, financial position and profit or loss for the period, and describes the most significant risks and uncertainties faced by the Company and the companies in the Group.

Vejen, 9 May 2016

### Executive Board

Martin Ellis  
President & CEO

### Board of Directors

Ulf Gundemark  
Chairman

Holger C Hansen  
Deputy Chairman

Christian Frigast

Vilhelm Sundström

Jørgen Jensen

## Condensed consolidated key figures

Amounts in SEKm unless otherwise stated	Q1 2016	Q1 2015	R12 2016	12M 2015
Net sales	324	319	1,725	1,720
Gross profit	93	76	479	462
EBITDA	13	26	152	165
EBITDA before items affecting comparability	17	8	213	204
Operating profit (EBIT)	8	21	130	143
Operating profit (EBIT) before items affecting comparability	12	3	191	182
Net profit	0	10	72	82
Gross margin, %	28.7%	23.8%	27.8%	26.9%
EBITDA-margin, %	4.2%	8.2%	8.8%	9.6%
EBITDA-margin before items affecting comparability, %	5.3%	2.7%	12.3%	11.9%
EBIT-margin, %	2.5%	6.5%	7.5%	8.3%
EBIT-margin before items affecting comparability, %	3.6%	1.0%	11.1%	10.6%
Operating cash flow	-51	-60	223	213
Operating cash conversion, %	neg.	neg.	105%	105%
Investments in tangible & intangible assets	-5	-3	-30	-27
Total assets	1,357	1,343	1,357	1,345
Capital employed	1,089	1,091	1,089	1,071
Equity	754	693	754	748
Net debt	239	322	239	141
Net debt/EBITDA before items affecting comparability, multiple	n/a	n/a	1.1x	0.7x
Interest coverage ratio, multiple	1.5x	2.7x	5.8x	5.8x
Equity/assets ratio, %	55.5%	51.6%	55.5%	55.6%
Net debt/equity ratio, multiple	0.3x	0.5x	0.3x	0.2x
Return on shareholders' equity, %	n/a	n/a	10.0%	11.4%
Return on shareholders' equity before items affecting comparability, %	n/a	n/a	18.4%	17.0%
Return on capital employed, %	n/a	n/a	11.9%	13.2%
Return on capital employed before items affecting comparability, %	n/a	n/a	17.5%	16.9%
Return on capital employed before items affecting comparability excluding goodwill, %	n/a	n/a	39.3%	38.7%
Average number of shares before dilution	11,546,831	11,546,831	11,546,831	11,546,831
Average number of shares after dilution	11,546,831	11,546,831	11,546,831	11,546,831
Earnings per share before dilution, SEK	0.02	0.84	6.27	7.10
Earnings per share after dilution, SEK	0.02	0.84	6.27	7.10
Shareholders equity per share before dilution, SEK	65.26	60.05	65.26	64.77
Shareholders equity per share after dilution, SEK	65.26	60.05	65.26	64.77
Operating cash flow per share before dilution, SEK	-4.41	-5.20	19.27	18.48
Operating cash flow per share after dilution, SEK	-4.41	-5.20	19.27	18.48
Number of shares before dilution	11,546,831	11,546,831	11,546,831	11,546,831
Number of shares after dilution	11,546,831	11,546,831	11,546,831	11,546,831

## Financial statements in summary

### Condensed consolidated statement of profit or loss and other comprehensive income

Amounts in SEKm unless otherwise stated	Q1 2016	Q1 2015	R12 2016	12M 2015
Net sales	324.1	318.8	1,725.3	1,720.0
Cost of goods sold	-231.2	-242.9	-1,246.4	-1,258.2
Gross profit	93.0	75.9	478.9	461.8
Selling expenses	-57.2	-52.6	-220.5	-215.8
Administrative expenses	-26.2	-20.7	-133.8	-128.3
Research and development expenses	-1.9	-1.7	-6.4	-6.2
Other operating income	1.3	20.4	15.4	34.6
Other operating expenses	-0.7	-0.4	-9.3	-9.0
Share of profit in associated companies	0.0	-0.1	5.7	5.6
<b>Operating profit (EBIT)</b>	<b>8.2</b>	<b>20.7</b>	<b>130.1</b>	<b>142.6</b>
Financial income	0.1	0.0	0.6	0.5
Financial expenses	-5.7	-8.0	-25.1	-27.4
Net financial items	-5.6	-8.0	-24.5	-26.8
<b>Profit/loss before tax</b>	<b>2.5</b>	<b>12.7</b>	<b>105.6</b>	<b>115.8</b>
Tax	-2.3	-3.0	-33.2	-33.9
<b>Profit/loss after tax</b>	<b>0.2</b>	<b>9.7</b>	<b>72.4</b>	<b>81.9</b>
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified to profit/loss for the year</b>				
Translation differences for the year in translation of foreign operations	3.3	-5.5	-8.4	-17.2
Gains/losses on hedging of currency risk in foreign operations	-1.7	4.9	-1.5	5.1
Gains/losses on raw material hedging	4.4	0.0	0.0	-4.4
Tax on gains/losses on comprehensive income	-0.6	-1.1	0.3	-0.1
Share of other comprehensive income in associated companies	0.0	-0.1	0.1	0.0
<b>Total other comprehensive income after tax</b>	<b>5.6</b>	<b>8.0</b>	<b>62.9</b>	<b>65.3</b>
<b>Profit/loss for the period, attributable to:</b>				
Parent company shareholders	0.2	9.7	72.3	81.8
Non-controlling interest	0.0	0.0	0.1	0.1
<b>Other comprehensive income, attributable to:</b>				
Parent company shareholders	5.6	8.1	62.7	65.2
Non-controlling interest	0.0	-0.1	0.2	0.1
Average number of shares before dilution	11,546,831	11,546,831	11,546,831	11,546,831
Average number of shares after dilution	11,546,831	11,546,831	11,546,831	11,546,831
Earnings per share before dilution, SEK	0.02	0.84	6.27	7.10
Earnings per share after dilution, SEK	0.02	0.84	6.27	7.10

Nordic Waterproofing Holding A/S, CVR No. 33395361  
Interim report, January-March 2016

**NORDIC**  
**WATERPROOFING**

## Condensed consolidated balance sheet

Amounts in SEKm unless otherwise stated	31 Mar 2016	31 Mar 2015	31 Dec 2015
<b>ASSETS</b>			
Intangible assets	610.6	618.2	607.1
Tangible assets	188.5	178.6	187.1
Financial assets	29.2	29.1	27.3
Deferred tax assets	0.0	0.2	0.0
Other non-current assets	4.3	3.4	4.1
<b>Total non-current assets</b>	<b>832.6</b>	<b>829.6</b>	<b>825.6</b>
Inventories	188.0	197.5	168.1
Trade receivables	175.1	182.4	128.8
Receivables for on-going construction contracts	22.4	28.2	21.6
Tax assets	4.0	0.0	1.3
Other receivables	38.4	30.2	18.6
Cash and cash equivalents	96.9	75.5	181.3
<b>Total current assets</b>	<b>524.9</b>	<b>513.9</b>	<b>519.7</b>
<b>TOTAL ASSETS</b>	<b>1,357.5</b>	<b>1,343.5</b>	<b>1,345.3</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	0.1	0.1	0.1
Other reserves	-3.9	5.7	-9.3
Retained earnings including profit for the year	758.0	685.2	757.8
<b>Equity attributable to owners of the Company</b>	<b>754.2</b>	<b>691.0</b>	<b>748.6</b>
Non-controlling interests	-0.7	2.4	-0.7
<b>Total equity</b>	<b>753.5</b>	<b>693.4</b>	<b>747.9</b>
Non-current interest-bearing liabilities	262.5	328.6	250.5
Provisions	4.9	0.0	4.9
Deferred tax liabilities	30.7	28.4	29.8
<b>Total non-current liabilities</b>	<b>298.1</b>	<b>356.9</b>	<b>285.2</b>
Current interest-bearing liabilities	73.4	68.9	72.3
Trade payable	92.2	94.5	74.0
Tax liabilities	13.9	17.2	30.7
Other current liabilities	126.3	112.6	135.3
<b>Total current liabilities</b>	<b>305.8</b>	<b>293.2</b>	<b>312.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,357.5</b>	<b>1,343.5</b>	<b>1,345.3</b>

## Condensed consolidated statement of changes in equity

Specification of changes in equity (SEKm)	Q1 2016	Q1 2015	12M 2015
<i>Equity attributable to owners of the Company</i>			
Opening balance	748,6	683,0	683,0
Total comprehensive income	5,6	8,1	65,2
Transactions with non-controlling interest	0,0	0,0	0,5
<b>Closing balance</b>	<b>754,2</b>	<b>691,0</b>	<b>748,6</b>
<i>Equity attributable to non-controlling interest</i>			
Opening balance	-0,7	2,4	2,4
Total comprehensive income	0,0	-0,1	0,1
Transactions with the Group's owners	0,0	0,0	-3,3
<b>Closing balance</b>	<b>-0,7</b>	<b>2,4</b>	<b>-0,7</b>
<b>Sum total equity, closing balance</b>	<b>753,5</b>	<b>693,4</b>	<b>747,9</b>

## Condensed consolidated cash flow statement

Amounts in SEKm unless otherwise stated	Q1 2016	Q1 2015	12M 2015
<b>Operating activities</b>			
Operating profit (EBIT)	8.2	20.7	142.6
Adjustment for non-cash items etc	2.8	-12.2	-6.0
Interest received	0.0	0.0	0.1
Interest paid	-2.1	-4.7	-12.7
Dividends received	2.7	4.5	6.9
Income tax paid/received	-22.2	1.7	-13.2
<b>Cash flow from operating activities before changes in working capital</b>	<b>-10.6</b>	<b>10.1</b>	<b>117.9</b>
<b>Changes in working capital</b>			
Increase (-)/Decrease (+) in inventories	-19.0	-19.0	8.0
Increase (-)/Decrease (+) in operating receivables	-65.5	-59.9	9.1
Increase (+)/Decrease (-) in operating liabilities	18.8	15.3	18.1
<b>Cash flow from operating activities</b>	<b>-76.3</b>	<b>-53.6</b>	<b>153.1</b>
<b>Investing activities</b>			
Acquisition of tangible fixed assets	-5.2	-3.1	-27.4
Divestments of tangible fixed assets	0.0	0.0	0.3
Acquisition of participations in associated companies	-3.0	0.0	-0.3
Divestments of participations in associated companies	0.5	0.0	0.5
Change in other financial assets	-0.4	-6.1	-1.9
<b>Cash flow from investing activities</b>	<b>-8.1</b>	<b>-9.2</b>	<b>-28.8</b>
<b>Financing activities</b>			
Amortization of loans	-0.2	-0.2	-72.1
Acquisition of participations in equity-accounted investees	0.0	0.0	-2.8
<b>Cash flow from financing activities</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-75.0</b>
Cash flow for the period	-84.7	-63.0	49.3
Cash and cash equivalents at the beginning of the period	181.3	138.8	138.8
Exchange-rate differences in cash and cash equivalents	0.2	-0.3	-6.8
<b>Cash and cash equivalents at the end of the period</b>	<b>96.9</b>	<b>75.5</b>	<b>181.3</b>

## Notes

### Note 1 – Accounting principles

The quarterly report is presented in accordance with IAS 34 "Interim Financial Reporting", which has been approved by the EU, and additional Danish requirements relating to the disclosure of information for quarterly reports by listed companies.

The Group applies IFRS (International Financial Reporting Standards), which have been adopted by the EU, and the Danish Annual Reports Act. The accounting principles are the same as those described in note 1 to Nordic Waterproofing Group's 2015 annual report. No new accounting principles applicable from 2016 have had a significant effect on the Nordic Waterproofing Group.

The financial statements are presented in SEK rounded off to the nearest hundred thousand, unless otherwise stated. This rounding off process may mean that the total sum of the sub-items in one or more rows or columns does not match the total sum for the row or column.

### Note 2 – Risks and uncertainties

Nordic Waterproofing's business is subject to various risks, which can be divided up into operating, financial and external risks. Operating risks include liability under warranties and product liability, key employees, disruptions in production, IT systems, intellectual property rights, product development, restructuring, acquisitions and integration, insurance, and corporate governance. Financial risks primarily include changes in exchange rates and interest rates, and risks relating to losses in respect of accounts receivable, liquidity risk, the capacity to raise capital, financial credit risk and risks relating to goodwill. External risks include risks relating to market trends, competition, prices of raw materials, political decisions, legal disputes, tax risks and environmental risks.

The management of risk at Nordic Waterproofing is based on a structured process for continually identifying and assessing risks, their likelihood and their potential impact on the Group. The focus is on identifying controllable risks and managing the risks to reduce the overall risk level for the business. The risks are described in the Group's 2015 annual report. Other than these risks and uncertainties, no significant additional risks or uncertainties have arisen.

### Note 3 – Financial instruments

Financial instruments valued at their fair value in the balance sheet consist of financial derivatives used to hedge the pricing risk (both spot prices and currency risk) arising due to a high probability of future purchases of bitumen products. They are reported in the balance sheet items "Other receivables" and "Other liabilities", and hedge accounting is applied as from December 2015. The fair value of these raw materials derivatives has been determined by discounting the difference between the contracted price and the future prices on the accounting date for the remaining contractual term. As of 31 March 2016, purchases of bitumen have been hedged by means of derivatives equivalent to approximately 3,400 tons (16,700 tons) or approximately 9 percent (46 percent) of the expected annual purchasing volume. The measurements of fair value belong to level 2 in the hierarchy for fair value in IFRS 13. All loans other than the vendor loan from Trelleborg have variable interest rates. Therefore, the fair value of the loans is essentially considered to be equal to the carrying amount, while the fair value of the vendor loan subject to a fixed interest rate has been calculated as the present value of expected payments, discounted by a factor corresponding to the relevant EUR 0-coupon prices plus a calculated credit spread. The Group has not entered into any significant financing agreements since it was formed. The spread, which constitutes a significant part of the assumptions for the calculations, has therefore been based on an estimate which could not be supported by actual data (level 3 in the valuation hierarchy in IFRS 13). In respect of other financial instruments, the fair value is also considered to be equal to the carrying amount. The reported values of financial instruments which are not reported at their fair value constitute a reasonable approximation of their fair values.

Financial instruments SEKm, unless otherwise stated	Carrying amount		Fair value	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
<b>Measurement level 2:</b>				
Assets at fair value	0	0	0	0
Assets at acquisition cost	228	249	228	249
Liabilities at fair value	0	3	0	3
Liabilities at acquisition cost	316	373	316	373
<b>Measurement level 3:</b>				
Liabilities at acquisition cost	142	134	158	150

#### Note 4 – Operating segments

Nordic Waterproofing's business and the basis for division into segments are the various products or services delivered by each segment. The Group's segments consist of Products & Solutions and Installation Services. Products & Solutions relates to sales of both internally produced and externally purchased products and related services, and Installation Services comprises the Group's wholly-owned and partly-owned contracting operations within roofing. Group Items and Eliminations comprises parent company functions, including the treasury function, as well as the elimination of intra-group sales from Products & Solutions to Installation Services.

Information regarding net sales from external customers and operating profit (EBIT) before items affecting comparability broken down by segment is set out in the tables on page 7 and 8.

Inter-segment transfer pricing is determined on an arm's length basis, i.e. between parties that are independent of on another, are well informed and have an interest in the implementation of the transaction. Assets and investments are reported based on where the assets are located.

Amounts in SEKm unless stated otherwise	Products & Solutions		Installation Services		Group Items and Eliminations		Nordic Waterproofing Group	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues from external customers	245	241	79	78	0	0	324	319
Revenues from other segments	14	12	0	0	-14	-12	0	0
<b>Revenues, total</b>	<b>259</b>	<b>253</b>	<b>79</b>	<b>78</b>	<b>-14</b>	<b>-12</b>	<b>324</b>	<b>319</b>
EBITDA before items affecting comparability	30	21	-7	-7	-6	-5	17	9
Depreciation of property, plant and equipment	-4	-4	0	0	0	0	-5	-5
Amortisation of intangible assets	-1	-1	0	0	0	0	-1	-1
<b>EBIT before items affecting comparability</b>	<b>25</b>	<b>16</b>	<b>-7</b>	<b>-7</b>	<b>-6</b>	<b>-5</b>	<b>12</b>	<b>3</b>
Items affecting comparability	-1	18	1	0	-4	0	-4	18
<b>Operating profit (EBIT)</b>	<b>24</b>	<b>34</b>	<b>-6</b>	<b>-8</b>	<b>-11</b>	<b>-5</b>	<b>8</b>	<b>21</b>
Net finance items							-6	-8
<b>Profit/loss after finance items but before tax (EBT)</b>							<b>3</b>	<b>13</b>
Tax							-2	-3
<b>Profit/loss for the year</b>							<b>0</b>	<b>10</b>
<b>Assets</b>								
Intangible assets (goodwill & customer relations)	543	550	67	68	0	0	611	618
Property, plant and equipment	178	173	3	3	7	2	189	179
Participations in associated companies	0	0	17	14	0	0	17	14
Inventory	186	196	2	2	0	0	188	198
Other assets	183	199	84	71	-27	-26	240	244
Non-allocated assets					113	91	113	91
<b>Total assets</b>	<b>1 091</b>	<b>1 119</b>	<b>173</b>	<b>158</b>	<b>93</b>	<b>67</b>	<b>1 358</b>	<b>1 343</b>
<b>Liabilities and Equity</b>								
Equity					754	693	754	693
Other liabilities	180	184	49	41	-6	-18	223	207
Non-allocated liabilities					381	443	381	443
<b>Total liabilities and equity</b>	<b>180</b>	<b>184</b>	<b>49</b>	<b>41</b>	<b>1 129</b>	<b>1 118</b>	<b>1 358</b>	<b>1 343</b>
Investments in tangible & intangible assets	5	3	0	0	1	0	6	3

## Note 5 – Transactions with related parties

The Group has related party relationships with the associated companies stated in Note 34 of the Annual report of 2015. Transactions with related parties are priced on market terms. No transactions have taken place between Nordic Waterproofing and related parties that have materially affected the Group's financial position and results in the first quarter of 2016.

## Financial definitions

Capital employed	Total assets less non-interest-bearing provisions and liabilities
Earnings per share	Profit after tax for the period attributable to parent company shareholders divided by the average number of outstanding shares for the period
EBIT	Operating profit
EBIT margin	EBIT as a percentage of net sales
EBITDA	Operating profit before depreciation, amortization and impairment of tangible and intangible assets
EBITDA margin	Operating profit before depreciation, amortization and impairment of tangible and intangible assets as a percentage of net sales
Equity/assets ratio	Shareholders' equity, including non-controlling interests, as a percentage of total assets
Gross margin	Gross profit as a percentage of net sales
Interest cover ratio	Profit after net financial items plus interest expenses in relation to interest expenses
Items affecting comparability	Statement items that are non-recurring, have a significant impact on profit and therefore constitute important adjustments for understanding the underlying development of operations
Net debt	Interest-bearing liabilities less cash and cash equivalents
Net debt/EBITDA before items affecting comparability	Net debt in relation to EBITDA before items affecting comparability
Net debt/equity ratio	Net debt in relation to shareholders' equity
Operating cash conversion	Operating cash flow as a percentage of EBITDA before items affecting comparability for the period
Operating cash flow	EBITDA before items affecting comparability plus dividends from associated companies, less cash flow related from investments in tangible and intangible assets, cash flow from changes in working capital and income from associated companies
R12	The most recent twelve months/rolling twelve-month period
Return on capital employed	EBIT as a percentage of average capital employed
Return on capital employed before items affecting comparability	Operating profit (EBIT) before items affecting comparability as a percentage of average capital employed
Return on capital employed before items affecting comparability and excluding goodwill	Operating profit (EBIT) before items affecting comparability as a percentage of average capital employed, excluding goodwill
Return on shareholders' equity	Profit after tax attributable to parent company shareholders as a percentage of average shareholders' equity, excluding non-controlling interests
Return on shareholders' equity before items affecting comparability	Profit after tax attributable to parent company shareholders including reversed items affecting comparability as a percentage of average capital employed, excluding non-controlling interests



## About Nordic Waterproofing Group

Nordic Waterproofing Group is one of Europe's leading suppliers of waterproofing products and services for buildings, infrastructure and other structures. We reach the market through our well-known brands, such as AL-Katot, Hetag Tagmaterialer, Kerabit, KerabitPro, Mataki, Nortett, Phønix Tag Materialer, SealEco and Trebolit. Our production facilities are located in Denmark, Finland and Sweden. In 2015, the Group had revenues of SEK 1.7 billion and more than 650 employees in 7 countries. Nordic Waterproofing's principal owner is Axcel IV K/S. Learn more at [www.nordicwaterproofing.com](http://www.nordicwaterproofing.com).

### Business concept

Nordic Waterproofing develops, manufactures and distributes a full range of products and solutions for the protection of buildings and infrastructure.

Our products are characterized by high-quality design adapted to local climate conditions and building standards. Ease of installation, energy and environmental optimization are key components of our offer.

Our excellence in customer service builds on smart logistics, understanding our customers' present and future needs, and the exceptional responsiveness delivered by our team of highly motivated employees.

### Financial calendar

Interim report, January-June 2016	23 August 2016
Interim report, January-September 2016	15 November 2016

### Annual General Meeting

The Annual General Meeting 2016 of Nordic Waterproofing Holding A/S will be held at 5:00 pm CET on Wednesday, 9 May at the Company's address at Sankt Annæ Plads 10, Copenhagen, Denmark.

### Further information can be obtained from

Martin Ellis, President and CEO, tel: +45 3121 3669

Jonas Olin, CFO, tel: +46 708 291 454

Anders Antonsson, Investor Relations, tel: +46 709 994 970

This report contains forward-looking statements which are based on the current expectations of the management of Nordic Waterproofing. Even though management believes that the expectations reflected in these forward-looking statements are reasonable, no assurances can be given that these expectations will be realized. Therefore, the financial results may differ significantly from those indicated in the forward-looking statements due to, among other things, changes in economic, market-related and competition-related conditions, changes to rules and regulations and other governmental measures, exchange rate fluctuations and other factors.



# AUDITOR'S REPORT REGARDING HISTORICAL FINANCIAL INFORMATION FOR THE PERIOD 1 JANUARY – 31 MARCH 2016 (IFRS)

## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

### To the readers of this Offering Circular

We have reviewed the interim condensed consolidated financial statements of Nordic Waterproofing Holding A/S for the period 1 January – 31 March 2016 comprising income statement, statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement as well as selected explanatory notes.

The interim condensed consolidated financial statements for the period 1 January – 31 March 2016 is prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU.

### MANAGEMENT'S RESPONSIBILITY FOR THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of interim consolidated financial statements in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and for such internal control as Management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements under Danish Auditor

regulation. This requires us to conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This also requires us to comply with ethical requirements.

A review of interim consolidated financial statements in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries of management and others within the Company, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly we do not express an audit opinion on the interim consolidated financial statements.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements of Nordic Waterproofing Holding A/S are not prepared in all material respects in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU.

Vejle, 9 May 2016

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

Lars Almskou Ohmeyer

*State Authorised Public Accountant*

# HISTORICAL FINANCIAL INFORMATION FOR THE FINANCIAL YEARS 2015, 2014, 2013 AND 2012 (IFRS)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

SEK thousand	Not	1 January – 31 December			
		2015	2014	2013	2012
Net sales	3,4	1,719,972	1,678,726	1,667,971	1,671,656
Cost of goods sold	12	-1,258,157	-1,261,775	-1,271,118	-1,321,706
<b>Gross profit/loss</b>		<b>461,815</b>	<b>416,951</b>	<b>396,853</b>	<b>349,950</b>
Selling expenses	12	-215,821	-213,103	-205,258	-197,382
Administrative expenses	12	-128,312	-68,065	-66,259	-78,378
Research and development expenses	12	-6,169	-6,455	-5,677	-5,117
Other operating income	6	34,570	9,711	7,172	5,742
Other operating expenses	7, 12	-8,995	-24,891	-3,489	-2,577
Share of profit in associated companies	17	5,554	7,369	-1,106	4,834
<b>Operating profit/loss</b>	<b>4, 8, 9</b>	<b>142,642</b>	<b>121,517</b>	<b>122,236</b>	<b>77,072</b>
Finance income		547	3,889	861	1,439
Finance costs		-27,392	-29,160	-30,939	-38,377
<b>Net finance items</b>	<b>10</b>	<b>-26,845</b>	<b>-25,271</b>	<b>-30,078</b>	<b>-36,938</b>
<b>Profit/loss before tax</b>		<b>115,797</b>	<b>96,246</b>	<b>92,158</b>	<b>40,134</b>
Tax	11	-33,854	-19,358	-21,188	-12,972
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>81,943</b>	<b>76,888</b>	<b>70,970</b>	<b>27,162</b>
<b>Attributable to:</b>					
Owners of the Company		81,835	77,506	70,977	26,832
Non-controlling interests		108	-618	-7	330
Earnings per share before and after dilution (SEK)	13	7.09	6.71	6.15	2.40

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

SEK thousand	Not	1 January – 31 December			
		2015	2014	2013	2012
<b>Profit/loss for the year</b>		<b>81,943</b>	<b>76,888</b>	<b>70,970</b>	<b>27,162</b>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified to profit/loss for the year</b>					
Exchange differences for the year in translation of foreign operations		-17,157	17,912	5,216	-7,378
Gains/losses on hedging of currency risk in foreign operations		5,075	-10,329	-6,550	6,577
Gains/losses on raw material hedging		-4,406	0	0	0
Tax on gains/losses on comprehensive income		-147	2,272	1,441	-1,729
Share of other comprehensive income in associated companies		19	149	154	-113
<b>Other comprehensive income for the year</b>		<b>-16,616</b>	<b>10,004</b>	<b>261</b>	<b>-2,643</b>
<b>Total comprehensive income for the year</b>		<b>65,327</b>	<b>86,892</b>	<b>71,231</b>	<b>24,519</b>
<b>Comprehensive income for the year attributable to:</b>					
Owners of the Company		65,200	87,361	71,084	24,302
Non-controlling interests		127	-469	147	217
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>65,327</b>	<b>86,892</b>	<b>71,231</b>	<b>24,519</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

SEK thousand	Note	As at 31 December			
		2015	2014	2013	2012
<b>Assets</b>					
Goodwill	14	598,406	614,139	590,072	581,620
Other intangible assets	15	8,650	12,519	15,618	20,905
Property, plant and equipment	16	187,093	181,977	181,084	182,424
Investments in associated companies	17	16,584	19,087	21,352	15,188
Receivables from associated companies		8,901	8,939	10,030	15,024
Other investments	18	1,827	1,970	2,191	2,111
Deferred tax assets	11	0	279	416	656
Other non-current receivables		4,129	2,319	2,343	2,816
<b>Total non-current assets</b>		<b>825,590</b>	<b>841,229</b>	<b>823,106</b>	<b>820,744</b>
Inventory	20	168,085	180,536	149,723	170,331
Trade receivables	22	117,950	123,502	141,936	128,628
Receivables for on-going construction contracts	21	21,613	20,630	27,017	17,974
Receivables from associated companies		10,805	8,489	13,186	18,088
Current tax assets		1,303	1,206	1,958	3,897
Other current receivables	19	12,679	25,651	8,375	8,109
Prepaid expenses	23	5,931	5,120	11,676	9,653
Cash and cash equivalents	24	181,305	138,800	60,667	42,253
<b>Total current assets</b>		<b>519,671</b>	<b>503,934</b>	<b>414,538</b>	<b>398,933</b>
<b>TOTAL ASSETS</b>		<b>1,345,261</b>	<b>1,345,163</b>	<b>1,237,644</b>	<b>1,219,677</b>
<b>Equity</b>					
Share capital	25	138	138	138	138
Reserves		-9,303	7,332	-2,523	-2,630
Retained earnings including profit for the year		757,792	675,502	597,960	526,983
<b>Equity attributable to owners of the Company</b>		<b>748,627</b>	<b>682,972</b>	<b>595,575</b>	<b>524,491</b>
<b>Non-controlling interests</b>		<b>-725</b>	<b>2,423</b>	<b>3,809</b>	<b>3,750</b>
<b>TOTAL EQUITY</b>		<b>747,902</b>	<b>685,395</b>	<b>599,384</b>	<b>528,241</b>
<b>Liabilities</b>					
Non-current interest-bearing liabilities	26	250,475	327,238	365,917	404,458
Other non-current liabilities		0	0	0	7,686
Provisions		4,880	0	0	0
Deferred tax liabilities	11	29,819	24,530	26,255	24,297
<b>Total non-current liabilities</b>		<b>285,174</b>	<b>351,768</b>	<b>392,172</b>	<b>436,441</b>
Current interest-bearing liabilities	26	72,278	70,605	55,544	41,946
Trade payable		73,988	78,226	65,377	78,467
Tax liabilities		30,656	17,771	6,690	16,819
Other current liabilities	28	17,252	31,993	13,483	14,971
Accrued expenses	29	118,011	109,405	104,994	102,792
<b>Total current liabilities</b>		<b>312,185</b>	<b>308,000</b>	<b>246,088</b>	<b>254,995</b>
<b>Total liabilities</b>		<b>597,359</b>	<b>659,768</b>	<b>638,260</b>	<b>691,436</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,345,261</b>	<b>1,345,163</b>	<b>1,237,644</b>	<b>1,219,677</b>

Information on the Group's pledged assets and contingent liabilities, see Note 33.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

SEK thousand	Note	1 January – 31 December			
		2015	2014	2013	2012
<b>Operating activities</b>					
Operating profit/loss		142,642	121,517	122,236	77,072
Adjustment for non-cash items etc	36	-5,950	40,956	20,051	16,011
Interest received		146	262	749	789
Interest paid		-12,663	-18,749	-25,294	-28,407
Dividends received from associated companies		6,946	7,226	3,356	3,443
Income tax paid		-13,242	-9,997	-27,207	-6,058
<b>Cash flow from operating activities before working capital changes</b>		<b>117,879</b>	<b>141,215</b>	<b>93,891</b>	<b>62,850</b>
<b>Cash flow from working capital changes</b>					
Increase (-)/Decrease (+) in inventories		8,004	-21,363	23,142	575
Increase (-)/Decrease (+) in trade receivable		-724	30,613	-5,603	18,812
Increase (-)/Decrease (+) in other operating receivables		9,852	5,728	-11,352	-2,125
Increase (+)/Decrease (-) in trade payable		-1,759	10,118	-13,163	-23,207
Increase (+)/Decrease (-) in other operating liabilities		19,850	-8,010	-1,715	2,621
<b>Cash flow from operating activities</b>		<b>153,102</b>	<b>158,301</b>	<b>85,200</b>	<b>59,526</b>
<b>Investing activities</b>					
Acquisition of property, plant and equipment		-27,406	-15,255	-23,788	-19,162
Disposal of property, plant and equipment		265	314	12,712	80
Acquisition of business, net cash impact	36	0	-7,222	0	-54,431
Acquisition of participations in associated companies		-336	-369	-2,305	0
Disposal of participations in associated companies		526	1,815	700	0
Increase in receivables in associated companies		-3,313	0	-3,140	0
Decrease in receivables in associated companies		2,895	718	0	163
Increase in other non-current receivables		-1,881	0	0	0
Proceeds from other financial investments		413	0	53	87
<b>Cash flow from investing activities</b>		<b>-28,837</b>	<b>-19,999</b>	<b>-15,768</b>	<b>-73,263</b>
<b>Financing activities</b>					
Proceeds from issue of share capital		0	0	0	54,494
Acquisition of participations in non-controlling interests		-2,820	-738	0	0
Proceeds from loans and borrowings		0	0	0	103
Repayment of borrowings		-72,130	-59,977	-51,173	-38,715
Dividends paid to non-controlling interests		0	-80	-88	0
<b>Cash flow from financing activities</b>		<b>-74 950</b>	<b>-60,795</b>	<b>-51,261</b>	<b>15,882</b>
Cash flow for the year		49,315	77,507	18,171	2,145
Cash and cash equivalents at beginning of year		138,800	60,667	42,253	41,818
Exchange-rate differences in cash and cash equivalents		-6,810	626	243	-1,710
<b>Cash and cash equivalents at year-end</b>		<b>181,305</b>	<b>138,800</b>	<b>60,667</b>	<b>42,253</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Equity attributable to Parent Company shareholders								
SEK thousand	Note	Share capital	Reserves for hedging	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>Equity as at 1 Jan. 2012</b>	<b>39</b>	<b>124</b>	<b>0</b>	<b>-100</b>	<b>445,671</b>	<b>445,695</b>	<b>2,709</b>	<b>448,404</b>
<b>Total comprehensive income for the year</b>								
Profit/loss for the year					26,832	26,832	330	27,162
Other comprehensive income for the year				-801		-801	-113	-914
Tax on gains/losses on comprehensive income				-1,729		-1,729		-1,729
<b>Total comprehensive income for the year</b>		<b>0</b>	<b>0</b>	<b>-2,530</b>	<b>26,832</b>	<b>24,302</b>	<b>217</b>	<b>24,519</b>
<b>Transactions with the Group's owners</b>								
<b>Contributions from and distribution to owners</b>								
New share issue		14			54,480	54,494		54,494
<b>Total contributions from and distribution to owners</b>		<b>14</b>	<b>0</b>	<b>0</b>	<b>54,480</b>	<b>54,494</b>	<b>0</b>	<b>54,494</b>
<b>Changes in participating interest in subsidiaries</b>								
Non-controlling interest arising from acquisition of subsidiaries						0	824	824
<b>Total changes in participating interest in subsidiaries</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>824</b>	<b>824</b>
<b>Total transactions with the Group's owners</b>		<b>14</b>	<b>0</b>	<b>0</b>	<b>54,480</b>	<b>54,494</b>	<b>824</b>	<b>55,318</b>
<b>Equity as at 31 Dec. 2012</b>		<b>138</b>	<b>0</b>	<b>-2 630</b>	<b>526 983</b>	<b>524 491</b>	<b>3 750</b>	<b>528 241</b>

SEK thousand	Note	Equity attributable to Parent Company shareholders						Non-controlling interests	Total equity
		Share capital	Reserves for hedging	Translation reserve	Retained earnings	Total			
<b>Equity as at 1 Jan. 2013</b>	<b>39</b>	<b>138</b>	<b>0</b>	<b>-2,630</b>	<b>526,983</b>	<b>524,491</b>	<b>3,750</b>	<b>528,241</b>	
<b>Total comprehensive income for the year</b>									
Profit/loss for the year					70,977	70,977	-7	70,970	
Other comprehensive income for the year				-1,334		-1,334	154	-1,180	
Tax on gains/losses on comprehensive income				1,441		1,441		1,441	
<b>Total comprehensive income for the year</b>		<b>0</b>	<b>0</b>	<b>107</b>	<b>70,977</b>	<b>71,084</b>	<b>147</b>	<b>71,231</b>	
<b>Transactions with the Group's owners</b>									
<b>Contributions from and distribution to owners</b>									
Dividends						0	-88	-88	
<b>Total contributions from and distribution to owners</b>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>-88</b>	<b>-88</b>	
<b>Changes in participating interest in subsidiaries</b>									
<i>Total changes in participating interest in subsidiaries</i>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total transactions with the Group's owners</b>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>-88</b>	<b>-88</b>	
<b>Equity as at 31 Dec. 2013</b>		<b>138</b>	<b>0</b>	<b>-2,523</b>	<b>597,960</b>	<b>595,575</b>	<b>3,809</b>	<b>599,384</b>	

SEK thousand	Note	Equity attributable to Parent Company shareholders						Non-controlling interests	Total equity
		Share capital	Reserves for hedging	Translation reserve	Retained earnings	Total			
<b>Equity as at 1 Jan. 2014</b>	<b>39</b>	<b>138</b>	<b>0</b>	<b>-2,523</b>	<b>597,960</b>	<b>595,575</b>	<b>3,809</b>	<b>599,384</b>	
<b>Total comprehensive income for the year</b>									
Profit/loss for the year					77,506	77,506	-618	76,888	
Other comprehensive income for the year				7,583		7,583	149	7,732	
Tax on gains/losses on comprehensive income				2,272		2,272		2,272	
<b>Total comprehensive income for the year</b>		<b>0</b>	<b>0</b>	<b>9,855</b>	<b>77,506</b>	<b>87,361</b>	<b>-469</b>	<b>86,892</b>	
<b>Transactions with the Group's owners</b>									
<b>Contributions from and distribution to owners</b>									
Dividends						0	-80	-80	
<b>Total contributions from and distribution to owners</b>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>-80</b>	<b>-80</b>	
<b>Changes in participating interest in subsidiaries</b>									
Transactions with non-controlling interests					36	36	-837	-801	
<i>Total changes in participating interest in subsidiaries</i>		<b>0</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>36</b>	<b>-837</b>	<b>-801</b>	
<b>Total transactions with the Group's owners</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>36</b>	<b>-917</b>	<b>-881</b>	
<b>Equity as at 31 Dec. 2014</b>		<b>138</b>	<b>0</b>	<b>7,332</b>	<b>675,502</b>	<b>682,972</b>	<b>2,423</b>	<b>685,395</b>	

SEK thousand	Note	Equity attributable to Parent Company shareholders						Non-controlling interests	Total equity
		Share capital	Reserves for hedging	Translation reserve	Retained earnings	Total			
<b>Equity as at 1 Jan. 2015</b>	<b>39</b>	<b>138</b>	<b>0</b>	<b>7,332</b>	<b>675,502</b>	<b>682,972</b>	<b>2,423</b>	<b>685,395</b>	
<b>Total comprehensive income for the year</b>									
Profit/loss for the year					81,835	81,835	108	81,943	
Other comprehensive income for the year			-4,406	-12,082		-16,488	19	-16,469	
Tax on gains/losses on comprehensive income			970	-1,117		-147		-147	
<b>Total comprehensive income for the year</b>		<b>0</b>	<b>-3,436</b>	<b>-13,199</b>	<b>81,835</b>	<b>65,200</b>	<b>127</b>	<b>65,327</b>	
<b>Transactions with the Group's owners</b>									
<i>Total contributions from and distribution to owners</i>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Changes in participating interest in subsidiaries</b>									
Transactions with non-controlling interests					455	455	-3,275	-2,820	
<i>Total changes in participating interest in subsidiaries</i>		<b>0</b>	<b>0</b>	<b>0</b>	<b>455</b>	<b>455</b>	<b>-3,275</b>	<b>-2,820</b>	
<b>Total transactions with the Group's owners</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>455</b>	<b>455</b>	<b>-3,275</b>	<b>-2,820</b>	
<b>Equity as at 31 Dec. 2015</b>		<b>138</b>	<b>-3,436</b>	<b>-5,867</b>	<b>757,792</b>	<b>748,627</b>	<b>-725</b>	<b>747,902</b>	

## LIST OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.	Accounting policies
2.	Significant accounting judgements, estimates and assumptions
3.	Significant types of income
4.	Operating segments
5.	Business combinations
6.	Other operating income
7.	Other operating expenses
8.	Employees and personnel expenses
9.	Audit fees and expenses
10.	Net finance items
11.	Taxes
12.	Operating costs by nature
13.	Earnings per share
14.	Goodwill
15.	Other intangible assets
16.	Property, plant and equipment
17.	Participation in associated companies
18.	Other investments
19.	Other receivables
20.	Inventory
21.	Construction contracts
22.	Trade receivables
23.	Prepaid expenses
24.	Cash and cash equivalents
25.	Equity
26.	Interest-bearing liabilities
27.	Pensions
28.	Other liabilities
29.	Accrued expenses
30.	Financial risks and finance policies
31.	Operating leases
32.	Investment commitments
33.	Pledged assets and contingent liabilities
34.	Related parties
35.	Group companies and subsidiaries
36.	Statement of cash flows
37.	Events after the reporting date
38.	Information on the Parent Company
39.	Transition to financial reporting in accordance with IFRS

## NOTE 1 ACCOUNTING POLICIES

### BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) as adopted by the EU and additional Danish disclosure requirement applicable for class C entities. In addition, the Group applies interpretations from IFRS Interpretations Committee (IFRS IC).

The accounting policies in this note have been applied to the financial statement prepared as at 31 December 2015 and for the comparative information as per 31 December 2014, 31 December 2013, and 31 December 2012 and at the preparation of the opening statement of financial position at 1 January 2012 (time of Group's transition to IFRS). In Note 39, there is a compilation with explanations of how the transition from Danish GAAP (Danish Financial Statements Act for large companies category C) to IFRS affected the Group's financial position and performance. In addition to this, minor reclassifications have been made.

Below is a description of which accounting policies the Group applies as of 1 January 2012.

### BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Assets and liabilities are recognised at historical cost, except some financial assets and liabilities that are valued at fair value. Financial assets and liabilities that are valued at fair value consist of derivative instruments.

### FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The Parent Company's functional currency is Danish kronor (DKK) while the presentation currency for the Group is Swedish kronor (SEK) due to the Group's primary stakeholders. This means that the financial statements are presented in SEK. All amounts are rounded to the nearest thousand, unless otherwise stated.

### SIGNIFICANT APPLIED ACCOUNTING POLICIES

The accounting policies stated below have, with the exceptions described in more detail, been consistently applied to all periods presented in the consolidated financial statements. The Group's accounting policies have also been consistently applied by the Group's companies, and associated companies' accounting policies have been adapted to the Group's policies where necessary.

### NEW IFRS THAT HAVE NOT YET BEGUN TO BE APPLIED

A number of new or revised IFRS standards first enter into effect in future financial years, including IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. IFRS 9 concerns the reporting of financial instruments and will replace the existing standard IAS 39 as of 1 January 2018, while IFRS 15 contains new policies for revenue recognition which will also enter into effect on 1 January 2018. IFRS 16 specifies how to recognise, measure, present and disclose leases and will come into effect on 1 January 2019. The impact on the company's financial statements from IFRS 9, IFRS 15, IFRS 16 and other new or revised IFRS with future application, is currently being analysed by management, hence the final conclusion has yet not been made. No new or revised IFRS that enter into effect in future financial years have been applied in advance in the preparation of these financial statements.

### APPLIED EXEMPTIONS IN CONNECTION WITH THE TRANSITION TO IFRS

Business combinations that took place before the time of the transition to IFRS (1 January 2012) have not been recalculated, which is a permitted exemption in a transition to IFRS according to IFRS 1 First-time Adoption of IFRS.

### CLASSIFICATION, ETC.

Non-current assets and non-current liabilities essentially consist of amounts expected to be recovered or paid after more than 12 months from the reporting date. Current assets and current liabilities essentially consist of amounts expected to be recovered or paid within 12 months of the reporting date.

### OPERATING SEGMENTS

An operating segment is a part of the Group that conducts operations from which it can generate revenues and incur expenses and for which independent financial information is available. An operating segment's profit or loss is also monitored by the company's highest executive decision-maker to evaluate the profit or loss and to be able to allocate resources to the operating segment. Two operating segments have been identified: "Products & Solutions" and "Installation Services", respectively.

### CONSOLIDATION POLICIES AND BUSINESS COMBINATIONS

#### Subsidiaries

Subsidiaries are companies that stand under a controlling influence from the Parent Company. A controlling influence exists if the Parent Company has influence over the investment object, is exposed to or has the right to variable returns from its engagement and can use its influence over the investment to affect the returns. In the assessment as to whether a controlling influence exists, potential shares that entitle the holder to votes are taken into account as well as whether de facto control exists.

#### Business combinations conducted after the transition to IFRS

Subsidiaries are reported using the acquisition method. This means that the acquisition of a subsidiary is viewed as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities at fair value. In the acquisition analysis, the fair value is determined on the acquisition date of the acquired identifiable assets and assumed liabilities, as well as any non-controlling interests. Transaction costs, except for those attributable to the issue of equity instruments or debt instruments, that arise are recognised directly in profit/loss for the year.

In business combinations where transferred consideration, any non-controlling interests and the fair value of previously owned participations (in step acquisitions) exceed the fair value of acquired assets and assumed liabilities that are accounted separately, the difference is reported as goodwill. When the difference is negative, the negative goodwill is recognised directly in the profit/loss for the year.

Transferred consideration in connection with the acquisition does not include payments for the settlement of earlier business relationships. This kind of settlement is usually recognised in profit or loss.

Contingent considerations are recognised at fair value at the acquisition date. If the contingent consideration is classified as an equity instrument, no revaluation is done and settlement is done in equity. For other contingent considerations, they are revalued at every reporting date and the change is recognised in the profit/loss for the year.

If the acquisition does not involve 100% of the subsidiary, a non-controlling interest arises. There are two alternatives to recognise non-controlling interests. These two alternatives are to recognise the non-controlling interests' share of proportional net assets or that non-controlling interests are recognised at fair value, which means that non-controlling interests have a proportion of goodwill. The choice between the different alternatives for reporting non-controlling interests can be made case by case.

In step acquisitions, goodwill is determined on the date that a controlling influence arises. Earlier holdings are valued at fair value and changes in value are recognised in profit/loss for the year.

Remaining holdings are valued at fair value and changes in value are recognised in profit/loss when divestments lead to an end of a controlling influence.

#### **Business combinations made before 1 January 2012 (date for the transition to IFRS)**

For acquisitions that took place before 1 January 2012 goodwill has, after impairment testing, been recognised at a cost that corresponds to the carrying amount according to previously applied accounting policies. The classification and the accounting handling of business combinations that occurred before 1 January 2012 have not been reviewed according to IFRS 3 in the preparation of the Group's opening balance under IFRS at 1 January 2012.

The financial statements of subsidiaries are included in the consolidated accounts as of the acquisition date until the date that the controlling influence ends.

If the subsidiary's accounting policies do not correspond with the Group's accounting policies, adjustments have been made to conform to the Group's accounting policies.

Losses attributable to non-controlling interests are also distributed if non-controlling interests will be negative.

#### **Acquisitions of non-controlling interests**

Acquisitions from non-controlling interests are recognised as a transaction within equity, i.e. between the Parent Company shareholders (within retained earnings) and non-controlling interests. Goodwill therefore does not arise in these transactions. The change in non-controlling interests is based on their proportional share of net assets.

#### **Sales to non-controlling interests**

Sales to non-controlling interests, where a controlling influence remains, are recognised as a transaction within equity, i.e. between the Parent Company shareholders and non-controlling interests. The difference between received payments and the non-controlling interests' proportional share of acquired net assets is recognised under retained earnings.

#### **Associated companies**

Associated companies are companies over which the Group has a significant, but not a controlling influence over the operational and financial governance, usually through an interest of between 20 and 50% of the number of votes. The interest can temporarily exceed 50%, however as the intention of the Group is to remain a minority owner the interest shall decrease as soon as possible viable. Therefore, temporary ownership exceeding 50% does not change the status of a associated company to subsidiary unless effects are considered to be substantial. The vast majority of the associated companies in the Group are customers to the Denmark subsidiaries, and also franchisees where they have access to the concepts and brands Phønix Tag and Hetag Tagdækning. As of the date that controlling influence is obtained, participations in associated companies are recognised according to the equity method in the consolidated accounts. The equity method means that the value recognised in the Group of the shares in associated companies is matched by the Group's share of the associated companies' equity and consolidated goodwill and other potential remaining value of consolidated surpluses and deficits. In the consolidated profit/loss for the year, the Group's share of the associated companies' profit or loss adjusted for any depreciation, amortisation, impairment losses and reversals of acquired surpluses or deficits is recognised in "Share of profit in associated companies". These shares in profit less dividends received from the associated companies comprise the main change in the carrying amount of participations in associated companies. The Group's share of other comprehensive income in associated companies is recognised on a separate line in consolidated other comprehensive income.

Any difference in the acquisition between the cost of the holding and the owner company's share of the fair value of the net of the associated company's identifiable assets and liabilities is recognised according to the same policies as in the acquisition of subsidiaries.

Transaction costs, except for transaction costs attributable to the issue of equity instruments or debt instruments, that arise are included in the cost.

When the Group's share of recognised losses in the associated company exceeds the carrying amount of the participations in the Group, the value of the participations is reduced to zero. Adjustment for losses also takes place against long-term financial transactions without security, which financially constitute a part of the owner company's net investments in the associated company. Continued losses are not recognised insofar as the Group has not provided guarantees to/or de facto cover losses arising in the associated company. The equity method is applied until the date that significant influence ends.

#### **Transactions eliminated upon consolidation**

The intra-Group receivables and liabilities, revenues and expenses and unrealised profits or losses that arise from intra-Group transactions between Group companies, are eliminated in their entirety when preparing the consolidated accounts. Unrealised profits that arise from transactions with associated companies are eliminated insofar as they correspond to the Group's participating interest in the company. Unrealised losses are eliminated in the same manner as unrealised profits, but only insofar as there are no impairment requirements.

#### **FOREIGN CURRENCIES**

##### **Transactions in foreign currencies**

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency in the primary economic environments in which the companies conduct their activities. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate on the reporting date. Exchange-rate differences that arise in the translations are recognised in the profit/loss for the year. Non-monetary assets and liabilities that are recognised at historical cost are translated to the exchange rate on the transaction date. Non-monetary assets and liabilities recognised at fair value are translated to the functional currency at the exchange rate prevailing at the time of the fair value measurement.

##### **Financial statements of foreign operations**

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated from the foreign operation's functional currency to the Group's presentation currency, Swedish kronor (SEK), at the exchange rate prevailing on the reporting date. Revenues and expenses in a foreign operation are translated to SEK at an average exchange rate that constitutes an approximation of the exchange rates existing at the respective transaction date. Translation differences that arise in the currency translation of foreign operations are recognised in other comprehensive income and accumulated in a special reserve, called a translation reserve. If the foreign operation is not wholly owned, the translation difference is distributed to non-controlling interests based on their proportional interest. When a controlling influence, significant influence or joint controlling influence ceases for a foreign operation, the accumulated translation differences attributable to the operation are realised, whereby they are reclassified from the translation reserve in equity to profit/loss for the year. If a divestment is made, but a controlling influence remains, the proportional share of accumulated translation differences is transferred from the translation reserve to non-controlling interests. Upon the divestment of parts of an associated company, but when a significant

influence or joint controlling influence remains, a proportional share of the translation differences are reclassified to profit/loss for the year.

#### Net investment in a foreign operation

Monetary long-term receivables or liabilities attributable to a foreign operation for which settlement is not planned or will not likely occur within the foreseeable future are in practice a part of the company's net investment in the foreign operation. An exchange-rate difference that arises on the monetary long-term receivable or monetary long-term liability is recognised in other comprehensive income and accumulated in a special reserve, called a translation reserve. Upon the divestment of a foreign operation, the accumulated exchange-rate differences attributable to monetary long-term receivables or liabilities are included in the accumulated translation differences that are reclassified from the translation reserve in equity to profit/loss for the year.

### REVENUES

#### Sales of goods

Revenues for the sale of goods are recognised in profit/loss for the year when all of the following criteria are met:

- significant risks and benefits associated with ownership of the goods have been transferred to the buyer,
- no managerial involvement with the goods is retained,
- the amount of revenue and to cost of the transaction can be measured reliably and
- receipt of payment from the customer is probable.

This usually coincides with the date of delivery. If a right of return exists, and the extent of returns cannot be estimated reliably, revenue is not recognised until the right of return period has expired.

Revenue is measured at the fair value of consideration received, or expected to be received, less discounts provided.

#### Construction contracts

Revenues from construction contracts are recognised in profit/loss for the year based on the stage of completion on the reporting date. The stage of completion is determined on the basis of contract expenditures incurred relative to the total estimated expenditures. Only such expenditures that correspond to work done are included in expenditures incurred on the reporting date. Expenses comprise expenses directly and indirectly attributable to the construction work. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract expenses incurred and subject to recoverability being probable. If the contract expenses are expected to exceed contract revenue, the expected loss is recognised immediately.

#### OTHER OPERATING INCOME

Royalty included in other operating income is related to sales to associated companies for using brands and concepts. Royalty income is recognised in profit/loss for the year at the time the associated companies recognise the sales to their customers.

### LEASING

#### Operating leases

Expenses concerning operating leases are recognised in profit/loss for the year straight-line over the term of the lease. Benefits received in connection with the signing of a lease are recognised in profit/loss for the year as a reduction of the lease payments straight-line over the term of the lease. Variable payments are expensed in the periods in which they arise.

#### Finance leases

The minimum lease payments are distributed between interest expense and repayment of the outstanding liability. The interest expense is distributed over the term of the lease so that each accounting period is charged an amount that corresponds to a fixed interest rate for the liability recognised in the respective period. Variable payments are expensed in the periods in which they arise.

### FINANCIAL INCOME AND EXPENSES

Financial income consists of interest income on invested funds, dividend income, gains on the disposal of financial assets available for sale, gains upon a change in value of financial assets valued at fair value through profit or loss and such gains on hedging instruments that are recognised in profit/loss for the year. Interest income on financial instruments is recognised according to the effective interest method (see below). Dividend income is recognised when the right to receive a dividend has been established. The results from the disposal of a financial instrument are recognised when the risks and benefits associated with ownership of the instrument have been transferred to the buyer and the Group no longer has control over the instrument.

Financial expenses consist of interest expenses on loans, the effect of the reversal of a present value computation of provisions, losses upon a value change in financial assets valued at fair value through profit or loss, impairment of financial assets and such losses on hedging instruments that are recognised in profit/loss for the year. Borrowing expenditures are recognised in profit or loss with the application of the effective interest method except insofar as they are directly attributable to the purchase, construction or production of assets that take a significant amount of time to complete for the intended use or sale, in which case they are included in the assets' cost. Exchange-rate gains and losses are recognised net in operating profit if they are attributable to operating-related items or in net finance items if they are attributable to finance items. The effective interest rate is the interest rate that discounts the estimated future payments to be made and received during a financial instrument's expected life to the financial asset's or liability's net carrying amount. The calculation includes all fees paid and received by the contracting parties that are a part of the effective interest rate, transaction expenses and all other premiums and discounts.

### TAXES

Income taxes comprise current tax and deferred tax. Income taxes are recognised in profit/loss for the year except when underlying transactions have been recognised in other comprehensive income or in equity whereby the associated tax effect is recognised in other comprehensive income or in equity. Current tax is tax that shall be paid or received with regard to the current year, with the application of the tax rates that are enacted or practically enacted at the balance sheet date. Current tax also includes adjustments of current tax attributable to earlier periods. Deferred tax is calculated using the balance sheet method based on temporary differences between carrying amounts and amounts for tax purposes of assets and liabilities. Temporary differences are not taken into account in consolidated goodwill nor for differences that have arisen at the initial recognition of assets and liabilities that are not business combinations that at the time of the transaction do not affect either the accounting profit or profit for tax purposes. In addition, temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future are also not taken into account. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated with the application of the tax rates and tax regulations that are enacted or practically enacted at the reporting date.

Deferred tax assets concerning deductible temporary differences and tax-loss carry-forwards are only recognised insofar as it is likely that they will be able to be utilised. The value of deferred tax assets is reduced when it is no longer assessed to be likely that they can be utilised.

Potentially additional income tax that arises upon dividends is recognised at the same time as when the dividend is recognised as a liability.

## FINANCIAL INSTRUMENTS

Financial instruments that are recognised in the statement of financial position include cash and cash equivalents, loan receivables, trade receivable, other investments and derivatives on the asset side. On the liabilities side, there are trade payable, borrowings and derivatives.

### Recognition in and derecognition from the statement of financial position

A financial asset or liability is recognised in the statement of financial position when the Company becomes a party to the instrument's contractual terms. A receivable is recognised when the Company has performed and a contractual obligation exists for the counterpart to pay, even if an invoice has not yet been sent. Trade receivables are recognised in the statement of financial position when an invoice has been sent. A liability is recognised when the counter-party has performed and a contractual obligation exists to pay, even if an invoice has not yet been received. Trade payable are recognised when an invoice has been received.

A financial asset is derecognised from the statement of financial position when the rights in the agreement have been realised, expire or the company loses control over them. The same applies for a part of a financial asset. A financial liability is derecognised from the statement of financial position when the obligation in the agreement is fulfilled or otherwise extinguished. The same applies for a part of a financial liability.

A financial asset and a financial liability are offset and reported in a net amount in the statement of financial position only when there is a legal right to offset the amounts and there is an intention to settle the items with a net amount or to simultaneously realise the asset and settle the liability.

Acquisitions and disposals of financial assets are recognised on the transaction date. The transaction date is the date the Company pledges to acquire or dispose the asset.

Financial instruments that are not accounted for at fair value are initially recognised at cost corresponding to the instrument's fair value plus transaction expenses for all financial instruments except with regard to those belonging to the category of financial assets at fair value through profit or loss, which are recognised at fair value excluding transaction expenses. A financial instrument is classified at initial recognition based in part on the purpose for which the instrument was acquired. The classification determines how the financial instrument is valued after initial recognition as described below.

Derivative instruments are initially recognised at fair value, meaning that transaction expenses are charged to the profit/loss for the period. After the initial recognition, derivative instruments are recognised as described below. Value increases and decreases on the derivative are recognised as revenues and expenses, respectively, within operating profit or net finance items based on the purpose of the use of the derivative instrument and whether or not the use is related to an operating item or a finance item.

Cash and cash equivalents consist of cash funds and immediately available balances at banks and equivalent institutes and short-term liquid investments with a duration from the time of acquisition of less than three months, which are only subject to an insignificant risk of value fluctuations.

### Financial assets at fair value through profit or loss

This category consists of two sub-groups: financial assets held-for-trading and other financial assets that the company initially chose to place in this category (according to the so-called fair value option). Financial instruments in this category are continuously valued at fair value with value changes recognised in profit/loss for the year. The first subgroup includes derivatives with a positive fair value, except for derivatives that are identified as and effectively serve as hedging instruments. The Group has no instruments in the second category.

### Loans and receivables

Loans and receivables are financial assets that are non-derivatives, have determined or determinable payments and are not listed on an active market. These assets are valued at amortised cost. Amortised cost is determined based on the effective interest rate that was calculated at the time of acquisition. Trade receivables are recognised in the amount expected to be received, i.e. less doubtful receivables.

### Financial liabilities at fair value through profit or loss

This category consists of two sub-groups: financial liabilities held-for-trading and other financial liabilities that the company has chosen to place in this category (the so-called fair value option), see description above under "Financial assets at fair value through profit or loss". The first category includes the Group's derivatives with negative fair value except for derivatives that are an identified and effective hedging instrument. The Group has no instruments in the second sub-category.

### Other financial liabilities

Borrowings and other financial liabilities, such as trade payable, are included in this category. These liabilities are valued at amortised cost.

The categories to which the Group's financial assets and liabilities belong are presented by Note 30 Financial risks and finance policies. Recognition of finance income and expenses is also addressed above.

## CASH FLOW HEDGING

### Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

### Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recog-

nised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast purchase that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within "finance costs". The gain or loss relating to the effective portion of forward contracts hedging prices of raw materials is recognised in profit or loss within "cost of goods sold". However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

#### Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

### PROPERTY, PLANT AND EQUIPMENT

#### Owned assets

Property, plant and equipment are recognised in the Group at cost less accumulated depreciation and any impairment losses. The cost includes the purchase price and expenditures directly attributable to the asset to put it in place and in the condition to be used in accordance with the purpose of the acquisition. Borrowing expenditures that are directly attributable to purchases, construction or production of assets that take a considerable amount of time to complete for the intended use or sale are included in the cost. Accounting policies for impairment losses are presented below.

The cost of self-constructed non-current assets includes expenditures for materials, expenditures for compensation to employees, if applicable other production overheads considered to be directly attributable to the non-current asset and estimated expenditures for the disassembly and removal of the assets and restoration of the place or area where they are.

Property, plant and equipment that consist of components with different useful lives are treated as separate components of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is taken off the statement of financial position upon disposal or divestment or when no future financial benefits are expected from the use or disposal/divestment of the asset. Gains or losses that arise upon divestment or disposal of an asset comprise the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

#### Leased assets

Leases are classified either as finance or operating leases. Finance leases exist when the financial risks and benefits associated with ownership are essentially transferred to the lessee. When this is not the case, it is an operating lease.

Assets leased under finance leases are recognised as property, plant and equipment in the statement of financial position and initially valued at the lower of the leased asset's fair value and the present value of the minimum lease payments upon entering the lease. The obligation to pay future lease payments is recognised as a non-current or current liability. The leased assets are depreciated over the respective asset's useful life while the lease payments are recognised as interest and repayment of the liabilities.

Assets leased under operating leases as a rule are not recognised as an asset in the statement of financial position. Operating leases also do not give rise to a liability.

#### Subsequent expenditures

Subsequent expenditures are capitalised only if it is likely that the future financial benefits associated with the asset will flow to the company and the cost can be reliably calculated. All other subsequent expenditures are expensed in the period they arise.

A subsequent expenditure is capitalised if the expenditure pertains to replacements of identified components or parts thereof. The expenditure is also capitalised if a new component has been created. Any non-depreciated carrying amounts on replaced components, or parts of components, are disposed of and expensed in connection with the replacement. Repairs are continuously expensed.

#### Depreciation policies

Depreciation is applied straight-line over the asset's estimated useful life; land is not depreciated. Leased assets are also depreciated over the estimated useful life or, if it is shorter, over the agreed term of the lease. The Group applies component depreciation, which means that the components' estimated useful life forms the basis of depreciation.

Estimated useful lives:

Office buildings	
Framework, facades, roofs and windows	25–57 years
Other	25–57 years
Industrial buildings	
Framework, facades, roofs	25–57 years
Other	25–57 years
Plant and machinery	5–10 years
Equipment, tools, fixtures and fittings	5 years

Applied depreciation methods, residual values and useful lives are reviewed at the end of every year.

### INTANGIBLE ASSETS

#### Goodwill

Goodwill is valued at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and impairment tested at least once a year. Goodwill that has arisen in the acquisition of associated companies is included in the carrying amount for participations in associated companies.

For goodwill in acquisitions that took place before 1 January 2012, the Group has not applied IFRS retroactively in the transition to IFRS, but rather the carrying amount at that date constitutes in continuation the Group's cost after impairment testing.

Expenditures incurred for internally generated goodwill and internally generated brands are recognised in profit/loss for the year when the expenditure arises.

### Research and development

Expenditures for research that aims to obtain new scientific or technical knowledge are expensed as they arise.

Expenditures for development, where research results or other knowledge is applied to achieve new or improved products or processes, are recognised as an asset in the statement of financial position if the product or process is technically and commercially usable, the Company may reliably calculate the expenditure that will be activated, and the company has adequate resources to complete development, that will provide economic benefits in the future (and then use or sell the intangible asset). The carrying amount includes all directly attributable expenditures, e.g. for materials and services, compensation to employees, registration of a legal right, amortisation on patents and licences, borrowing expenses in accordance with IAS 23. Other expenditures for development are recognised in profit/loss for the year as an expense when they arise. Development expenditures recognised in the statement of financial position are initially measured at cost less accumulated amortisation and any impairment losses.

### Other intangible assets

Other intangible assets acquired by the Group are recognised at cost less accumulated amortisation and any impairment losses. Other intangible assets primarily comprise acquired customer relationships. Customer relationships are amortised straight-line over the expected useful life, normally 5–7 years, and are included in the statement of profit or loss item Cost of goods sold. Software that has been developed or extensively adapted on behalf of the Group is also included among other intangible assets. Amortisation of software is applied straight-line over the useful life, although a maximum of 5 years, and is included in the statement of profit or loss item Administrative expenses.

### INVENTORY

Inventory is valued at the lower of cost and net realisable value. The cost of inventory is calculated using the first-in, first-out policy (FIFO) and includes expenses arising in the acquisition of the inventory assets and their transport to their current location and condition. For manufactured goods and work in progress, the cost includes a reasonable share of indirect expenses based on a normal capacity.

The net realisable value is the estimated selling price in the operating activities, less estimated costs for completion and to achieve a sale.

### IMPAIRMENT LOSSES

The Group's recognised assets are assessed every balance sheet date to determine if there is an indication of impairment requirements. IAS 36 is applied regarding impairment of assets other than financial assets, which are recognised according to IAS 39, inventory and deferred tax assets. For exempt assets as per the above, the carrying amount is assessed according to the respective standard.

### Impairment of property, plant and equipment and intangible assets and participations in associated companies

If there is an indication of impairment requirements, the asset's recoverable amount is calculated (see below). For goodwill, other intangible assets with indefinite useful lives and intangible assets not yet completed for use, the recoverable amount is also calculated annually. If it is not possible to establish significant independent cash flows for an individual asset, and its fair value less costs of disposal cannot be used, the assets are grouped in impairment testing at the lowest level where it is possible to identify significant independent cash flows – a so-called cash-generating unit.

An impairment loss is recognised when an asset's or cash-generating unit's (group of units) carrying amounts exceed the recoverable amount. An impairment loss is recognised as an expense in profit/loss for the year. Once an impairment requirement has been identified for a cash-generating unit (group of units), the impairment loss is primarily allocated to goodwill. Then a proportional impairment loss is applied to the other assets included in the unit (group of units).

The recoverable amount is the higher of fair value less costs of disposal and value in use. In the calculation of the value in use, future cash flows are discounted with a discount factor that takes into account risk-free interest and the risk associated with the specific asset.

### Impairment of financial assets

At each reporting occasion, the company evaluates if there is objective evidence that a financial asset or group of assets requires impairment. Objective evidence is comprised of observable conditions that have occurred and have a negative impact on the possibility to recover the cost.

The impairment requirements of trade receivable are determined based on historical experience of customer bad debts on similar receivables. Trade receivable with impairment requirements are recognised at the present value of expected future cash flows. Receivables with a short duration are however not discounted.

### Reversal of impairment losses

An impairment loss on assets that are included in the area of application of IAS 36 is reversed if there is both an indication that the impairment requirement no longer exists and a change has occurred in the assumptions that formed the basis for the calculations of the recoverable amount. An impairment of goodwill is, however, never reversed. A reversal is only applied insofar as the asset's carrying amount after the reversal does not exceed the carrying amount that would have been recognised, less depreciation/amortisation where applicable, if no impairment loss had been applied.

Impairment losses on loans and receivables recognised at amortised cost are reversed if the previous reasons for the impairment losses no longer exist and full payment from the customer is expected to be received.

### DIVIDENDS

Dividends are recognised as a liability after the annual general meeting has approved the dividend.

### REMUNERATION OF EMPLOYEES

#### Short-term employee benefits

Short-term employee benefits are calculated without discounting and recognised as an expense when the related services are received.

A provision is recognised for the anticipated cost for profit-sharing and bonus payments when the Group has a current legal or constructive obligation to make such payments as a result of services being received from employees and the obligation can be reliably calculated.

#### Defined contribution plans

The pension plans where the Company's obligations are limited to the contributions the Company has committed to pay are classified as defined contribution plans. In such cases, the size of the employee's pension depends on the contributions the Company pays to the plan or to an insurance company and the capital returns that the contributions provide. Consequently, it is the employee that bears the actuarial risk (that the compensation is less than expected) and the investment risk (that the invested

assets will be inadequate to provide the anticipated compensation). The Company's commitments in respect of contributions to defined contribution plans are recognised as an expense in profit/loss for the year as they are earned by the employees performing services for the company during a period. The Group only has defined contribution pensions.

#### Share-based remuneration

In 2011, the Group adopted a share option programme that provides senior executives and key persons the right to acquire shares in the company. The options confer the holders the right to acquire shares in the parent company at a price corresponding to the market value of the shares when the options were subscribed for, indexed upwards with a pre-determined discount rate. The excess, if any, of fair value of the options as of the grant date less consideration paid by the participants is recognised as an expense over the vesting period. The proceeds received have increased retained earnings.

#### Benefits upon termination

An expense for benefits in connection with the terminations of personnel is recognised at the earliest time of when the Company can no longer withdraw the offer to the employees or when the company recognises expenses for restructuring. The benefits that are estimated to be settled after 12 months are recognised at their present value. Benefits that are not expected to be fully settled within 12 months are recognised according to long-term employee benefits.

#### Provisions

A provision differs from other liabilities in that there is uncertainty about the payment date or the amount to settle the provision. A provision is recognised in the statement of financial position when there is an existing legal or constructive obligation as a result of an event that has occurred, and it is likely that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are made in the amount that is the best estimate of what will be required to settle the existing obligation on the reporting date. Where the effect of when in time payment is made is material, provisions are calculated by discounting the expected future cash flow using an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks associated with the liability.

#### Restructuring

A provision for restructuring is recognised when there is an established detailed and formal restructuring plan, and the restructuring has either begun or been publicly announced. No provision is made for future operating expenses.

#### Onerous contracts

A provision for onerous contracts is recognised when the anticipated benefits that the Group is expected to receive from a contract are lower than the unavoidable expenses to fulfil the obligations under the contract.

#### Contingent liabilities

A contingent liability is disclosed when there is a possible commitment that originates from events occurred and the existence of which is confirmed only by one or more uncertain future events beyond the Group's control, or when there is a commitment that is not recognised as a liability or provision on the grounds that it is not likely that an outflow of resources will be required or cannot be calculated with sufficient reliability.

#### CASH FLOW STATEMENT

The Statement of cash flows shows how income and changes in balance sheet items affect cash and cash equivalents, ie the cash generated or used in the period.

Cash from operating activities converts income statement items from the accrual basis of accounting to cash basis. As such, starting with operating profit/loss, non-cash items are reversed and actual payments included. Further, change in working capital is taken into account as this shows the development in money tied up in the balance sheet.

Cash from investing activities shows payments related to the purchase and sale of long term investments. This includes fixed assets such as purchase and construction of new production sites, intangible assets and financial assets.

Cash from financing activities reports repayment of loans, finance leases and payment of dividends.

Cash and cash equivalents consist of cash and bank balances.

The Statement of cash flows is presented in accordance with the indirect method commencing with operating profit/loss for the year.

Cash flows in foreign currencies are translated to SEK at the average exchange rate for the respective month.

The cash flow statements 2015 and the comparative figures for 2012–2014 has been prepared based on the reported and audited consolidated cash flow statements for the sub-group Nordic Waterproofing Group 1 AB taken into consideration impact of non-cash transactions as unrealised exchange gains and losses and rolled up interest etc. However, in the annual report for Nordic Waterproofing Holding A/S for 2014 including the comparative figures for 2013 the presentation of the cash flow statement was uncorrectly prepared by only taking the difference between the beginning and closing balances of the balance sheet items and thus not reflected the impact for non-cash transactions as unrealised exchange gains and losses and rolled up interest etc.

Due to significant unrealised exchange losses and rolled up interest on long-term debt the presentation of the cash flow statements has therefore been restated to be in accordance with the principles in the cash flow statements for Nordic Waterproofing Group 1 AB.

Compared to the annual report for 2014 for Nordic Waterproofing Holding A/S this has implied the following adjustments:

SEK thousand	Annual report 2014	Restate-ments	Restated reporting
<b>2014</b>			
Cash flow from:			
Operating activities	113	50	158
Investing activities	-11	-14	-20
Financing activities	-24	-36	-60
<b>Cash flow for the year</b>	<b>78</b>	<b>0</b>	<b>78</b>
<b>2013</b>			
Cash flow from:			
Operating activities	58	27	85
Investing activities	-13	-3	-16
Financing activities	-27	-24	-51
<b>Cash flow for the year</b>	<b>18</b>	<b>0</b>	<b>18</b>

## NOTE 2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

### ASSESSMENTS AND ESTIMATES IN THE FINANCIAL STATEMENTS

Preparing the financial statements in accordance with IFRS requires management to make assessments and estimates as well as assumptions that affect the application of the accounting principles and the carrying amounts of assets, liabilities, revenues and expenses. The actual outcome may deviate from these estimates and assessments.

The estimates and assumptions are regularly reviewed. Changes in estimates are recognised in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the current period and future periods.

Assessments made by corporate management in the application of IFRS that have a material impact on the financial statements and estimates made that may entail material adjustments in the subsequent year's financial statements are described in more detail in note 39.

Some assumptions regarding the future and some estimates and assessments at the reporting date are of particular importance to the valuation of the assets and the liabilities in the statement of financial position. The areas where the risk of material value changes in the subsequent year is significant due to the assumptions or estimates having to be changed are discussed below.

### IMPAIRMENT TESTING OF GOODWILL

The value of recognised goodwill is tested at least once a year with regard to possible impairment requirements. The testing requires an assessment of the value in use of the cash-generating unit, or group of cash-generating units, to which the goodwill is attributable.

This requires that several assumptions regarding future conditions and estimates of parameters are made. A description of these are provided in note 14.

### OTHER

As described in note 33, the Danish Competition and Consumer Authority conducted a so-called dawn raid at Nordic Waterproofing A/S in Vejle, Denmark. The management does not expect the outcome of this investigation to lead to any material impact on the Group's position or performance, which is why no reservation has been made in the year-end accounts. This assessment is associated with uncertainty due to the nature of the investigation.

Furthermore, as described in note 33, Nordic Waterproofing A/S received a letter of claim from a competitor stipulating an alleged claim with regard to the on-going investigation mentioned above. The management finds that the claim is unsubstantiated/unfounded and therefore no provision has been made in the annual report. However, an assessment of this kind is by nature associated with uncertainty.

## NOTE 3 SIGNIFICANT TYPES OF INCOME

Significant types of income SEK thousand	1 January – 31 December			
	2015	2014	2013	2012
<b>Group</b>				
Net sales include revenues from:				
Sale of goods	1,226,486	1,159,972	1,149,535	1,174,554
Installation services, roof contracting	493,486	518,754	518,436	497,102
	<b>1,719,972</b>	<b>1,678,726</b>	<b>1,667,971</b>	<b>1,671,656</b>

## NOTE 4 OPERATING SEGMENTS

Nordic Waterproofing is one of the Nordic region's leading suppliers of sealing layers for buildings and constructions and offers systems and solutions to protect against water, weather and wind that increases the life expectancy of buildings and other facilities. The main focus is comprised of bitumen- and EPDM-based waterproofing products for the Northern European construction market and the products are installed primarily on commercial buildings and constructions, where demand is driven by the need for renovations and new production. The Group also markets solutions for the air and water sealing of façades, foundations and cellars, prefabricated tanks, dykes and the covering of landfills.

The Group's operations are divided into operating segments based on what parts of the business the company's highest executive decision-maker follows up, the so-called "management approach".

The Group's operations are organised in the manner that group management follows up the earnings that the Group's various goods and services generate. As group management follows up the results of operations and decides on the distribution of resources based on the goods and services the Group provides and sells, they constitute the Group's operating segments.

At 31 December 2015, the highest executive decision-maker followed up the segments' operating profit (EBIT) before items affecting comparability. During 2012 to 2014, the chief operating decision maker followed up the segments' EBITDA (defined as operating profit (EBIT) before depreciation, amortization) before items affecting comparability. Items marked with\* in the presentation below pertain to voluntary supplemental information, presented for comparative reasons.

The following operating segments have been identified:

- **Products & Solutions:** includes sales of both own produced and externally sourced products and services associated therewith.
- **Installation Services:** includes the Group's wholly and partially owned contracting operations within roofing.

## NOTE 4 CONT

2015	Products & Solutions	Installation Services	Group items and eliminations	Group
Revenues from external customers	1,226,486	493,486	0	1,719,972
Revenues from other segments	77,378	0	-77,378	0
<b>Revenues, total</b>	<b>1,303,864</b>	<b>493,486</b>	<b>-77,378</b>	<b>1,719,972</b>
<b>EBITDA before items affecting comparability*</b>	<b>211,733</b>	<b>11,620</b>	<b>-19,202</b>	<b>204,151</b>
Depreciation of property, plant and equipment*	-17,129	-1,237	-606	-18,972
Amortisation of intangible assets*	-2,993	0	0	-2,993
<b>EBIT before items affecting comparability</b>	<b>191,611</b>	<b>10,383</b>	<b>-19,808</b>	<b>182,186</b>
Items affecting comparability*	8,081	-1,259	-46,366	-39,544
<b>Operating profit (EBIT)*</b>	<b>199,692</b>	<b>9,124</b>	<b>-66,174</b>	<b>142,642</b>
Net finance items				-26,845
<b>Profit/loss after finance items (EBT) before tax</b>				<b>115,797</b>
Tax				-33,854
<b>Profit/loss for the year</b>				<b>81,943</b>
<b>Assets</b>				
Intangible assets (goodwill & customer relations)	540,325	66,731	0	607,056
Property, plant and equipment	177,468	3,032	6,593	187,093
Participations in associated companies	0	16,584	0	16,584
Inventory	166,514	1,571	0	168,085
Other assets	127,457	63,752	-18,103	173,106
Non-allocated assets			193,337	193,337
<b>Total assets</b>	<b>1,011,764</b>	<b>151,670</b>	<b>181,827</b>	<b>1,345,261</b>
<b>Liabilities and Equity</b>				
Equity			747,902	747,902
Other liabilities	172,582	50,010	-8,462	214,130
Non-allocated liabilities			383,229	383,229
<b>Total liabilities and equity</b>	<b>172,582</b>	<b>50,010</b>	<b>1,122,669</b>	<b>1,345,261</b>
Investments in property, plant and equipment	20,969	840	5,597	27,406
<b>2014</b>				
Revenues from external customers	1,159,972	518,754	0	1,678,726
Revenues from other segments	83,168	0	-83,168	0
<b>Revenues, total</b>	<b>1,243,140</b>	<b>518,754</b>	<b>-83,168</b>	<b>1,678,726</b>
<b>EBITDA before items affecting comparability*</b>	<b>179,479</b>	<b>20,919</b>	<b>-13,507</b>	<b>186,891</b>
Depreciation of property, plant and equipment*	-16,755	-1,139	-459	-18,353
Amortisation of intangible assets*	-3,130	0	0	-3,130
<b>EBIT before items affecting comparability</b>	<b>159,594</b>	<b>19,780</b>	<b>-13,966</b>	<b>165,408</b>
Items affecting comparability*	-30,860	-13,000	-31	-43,891
<b>Operating profit (EBIT)*</b>	<b>128,734</b>	<b>6,780</b>	<b>-13,997</b>	<b>121,517</b>
Net finance items				-25,271
<b>Profit/loss after finance items (EBT) before tax</b>				<b>96,246</b>
Tax				-19,358
<b>Profit/loss for the year</b>				<b>76,888</b>
<b>Assets</b>				
Intangible assets (goodwill & customer relations)	557,147	69,511	0	626,658
Property, plant and equipment	176,602	3,773	1,602	181,977
Participations in associated companies	0	19,087	0	19,087
Inventory	179,214	1,322	0	180,536
Other assets	134,857	70,330	-19,483	185,704
Non-allocated assets			151,201	151,201
<b>Total assets</b>	<b>1,047,820</b>	<b>164,023</b>	<b>133,320</b>	<b>1,345,163</b>
<b>Liabilities and Equity</b>				
Equity			685,395	685,395
Other liabilities	177,064	52,885	-10,329	219,620
Non-allocated liabilities			440,148	440,148
<b>Total liabilities and equity</b>	<b>177,064</b>	<b>52,885</b>	<b>1,115,214</b>	<b>1,345,163</b>
Investments in property, plant and equipment	14,402	538	315	15,255

## NOTE 4 CONT

2013	Products & Solutions	Installation Services	Group items and eliminations	Group
Revenues from external customers	1,149,535	518,436		1,667,971
Revenues from other segments	79,404	0	-79,404	0
<b>Revenues, total</b>	<b>1,228,939</b>	<b>518,436</b>	<b>-79,404</b>	<b>1,667,971</b>
<b>EBITDA before items affecting comparability*</b>	<b>144,743</b>	<b>27,992</b>	<b>-12,250</b>	<b>160,485</b>
Depreciation of property, plant and equipment*	-14,209	-1,230	27	-15,412
Amortisation of intangible assets*	-3,161	0	-310	-3,471
<b>EBIT before items affecting comparability</b>	<b>127,373</b>	<b>26,762</b>	<b>-12,533</b>	<b>141,602</b>
Items affecting comparability*	-11,473	-7,052	-841	-19,366
<b>Operating profit (EBIT)*</b>	<b>115,900</b>	<b>19,710</b>	<b>-13,374</b>	<b>122,236</b>
Net finance items				-30,078
<b>Profit/loss after finance items (EBT) before tax</b>				<b>92,158</b>
Tax				-21,188
<b>Profit/loss for the year</b>				<b>70,970</b>
<b>Assets</b>				
Intangible assets (goodwill & customer relations)	540,361	65,329	0	605,690
Property, plant and equipment	175,378	3,960	1,746	181,084
Participations in associated companies	0	21,352	0	21,352
Inventory	147,836	1,887	0	149,723
Other assets	140,690	81,954	-18,115	204,529
Non-allocated assets			75,266	75,266
<b>Total assets</b>	<b>1,004,265</b>	<b>174,482</b>	<b>58,897</b>	<b>1,237,644</b>
<b>Liabilities and Equity</b>				
Equity			599,384	599,384
Other liabilities	152,447	44,527	-13,116	183,858
Non-allocated liabilities			454,402	454,402
<b>Total liabilities and equity</b>	<b>152,447</b>	<b>44,527</b>	<b>1,040,670</b>	<b>1,237,644</b>
Investments in property, plant and equipment	21,482	1,247	1,059	23,788
<b>2012</b>				
Revenues from external customers	1,174,554	497,102	0	1,671,656
Revenues from other segments	80,374	0	-80,374	0
<b>Revenues, total</b>	<b>1,254,928</b>	<b>497,102</b>	<b>-80,374</b>	<b>1,671,656</b>
<b>EBITDA before items affecting comparability*</b>	<b>123,211</b>	<b>15,358</b>	<b>-8,865</b>	<b>129,704</b>
Depreciation of property, plant and equipment*	-15,925	-1,252	862	-16,315
Amortisation of intangible assets*	-2,772	0	-862	-3,634
<b>EBIT before items affecting comparability</b>	<b>104,514</b>	<b>14,106</b>	<b>-8,865</b>	<b>109,755</b>
Items affecting comparability*	-27,026	-3,964	-1,693	-32,683
<b>Operating profit (EBIT)*</b>	<b>77,488</b>	<b>10,142</b>	<b>-10,558</b>	<b>77,072</b>
Net finance items				-36,938
<b>Profit/loss after finance items (EBT) before tax</b>				<b>40,134</b>
Tax				-12,972
<b>Profit/loss for the year</b>				<b>27,162</b>
<b>Assets</b>				
Intangible assets (goodwill & customer relations)	539,581	62,944	0	602,525
Property, plant and equipment	173,121	8,333	970	182,424
Participations in associated companies	0	15,188	0	15,188
Inventory	168,452	1,879	0	170,331
Other assets	149,120	61,057	-24,572	185,605
Non-allocated assets			63,604	63,604
<b>Total assets</b>	<b>1,030,274</b>	<b>149,401</b>	<b>40,002</b>	<b>1,219,677</b>
<b>Liabilities and Equity</b>				
Equity			528,241	528,241
Other liabilities	159,013	61,532	-24,315	196,230
Non-allocated liabilities			495,206	495,206
<b>Total liabilities and equity</b>	<b>159,013</b>	<b>61,532</b>	<b>999,132</b>	<b>1,219,677</b>
Investments in property, plant and equipment	18,757	405	0	19,162

**NOTE 4 CONT**

Directly attributable items and items that can be reasonably and reliably allocated to the segments have been included in the operating segments' profit/loss, assets and liabilities. The items recognised in the operating segments' profit/loss, assets and liabilities are valued in accordance with the profit/loss, assets and liabilities that the company's Group management monitors. The same accounting principles are applied in both internal segment reporting as in the external reporting.

Non-allocated items comprise net finance items and tax expenses. Assets and liabilities that have not been allocated to segments are deferred tax assets and deferred tax liabilities, financial investments and financial liabilities.

Sales between the operating segments have occurred at market-based prices.

**ITEMS AFFECTING COMPARABILITY**

Items affecting comparability include income statement items that are non-recurring, has significant impact on profit and is important for understanding the underlying development of operations.

SEK thousand	1 January – 31 December			
	2015	2014	2013	2012
<b>Group</b>				
Costs related to current owners exit of the Company	-36,364	-488	0	0
Costs related to change of CEO	-10,692	0	0	0
Raw material hedge value adjustment (pre-hedge accounting)	21,806	-21,002	286	-1,089
Provision product introduction	-7,530	0	0	0
Acquisition-related costs (incl restructuring)	0	-3,556	-3,882	-20,153
Restructuring	-5,091	-14,498	-14,654	-9,705
Other	-1,673	-4,347	-1,116	-1,736
<b>Total</b>	<b>-39,544</b>	<b>-43,891</b>	<b>-19,366</b>	<b>-32,683</b>

**GEOGRAPHIC AREAS**

Revenues from external customers		1 January – 31 December			
SEK thousand		2015	2014	2013	2012
<b>Group</b>					
Denmark		338,021	316,702	303,978	323,029
Sweden		344,911	328,175	306,900	318,430
Norway		182,067	167,194	161,706	156,493
Finland		604,537	623,996	628,154	620,988
Europe (excluding Nordic region)		242,502	236,633	223,091	214,913
Other countries		7,934	6,026	44,142	37,803
<b>Total</b>		<b>1,719,972</b>	<b>1,678,726</b>	<b>1,667,971</b>	<b>1,671,656</b>

Non-current assets		1 January – 31 December			
SEK thousand		2015	2014	2013	2012
<b>Group</b>					
Denmark		192,312	199,042	187,779	190,377
Sweden		375,374	369,940	370,620	355,657
Norway		32,439	39,055	41,390	49,229
Finland		173,199	179,147	171,426	171,532
Europe (excluding Nordic region)		20,825	21,451	15,559	18,154
<b>Total</b>		<b>794,149</b>	<b>808,635</b>	<b>786,774</b>	<b>784,949</b>

Revenues from external customers have been attributed to individual countries according to the country the customer is domiciled in.

Non-current assets have been allocated to individual countries according to the owning company's domicile.

**INFORMATION ON MAJOR CUSTOMERS**

No single customer accounted for more than 10 % of consolidated sales. A maximum of approximately 4.6% of consolidated sales were attributable to a single customer.

## NOTE 5 BUSINESS COMBINATIONS

### ACQUISITIONS 2015

#### Acquisitions of non-controlling interests

On 1 September 2015, the remaining 26% of the shares in the Belgian company SealEco Holding Belgium NV were acquired, after which the company is fully owned. The consideration amounted to SEK 2,820 thousand and the consideration was paid in cash. The Group recognises a reduction in non-controlling interests in an amount of SEK 3,275 thousand and an increase in retained earnings in an amount of SEK 455 thousand.

### ACQUISITIONS 2014

#### Minor acquisitions

On 10 July 2014, all shares in Univex Sprl in Belgium were acquired. The company is a small distributor of prefabricated customised roof membranes. Work is under way to integrate the business into SealEco.

The acquisition of Univex has the following effects on the Group's assets and liabilities.

The acquired company's net assets at the time of acquisition:

SEK thousand	Fair value recognised in the Group
Property, plant and equipment	600
Inventory	2,676
Trade receivable and other receivables	2,077
Cash and cash equivalents	277
Trade payable and other operating liabilities	-2,118
<b>Net identifiable assets and liabilities</b>	<b>3,512</b>
<b>Goodwill</b>	<b>3,987</b>
Consideration paid, cash	7,499
Cash and cash equivalents (acquired)	-277
<b>Net cash outflow</b>	<b>7,222</b>

In the six months until 31 December 2014, the subsidiary contributed SEK 6,999 thousand to consolidated income and SEK -1,920 thousand to consolidated profit/loss after tax. If the acquisition had occurred at 1 January 2014, management estimates that consolidated income would have been SEK 1,686,362 thousand and the profit for the period would have been SEK 76,289 thousand.

#### Acquisitions of non-controlling interests

In addition, on 5 March 2014, the remaining 5% of the shares in the Finnish contractor AL-Katot Oy were acquired, after which the company was wholly owned. The consideration amounted to SEK 801 thousand and the acquisition was paid in cash. The Group recognises a reduction in non-controlling interests in an amount of SEK 837 thousand and an increase in retained profits in an amount of SEK 37 thousand.

### ACQUISITIONS 2012

On 29 February 2012, all shares in the Norwegian distributor Nortett Bygg AS were acquired.

The acquisition of Nortett Bygg AS has the following effects on the Group's assets and liabilities.

The acquired company's net assets at the time of acquisition:

SEK thousand	Fair value recognised in the Group
Property, plant and equipment	195
Intangible assets (customer relationships)	23,617
Inventory	7,581
Trade receivable and other receivables	13,546
Cash and cash equivalents	3,067
Trade payable and other operating liabilities	-19,353
Deferred tax liabilities	-6,613
<b>Net identifiable assets and liabilities</b>	<b>22,040</b>
<b>Goodwill</b>	<b>28,524</b>
Consideration paid, cash	50,564
Cash and cash equivalents (acquired)	-3,067
<b>Net cash outflow</b>	<b>47,497</b>

#### Goodwill

The goodwill amount includes the value of a developed distribution network and synergy effects in the form of greater intra-Group production and product distribution. No part of goodwill is tax deductible.

#### Customer relationships

Of the total consideration, the value of existing customer relationships has been estimated at SEK 23,617 thousand.

#### Acquisition-related expenses

Acquisition-related expenses amount to SEK 1,193 thousand and pertain to remuneration of consultants in connection with due diligence. These expenses have been recognised as administrative expenses in the statement profit or loss and other comprehensive income.

#### Acquired receivables

The fair value of trade receivable amounts to SEK 12,649 thousand, which corresponds to the carrying amount.

#### Transferred consideration

Transferred consideration consists of cash and cash equivalents, which amount to SEK 50,564 thousand.

In the ten months until 31 December 2012, the subsidiary contributed SEK 131,022 thousand to consolidated revenues and SEK 4,874 thousand to consolidated profit/loss after tax. If the acquisition had occurred at 1 January 2012, corporate management estimates that consolidated revenues would have been SEK 1,688,030 thousand and the profit for the period would have been SEK 27,898 thousand.

**NOTE 5 CONT****Minor acquisitions**

On 30 June 2012, 71.5% of the Finnish contractor AL-Katot Oy was acquired. The company was previously an associated company and after the acquisition, the participating interest amounts to 95%.

The acquisition of AL-Katot has the following effects on the Group's assets and liabilities.

The acquired company's net assets at the time of acquisition:

SEK thousand	Fair value recognised in the Group
Property, plant and equipment	5,873
Financial assets	333
Inventory	324
Trade receivable and other receivables	18,058
Cash and cash equivalents	5,067
Trade payable and other operating liabilities	-13,129
<b>Net identifiable assets and liabilities</b>	<b>16,526</b>
<b>Consolidated goodwill</b>	<b>2,752</b>
Fair value regarding previously owned participation	-3,944
Non-controlling interests	-826
Consideration paid, cash	14,508
Cash and cash equivalents (acquired)	-5,067
<b>Net cash outflow</b>	<b>9,441</b>
Consideration paid:	
Contingent consideration	2,507
Cash and cash equivalents	12,001
	<b>14,508</b>

**Goodwill**

The goodwill amount includes the value of a broader market penetration and synergy effects in the form of more efficient processes and administration. No part of goodwill is expected to be tax deductible.

**Acquisition-related expenses**

Acquisition-related expenses amount to SEK 290 thousand and pertain to remuneration of consultants in connection with due diligence. These expenses have been recognised as administrative expenses in the statement of profit or loss and other comprehensive income.

**Acquired receivables**

The fair value of trade receivable amounts to SEK 10,581 thousand, which corresponds to the carrying amount.

**Transferred consideration**

Transferred consideration consists of cash and cash equivalents, which amount to EUR 1,369 thousand equivalent to SEK 12,001 thousand. In addition, the acquisition agreement states that a contingent consideration shall be payable to AL-Katot's former owners. The maximum outcome amounts to EUR 286 thousand corresponding to SEK 2,507 thousand. In the calculation of the transferred consideration the maximum outcome has been recognised.

In connection with the acquisition, the previously owned participations in associated companies were revalued to fair value. This entailed a negative revaluation result of SEK 167 thousand and is included in other operating expenses.

In the six months until 31 December 2012, the subsidiary contributed SEK 53,048 thousand to consolidated revenue and SEK 2,478 thousand to consolidated profit/loss after tax. If the acquisition had occurred at 1 January 2012, corporate management estimates that consolidated revenue would have been SEK 1,731,839 thousand and the profit for the period would have been SEK 28,547 thousand.

**NOTE 6 OTHER OPERATING INCOME**

SEK thousand	1 January – 31 December			
	2015	2014	2013	2012
<b>Group</b>				
Royalty	6,545	6,639	5,641	5,001
Capital gains	18	0	570	0
Change in fair value of commodity derivatives	28,007	2,034	286	0
Change in fair value of currency derivatives	0	0	0	689
Other	0	1,038	675	52
	<b>34,570</b>	<b>9,711</b>	<b>7,172</b>	<b>5,742</b>

**NOTE 7 OTHER OPERATING EXPENSES**

SEK thousand	1 January – 31 December			
	2015	2014	2013	2012
<b>Group</b>				
Losses upon disposal of property, plant and equipment	0	-344	0	0
Change in fair value of commodity derivatives	-6,201	-23,036	0	-1,089
Change in fair value of currency derivatives	0	0	-689	0
Exchange losses on operating receivables/liabilities	-2,269	-1,148	-1,939	-952
Revaluation of earlier holdings in business combinations	0	0	0	-167
Other	-525	-363	-861	-369
	<b>-8,995</b>	<b>-24,891</b>	<b>-3,489</b>	<b>-2,577</b>

**NOTE 8 EMPLOYEES AND PERSONNEL EXPENSES**

Expenses for employee benefits SEK thousand	1 January – 31 December			
	2015	2014	2013	2012
<b>Group</b>				
Salaries and benefits, etc.	321,602	311,602	295,529	276,331
Pension expenses, defined-contribution plans	9,415	9,450	7,936	8,702
Social security contributions	64,704	64,036	66,160	58,188
	<b>395,721</b>	<b>385,088</b>	<b>369,625</b>	<b>343,221</b>

Average number of employees								
FTE (Full Time Equivalents)	2015	of which men	2014	of which men	2013	of which men	2012	of which men
<b>Parent Company</b>								
Denmark	0	0%	0	0%	0	0%	0	0%
<b>Total Parent Company</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Subsidiaries</b>								
Denmark	76	71%	80	74%	81	75%	85	75%
Sweden	115	81%	119	78%	107	79%	116	79%
Norway	20	75%	18	72%	17	71%	12	75%
Finland	383	92%	396	92%	407	91%	400	91%
Other	40	70%	31	68%	23	65%	21	57%
Total in subsidiaries	634	85%	644	85%	635	86%	634	85%
<b>Group total</b>	<b>634</b>	<b>85%</b>	<b>644</b>	<b>85%</b>	<b>635</b>	<b>86%</b>	<b>634</b>	<b>85%</b>

FTE is defined as average number of employees after re-calculation to full-time equivalents.

## NOTE 8 CONT

**SALARIES AND OTHER BENEFITS, PENSION EXPENSES AND PENSION OBLIGATIONS FOR SENIOR EXECUTIVES IN THE GROUP**

No salaries or benefits have been payable to the Parent Company's (Nordic Waterproofing Holding A/S) Board and management before October 2015. Therefore, the following information until September 2015 accordingly pertains to the CEO, senior executives and Boards that have been active in subsidiary Nordic Waterproofing Group 1 AB with subsidiaries.

SEK thousand	2015	2014	2013	2012	
<b>Group</b>					
<b>Remuneration to the Board and CEO of Nordic Waterproofing Holding A/S:</b>					
Remuneration of Board members	500	0	0	0	
Salaries and benefits, etc to CEO and Group management team	1,847	0	0	0	
	<b>2,347</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Remuneration to the Board, CEO and other senior executives in Nordic Waterproofing Group 1 AB with subsidiaries:</b>					
Remuneration of Board members	1,048	730	778	835	
Salaries and benefits, etc to CEO and Group management team	28,609	17,105	14,396	11,325	
Pension expenses, defined-contribution plans	2,378	1,959	1,559	1,426	
	<b>32,035</b>	<b>19,794</b>	<b>16,733</b>	<b>13,586</b>	
<b>Total remuneration to the Board, CEO and other senior executives in the Group</b>	<b>34,382</b>	<b>19,794</b>	<b>16,733</b>	<b>13,586</b>	
<b>2015</b>	<b>Fixed salary</b>	<b>Variable salary</b>	<b>Pension</b>	<b>Other benefits</b>	<b>Total</b>
Chairman of the board (Oct-Dec): Ulf Gundemark	500				500
Chairman of the board (Jan-Sept): Martin Ellis	709				709
Boardmember: Christian Frigast					0
Boardmember: Wilhelm Sundström					0
Boardmember: Jørgen Jensen	339				339
Boardmember: Thomas Lau Schleicher					0
CEO (Oct-Dec): Martin Ellis	1,154	693			1,847
CEO (Jan-Sept): Holger C. Hansen*	12,687	3,563	68	239	16,557
Other senior executives (5 persons)	7,376	4,071	2,310	673	14,430
<b>Total</b>	<b>22,765</b>	<b>8,327</b>	<b>2,378</b>	<b>912</b>	<b>34,382</b>
* The fixed salary includes a one-time termination payment of SEK 10,662.					
<b>2014</b>	<b>Fixed salary</b>	<b>Variable salary</b>	<b>Pension</b>	<b>Other benefits</b>	<b>Total</b>
Chairman of the board: Martin Ellis	381				381
Boardmember: Christian Frigast					0
Boardmember: Wilhelm Sundström					0
Boardmember: Jørgen Jensen	349				349
Boardmember: Thomas Lau Schleicher					0
CEO: Holger C. Hansen	2,537	3,713	48	106	6,404
Other senior executives (5 persons)	6,871	3,233	1,911	645	12,660
<b>Total</b>	<b>10,138</b>	<b>6,946</b>	<b>1,959</b>	<b>751</b>	<b>19,794</b>
<b>2013</b>	<b>Fixed salary</b>	<b>Variable salary</b>	<b>Pension</b>	<b>Other benefits</b>	<b>Total</b>
Chairman of the board: Martin Ellis	447				447
Boardmember: Christian Frigast					0
Boardmember: Wilhelm Sundström					0
Boardmember: Jørgen Jensen	331				331
Boardmember: Thomas Lau Schleicher					0
CEO: Holger C. Hansen	1,480	3,219		103	4,802
Other senior executives (5 persons)	6,736	2,240	1,559	618	11,153
<b>Total</b>	<b>8,994</b>	<b>5,459</b>	<b>1,559</b>	<b>721</b>	<b>16,733</b>
<b>2012</b>	<b>Fixed salary</b>	<b>Variable salary</b>	<b>Pension</b>	<b>Other benefits</b>	<b>Total</b>
Chairman of the board: Martin Ellis	517				517
Boardmember: Christian Frigast					0
Boardmember: Wilhelm Sundström					0
Boardmember: Jørgen Jensen	318				318
Boardmember: Thomas Lau Schleicher					0
CEO: Holger C. Hansen	1,085	1,498		66	2,649
Other senior executives (5 persons)	6,463	1,683	1,426	530	10,102
<b>Total</b>	<b>8,383</b>	<b>3,181</b>	<b>1,426</b>	<b>596</b>	<b>13,586</b>

**NOTE 8 CONT**

**PRINCIPLES FOR REMUNERATION OF THE BOARD**

The Chairman of the Board receives a fixed fee of SEK 500 thousand per year, and one of the Board members receives DKK 275 thousand per year. Other Board members did not receive fees in 2015.

**PRINCIPLES FOR THE REMUNERATION OF THE CEO AND GROUP MANAGER**

**Remuneration**

Remuneration of the CEO and Group manager is decided by the Board. The amount of the remuneration shall be market based and based on factors such as expertise, experience and performance. The remuneration consists of fixed salary and, in addition to this, variable salary and non-monetary benefits. The variable salary shall be based on the achievement of quantitative and qualitative targets. Remuneration (excluding a one-time termination fee mentioned above) of the CEO in the Group's operating Parent Company amounted in 2015 to SEK 7,742 (6,404; 4,802; 2,649) thousand in 2015, excluding the one-time termination mentioned above.

**Periods of notice and severance pay**

Upon termination of the CEO by the Company, a period of notice of 24 months applies. If the CEO resigns, a period of notice of 12 months applies instead. The CEO may for a period of 24 months after the commencement of the employment (October 1st 2015) terminate the employment without notice. However, if an Exit or IPO is completed during the 24 months period, the CEO is, as of the date of Exit or IPO, obligated to observe the notice period of 12 months. Following an IPO, the CEO cannot terminate the employment within the first 24 months. This means that the notice of termination cannot be given by the CEO until after the expiry of the 24 months period.

**Pension benefits**

The employment contract for the CEO and Group manager ends without prior cancellation at the time of the CEO's retirement. No pension premiums for the CEO have been reserved, but rather are taken into account in the determination of the fixed remuneration.

**PRINCIPLES FOR REMUNERATION OF OTHER MEMBERS OF GROUP MANAGEMENT**

**Remuneration**

Remuneration is decided by the Group manager with assistance from the Board. The level of remuneration for the individual executive shall be based on factors such as position, expertise, experience and performance. Remuneration consists of fixed salary and pension and shall also be able to consist of variable salary and non-monetary benefits. The variable salary shall be based on the achievement of qualitative and quantitative targets.

**Periods of notice and severance pay**

Other members of Group management team have a 12-month period of notice upon termination by the Company and a 6-month period of notice upon resignation.

**Pension benefits**

Other members of Group management team have the right to retire at the age of 67, and are entitled to pension benefits in accordance with the Company's pension policy.

**SHARE-BASED REMUNERATION**

In 2011, the Group adopted a share option programme that provides senior executives and key employees the right to acquire shares in the Company. The options confer the holders the right to acquire shares in the Parent Company at a price corresponding to the market value of the shares when the options were subscribed for, indexed upwards with a pre-determined discount rate. Options have been issued in two classes (class 1 and class 2), where the difference between the classes is comprised of differences in the pre-determined discount rate. The options were acquired at market value, which was determined using Black Scholes at the time of subscription.

Terms and conditions for the allocation are presented below, according to which all share options are regulated through physical delivery of shares. The offer to acquire share options during 2011 and 2012, was given to senior executives as well as key employees being part of the local management teams in each business unit at the time of subscription.

<b>Date for subscription/personnel category</b>	<b>Number of options</b>
<b>Group</b>	
Subscription of share options class 1 on 22 August 2011	
- to senior executives	130,048
- to other employees	126,703
Subscription of share options class 2 on 22 August 2011	
- to senior executives	260,096
- to other employees	253,406
Subscription of share options class 1 on 17 April 2012	
- to Board members	10,488
- to other employees	19,637
Subscription of share options class 2 on 17 April 2012	
- to Board members	20,976
- to other employees	39,274
Subscription of share options class 1 on 21 June 2012	
- to senior executives	50,352
- to other employees	8,409
Subscription of share options class 2 on 21 June 2012	
- to Board members	100,704
- to other employees	16,818
<b>Total number of equity-settled options</b>	<b>1,036,911</b>

The CEO and Group manager does not own any options, while the board members Holger C. Hansen owns 50,352 options class 1 and 100,704 options class 2 and Jørgen Jensen owns 10,488 options class 1 and 20,976 options class 2.

## NOTE 8 CONT

## NUMBER OF OUTSTANDING OPTIONS

Number of options, class 1	2015	2014	2013	2012
<b>Group</b>				
Outstanding at beginning of the period	345,637	345,637	345,637	256,751
Granted during the period	0	0	0	88,886
Outstanding at end of the period	345,637	345,637	345,637	345,637
<b>Number of options, class 2</b>				
<b>Group</b>				
Outstanding at beginning of the period	691,274	691,274	691,274	513,502
Granted during the period	0	0	0	177,772
Outstanding at end of the period	691,274	691,274	691,274	691,274

Outstanding options of class 1 at 31 December 2015 have an exercise price of DKK 50.52 [46.78; 43.32; 40.11] and outstanding options of class 2 at 31 December 2015 have an exercise price of DKK 84.90 [70.75; 58.96; 49.13]. No options can be redeemed at the end of the respective periods.

## FAIR VALUE AND ASSUMPTIONS REGARDING EQUITY-SETTLED OPTIONS

At the time of allocation in 2011 and 2012, the two options were valued as follows. The share value corresponds to the main owners acquisition price in 2011, which also in all material respect was assumed to be un-changed in 2012.

	Option 1	Option 2
<b>Group</b>		
Fair value at the time of subscription/acquisition	3.60	0.76
Share value	34.60	34.60
Exercise price at anticipated exit (average)	47.07	71.75
Expected volatility	25%	25%
Duration of the warrants at anticipated exit (average)	4 years	4 years
Anticipated dividend	0	0
Risk-free interest rate	0.75%	0.75%

The anticipated volatility is based on historical volatility (calculated based on the weighed average remaining duration for the options). The options have been acquired at market price.

## NOTE 9 AUDIT FEES AND EXPENSES

SEK thousand	2015	2014	2013	2012
<b>Group</b>				
PwC				
Statutory audit	1,800	1,596	1,825	1,922
Other assurance engagements	0	63	0	130
Tax consulting	225	165	389	347
Other services	2,378	253	438	331
	<b>4,403</b>	<b>2,077</b>	<b>2,652</b>	<b>2,730</b>
<b>Other auditors</b>				
Statutory audit	192	186	196	159
Tax consulting	76	55	59	86
Other services	0	40	111	329
	<b>268</b>	<b>281</b>	<b>366</b>	<b>574</b>

**NOTE 10 NET FINANCE ITEMS**

SEK thousand	2015	2014	2013	2012
<b>Group</b>				
Interest income	146	262	808	1,352
Dividend	346	453	53	87
Net change in value of interest-rate swaps	0	258	0	0
Net exchange-rate changes	0	2,916	0	0
Other financial income	55	0	0	0
<b>Finance income</b>	<b>547</b>	<b>3,889</b>	<b>861</b>	<b>1,439</b>
Interest expenses on loans at amortised cost	-24,195	-27,914	-28,566	-32,785
Net change in value of interest-rate swaps	0	0	-241	-3,090
Net exchange-rate changes	-633	0	-365	-2,256
Other financial expenses	-2,564	-1,246	-1,767	-246
<b>Finance costs</b>	<b>-27,392</b>	<b>-29,160</b>	<b>-30,939</b>	<b>-38,377</b>
<b>Net finance items</b>	<b>-26,845</b>	<b>-25,271</b>	<b>-30,078</b>	<b>-36,938</b>

All interest income and expenses are attributable to items valued at amortised cost except with regard to interest coupons on interest-rate swaps, which amount to SEK 0 (-1,235; -6,434; -4,590) thousand.

Interest expenses include period-allocated arrangement fee for liabilities to credit institutions in an amount of SEK 2,644 (2,622; 2,602; 2,605) thousand.

**NOTE 11 TAXES****RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS AND STATEMENT OF OTHER COMPREHENSIVE INCOME**

SEK thousand	2015	2014	2013	2012
<b>Group</b>				
<b>Current tax expense (-)/tax revenue(+)</b>				
Tax expense for the period	-26,966	-21,247	-18,636	-9,320
Adjustment of tax attributable to earlier years	0	0	0	0
	<b>-26,966</b>	<b>-21,247</b>	<b>-18,636</b>	<b>-9,320</b>
<b>Deferred tax expense (-)/tax revenue(+)</b>				
Deferred tax for temporary differences	-6,888	1,889	-2,485	-6,071
Deferred tax resulting from changes in tax rates	0	0	-67	2,419
	<b>-6,888</b>	<b>1,889</b>	<b>-2,552</b>	<b>-3,652</b>
<b>Total reported tax expense in the Group</b>	<b>-33,854</b>	<b>-19,358</b>	<b>-21,188</b>	<b>-12,972</b>

**Reconciliation of effective tax**

Group	2015		2014		2013		2012	
SEK thousand		%		%		%		%
Profit/loss before tax	115,797		96,246		92,158		40,134	
Tax according to current tax rate for the Parent Company	-27,212	23.5	-23,580	24.5	-23,040	25.0	-10,034	25.0
Effect of other tax rates for foreign subsidiaries	896	-0.8	2,508	-2.6	1,595	-1.7	-985	2.5
Non-deductible expenses	-8,063	7.0	-1,008	1.0	-669	0.7	-1,626	4.1
Non-taxable revenues	85	-0.1	882	-0.9	1,375	-1.5	131	-0.3
Result from participations in associated companies	1,305	-1.1	1,787	-1.9	-304	0.3	1,218	-3.0
Increase in loss carry-forwards without corresponding capitalisation of deferred tax	-659	0.6	-1,211	1.3	0	-	-6,942	17.3
Utilisation of earlier, non-capitalised loss carry-forwards	0	-	0	-	656	-0.7	0	-
Effect of changed tax rates/and tax regulations	0	-	0	-	-67	0.1	2,419	-6.0
Other	-206	0.2	1,264	-1.3	-734	0.8	2,847	-7.1
<b>Reported effective tax</b>	<b>-33,854</b>	<b>29.2</b>	<b>-19,358</b>	<b>20.1</b>	<b>-21,188</b>	<b>23.0</b>	<b>-12,972</b>	<b>32.3</b>

## NOTE 11 CONT

## RECOGNISED IN THE BALANCE SHEET

## Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are primarily long term and pertain to the following:

## Group

SEK thousand	Deferred tax 2015		
	Asset	Liability	Net
Property, plant and equipment	0	10,411	-10,411
Intangible assets	0	2,406	-2,406
Inventory	985	0	985
Other current liabilities	975	0	975
Untaxed reserves	0	17,094	-17,094
Other	251	2,119	-1,868
Tax assets/liabilities	2,211	32,030	-29,819
Offset	-2,211	-2,211	0
<b>Tax assets/liabilities, net</b>	<b>0</b>	<b>29,819</b>	<b>-29,819</b>

SEK thousand	Deferred tax 2014		
	Asset	Liability	Net
Property, plant and equipment	0	10,935	-10,935
Intangible assets	0	3,507	-3,507
Other current liabilities	4,819	0	4,819
Untaxed reserves	0	13,284	-13,284
Other	747	2,091	-1,344
Tax assets/liabilities	5,566	29,817	-24,251
Offset	-5,287	-5,287	0
<b>Tax assets/liabilities, net</b>	<b>279</b>	<b>24,530</b>	<b>-24,251</b>

SEK thousand	Deferred tax 2013		
	Asset	Liability	Net
Property, plant and equipment	0	11,074	-11,074
Intangible assets	0	4,374	-4,374
Other current liabilities	504	0	504
Untaxed reserves	0	9,897	-9,897
Other	876	1,874	-998
Tax assets/liabilities	1,380	27,219	-25,839
Offset	-964	-964	0
<b>Tax assets/liabilities, net</b>	<b>416</b>	<b>26,255</b>	<b>-25,839</b>

SEK thousand	Deferred tax 2012		
	Asset	Liability	Net
Property, plant and equipment	0	12,572	-12,572
Intangible assets	0	5,758	-5,758
Other current liabilities	1,776	0	1,776
Untaxed reserves	0	6,187	-6,187
Loss carry-forwards	26	0	26
Other	1,079	2,005	-926
Tax assets/liabilities	2,881	26,522	-23,641
Offset	-2,225	-2,225	0
<b>Tax assets/liabilities, net</b>	<b>656</b>	<b>24,297</b>	<b>-23,641</b>

## NON-RECOGNISED DEFERRED TAX ASSETS

Tax loss carry-forwards for which deferred tax assets have not been recognised in the income statement and balance sheet amount to SEK 13,616 (13,513; 13,835; 13,959) thousand, of which 10,935 expires between 2021–2022 and the remaining amount between 2023–2025.

## NOTE 11 CONT

## CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSS CARRY-FORWARDS

Group SEK thousand	Balance as per 1 Jan 2015	Recognised in profit/loss for the year	Recognised in other compre- hensive income	Acquisition/ Divestment of business	Balance as per 31 Dec 2015
Property, plant and equipment	-10,935	454	70		-10,411
Intangible assets	-3,507	842	259		-2,406
Inventory	0	985			985
Other current liabilities	4,819	-4,819	975		975
Untaxed reserves	-13,284	-3,810			-17,094
Loss carry-forwards	0				0
Other	-1,344	-540	16		-1,868
	<b>-24,251</b>	<b>-6,888</b>	<b>1,320</b>	<b>0</b>	<b>-29,819</b>

SEK thousand	Balance as per 1 Jan 2014	Recognised in profit/loss for the year	Recognised in other compre- hensive income	Acquisition/ Divestment of business	Balance as per 31 Dec 2014
Property, plant and equipment	-11,074	480	-341		-10,935
Intangible assets	-4,374	876	-9		-3,507
Other current liabilities	0	4,819			4,819
Untaxed reserves	-9,897	-3,387			-13,284
Loss carry-forwards	0	0	0		0
Other	-494	-899	49		-1,344
	<b>-25,839</b>	<b>1,889</b>	<b>-301</b>	<b>0</b>	<b>-24,251</b>

SEK thousand	Balance as per 1 Jan 2013	Recognised in profit/loss for the year	Recognised in other compre- hensive income	Acquisition/ Divestment of business	Balance as per 31 Dec 2013
Property, plant and equipment	-12,572	1,713	-215		-11,074
Intangible assets	-5,758	885	499		-4,374
Untaxed reserves	-6,187	-3,710			-9,897
Loss carry-forwards	26	-22	-4		0
Other	850	-1,418	-6	80	-494
	<b>-23,641</b>	<b>-2,552</b>	<b>274</b>	<b>80</b>	<b>-25,839</b>

SEK thousand	Balance as per 1 Jan 2012	Recognised in profit/loss for the year	Recognised in other compre- hensive income	Acquisition/ Divestment of business	Balance as per 31 Dec 2012
Property, plant and equipment	-14,764	1,987	205		-12,572
Intangible assets	0	776	78	-6,612	-5,758
Untaxed reserves	-5,500	-687			-6,187
Loss carry-forwards	5,855	-6,167	338		26
Other	463	439	-52		850
	<b>-13,946</b>	<b>-3,652</b>	<b>569</b>	<b>-6,612</b>	<b>-23,641</b>

## NOTE 12 OPERATING COSTS BY NATURE

Group SEK thousand	2015	2014	2013	2012
Material costs and goods for resale	821,845	871,576	864,612	894,913
Change in inventory of finished goods and work in progress	13,871	-22,166	16,212	3,006
Employee benefits	395,721	385,088	369,625	343,221
Depreciation/amortisation	21,965	21,483	18,883	19,949
Other external costs	355,057	293,417	278,980	341,494
Other operating expenses	8,995	24,891	3,489	2,577
	<b>1,617,454</b>	<b>1,574,289</b>	<b>1,551,801</b>	<b>1,605,160</b>

**NOTE 13 EARNINGS PER SHARE****EARNINGS PER SHARE**

SEK	2015	2014	2013	2012
Earnings per share before and after dilution	7.09	6.71	6.15	2.40

The calculation of the numerator and denominator used in the above calculations of earnings per share is presented below.

**Profit/loss for the year attributable to Parent Company shareholders, before and after dilution**

SEK thousand	2015	2014	2013	2012
Profit/loss attributable to Parent Company shareholders, before and after dilution	81,835	77,506	70,977	26,832

**Weighted average number of outstanding shares, before and after dilution**

In shares	2015	2014	2013	2012
Total number of shares, 1 January	11,546,831	11,546,831	11,546,831	10,256,751
Effect of new share issues	0	0	0	913,456
<b>Weighted average number of shares during the year, before and after dilution</b>	<b>11,546,831</b>	<b>11,546,831</b>	<b>11,546,831</b>	<b>11,170,207</b>

Weighted average number of shares has been affected by new share issues conducted on four occasions during 2012.

**INSTRUMENTS THAT CAN CAUSE FUTURE DILUTION EFFECTS**

In 2011–2015, the Company had an outstanding option programme. Due to estimated market value of ordinary shares compared to the exercise prices and the numbers of outstanding options this option programme is considered to have only a very limited potential dilution effect. These options are therefore excluded from the calculation of earnings per share after dilution.

All options can be exercised in connection with the sale or listing of the Group or in the period 1 June – 30 June 2021 if a sale or listing has not taken place before this period. Upon the exercise of all options, the number of ordinary shares would increase by 1,036,911.

**NOTE 14 GOODWILL**

Group	2015	2014	2013	2012
<b>SEK thousand</b>				
<b>Accumulated cost</b>				
Opening balance	614,139	590,072	581,620	562,251
Acquisitions	0	4,029	0	31,329
Exchange-rate differences for the year	-15,733	20,038	8,452	-11,960
<b>Closing balance</b>	<b>598,406</b>	<b>614,139</b>	<b>590,072</b>	<b>581,620</b>
<b>Carrying amounts</b>				
At 1 January	614,139	590,072	581,620	562,251
<b>At 31 December</b>	<b>598,406</b>	<b>614,139</b>	<b>590,072</b>	<b>581,620</b>

Consolidated goodwill consists of strategic goodwill that has arisen in business acquisitions. The main goodwill arose in 2011 in connection with the establishment of the Group, which is earlier than the date of transition to IFRS. Therefore, goodwill for instance comprises of customer relations, brands, the franchise concept and royalty and is allocated to segments in accordance with the agreed acquisition prices for the respective company and business.

Effective as of 1 January 2012, the Group's contracting operations were incorporated. In connection with this incorporation, goodwill was allocated between the segments in relation to expected discounted cash flows.

**Impairment testing for cash-generating units containing goodwill**

The Company has identified the following cash-generating units that contain goodwill:

SEK thousand	Carrying amount			
	2015	2014	2013	2012
Products & Solutions	531,675	544,628	524,743	518,676
Installation Services	66,731	69,511	65,329	62,944
	<b>598,406</b>	<b>614,139</b>	<b>590,072</b>	<b>581,620</b>

The recoverable amount for the respective segment has been based on its value in use. This value is based on forecast cash flows established in company management's business forecast for the upcoming three years. The cash flows have then been assumed to grow by 2% (2%; 2%; 2%) per year. The cash flows have been present value calculated with a discount rate before tax of 10.2% (10.2%; 11.5%; 10.6%) for Products & Solutions and 9.6% (10.1%; 11.4%; 10.5%) for Installation Services, respectively.

**NOTE 14 CONT**

Important assumptions in the business forecast that affect the estimate of the cash flows are presented below. The important assumptions used and the types of assessments made for the respective segments are similar to each other, even if cost structure and margin levels differ. The description below therefore applies to both segments.

Important variables	Estimation method
Sales growth	Forecasts of future sales are based on assessments of sales volumes and prices. Forecasts of the development of volumes and prices in future years are based on current market situations in the various submarkets and on an assessment of how they are expected to develop in the near future. The forecast largely agrees with external information sources (approx. 2%) and prior experiences, with the difference that the prevailing market situation and thereby tough competition set pressure on volumes and prices for Installation Services.
Prices on input goods	Significant input goods are comprised of petroleum-based products. The price trend on these has been beneficial in the most recent period and based on the expected future development on the commodities market, today's development has been extrapolated and forecast in five years to increase to a level in excess of today's levels, which have historically been affected by the so-called supercycle for commodities. The forecast agrees with external information sources.
Personnel costs	The forecast for personnel costs is based on expected inflation, some real salary growth (historical average) and planned efficiency enhancements to the company's production (according to a set three-year plan). The forecast agrees with earlier experiences and external information sources.

Testing has not led to any impairment losses and company management assesses that no reasonably possible changes in important assumptions would mean that the recoverable amount would drop below the carrying amount.

**NOTE 15 OTHER INTANGIBLE ASSETS**

Group			
SEK thousand	Software	Customer relationships	Total
<b>Accumulated cost</b>			
Opening balance, 1 January 2012	2,044	0	2,044
Investments for the year	0	23,617	23,617
Reclassification	-17	0	-17
Exchange-rate differences for the year	-4	-273	-277
<b>Closing balance, 31 December 2012</b>	<b>2,023</b>	<b>23,344</b>	<b>25,367</b>
<b>Accumulated amortisation and impairment</b>			
Opening balance, 1 January 2012	-831	0	-831
Amortisation for the year	-862	-2,772	-3,634
Reclassification	9	0	9
Exchange-rate differences for the year	1	-7	-6
<b>Closing balance, 31 December 2012</b>	<b>-1,683</b>	<b>-2,779</b>	<b>-4,462</b>
<b>Carrying amounts</b>			
At 1 January 2012	1,213	0	1,213
<b>At 31 December 2012</b>	<b>340</b>	<b>20,565</b>	<b>20,905</b>
<b>2013</b>			
SEK thousand	Software	Customer relationships	Total
<b>Accumulated cost</b>			
Opening balance, 1 January 2013	2,023	23,344	25,367
Investments for the year	0	0	0
Reclassification	-90	0	-90
Exchange-rate differences for the year	-43	-2,184	-2,227
<b>Closing balance, 31 December 2013</b>	<b>1,890</b>	<b>21,160</b>	<b>23,050</b>
<b>Accumulated amortisation and impairment</b>			
Opening balance, 1 January 2013	-1,683	-2,779	-4,462
Amortisation for the year	-310	-3,161	-3,471
Reclassification	60	0	60
Exchange-rate differences for the year	43	398	441
<b>Closing balance, 31 December 2013</b>	<b>-1,890</b>	<b>-5,542</b>	<b>-7,432</b>
<b>Carrying amounts</b>			
At 1 January 2013	340	20,565	20,905
<b>At 31 December 2013</b>	<b>0</b>	<b>15,618</b>	<b>15,618</b>

## NOTE 15 CONT

SEK thousand	Software	Customer relationships	Total
<b>Accumulated cost</b>			
Opening balance, 1 January 2014	1,890	21,160	23,050
Investments for the year	0	0	0
Reclassification	0	0	0
Exchange-rate differences for the year	0	-128	-128
<b>Closing balance, 31 December 2014</b>	<b>1,890</b>	<b>21,032</b>	<b>22,922</b>
<b>Accumulated amortisation and impairment</b>			
Opening balance, 1 January 2014	-1,890	-5,542	-7,432
Amortisation for the year	0	-3,130	-3,130
Reclassification	0	0	0
Exchange-rate differences for the year	0	159	159
<b>Closing balance, 31 December 2014</b>	<b>-1,890</b>	<b>-8,513</b>	<b>-10,403</b>
<b>Carrying amounts</b>			
At 1 January 2014	0	15,618	15,618
<b>At 31 December 2014</b>	<b>0</b>	<b>12,519</b>	<b>12,519</b>

SEK thousand	Software	Customer relationships	Total
<b>Accumulated cost</b>			
Opening balance, 1 January 2015	1,890	21,032	22,922
Investments for the year	0	0	0
Reclassification	0	0	0
Exchange-rate differences for the year	0	-1,919	-1,919
<b>Closing balance, 31 December 2015</b>	<b>1,890</b>	<b>19,113</b>	<b>21,003</b>
<b>Accumulated amortisation and impairment</b>			
Opening balance, 1 January 2015	-1,890	-8,513	-10,403
Amortisation for the year	0	-2,993	-2,993
Reclassification	0	0	0
Exchange-rate differences for the year	0	1,043	1,043
<b>Closing balance, 31 December 2015</b>	<b>-1,890</b>	<b>-10,463</b>	<b>-12,353</b>
<b>Carrying amounts</b>			
At 1 January 2015	0	12,519	12,519
<b>At 31 December 2015</b>	<b>0</b>	<b>8,650</b>	<b>8,650</b>

The Group's customer relationships have arisen in connection with business acquisitions.

Amortizations are included in the following items in the consolidated statement of profit or loss:

SEK thousand	2015	2014	2013	2012
Cost of goods sold	2,993	3,130	3,161	2,772
Administrative expenses	0	0	310	862
	<b>2,993</b>	<b>3,130</b>	<b>3,471</b>	<b>3,634</b>

## NOTE 16 PROPERTY, PLANT AND EQUIPMENT

Group	Buildings and Land	Machinery	Equipment & tools	Construction in progress	Total
<b>Accumulated cost</b>					
Opening balance, 1 January 2012	107,816	44,598	25,694	12,753	190,861
Acquisitions	4,444	1,324	297	0	6,065
Investments for the year	0	3,007	735	15,420	19,162
Divestments and disposals	0	0	-110	0	-110
Reclassification	0	14,654	-3,405	-11,222	27
Exchange-rate differences for the year	-2,417	-876	-345	-10	-3,648
<b>Closing balance, 31 December 2012</b>	<b>109,843</b>	<b>62,707</b>	<b>22,866</b>	<b>16,941</b>	<b>212,357</b>
<b>Accumulated depreciation and impairment</b>					
Opening balance, 1 January 2012	-4,125	-7,448	-2,414	0	-13,987
Depreciation for the year	-4,000	-8,290	-4,025	0	-16,315
Exchange-rate differences for the year	125	176	68	0	369
<b>Closing balance, 31 December 2012</b>	<b>-8,000</b>	<b>-15,562</b>	<b>-6,371</b>	<b>0</b>	<b>-29,933</b>
<b>Carrying amounts</b>					
At 1 January 2012	103,691	37,150	23,280	12,753	176,874
<b>At 31 December 2012</b>	<b>101,843</b>	<b>47,145</b>	<b>16,495</b>	<b>16,941</b>	<b>182,424</b>

## NOTE 16 CONT

Group	Buildings and Land	Machinery	Equipment & tools	Construction in progress	Total
<b>SEK thousand</b>					
<b>Accumulated cost</b>					
Opening balance, 1 January 2013	109,843	62,707	22,866	16,941	212,357
Investments for the year	0	3,052	363	20,373	23,788
Divestments and disposals	-12,493	-206	-4	0	-12,703
Reclassification	241	28,427	2,776	-31,181	263
Exchange-rate differences for the year	1,645	890	-22	-15	2,498
<b>Closing balance, 31 December 2013</b>	<b>99,236</b>	<b>94,870</b>	<b>25,979</b>	<b>6,118</b>	<b>226,203</b>
<b>Accumulated depreciation and impairment</b>					
Opening balance, 1 January 2013	-8,000	-15,562	-6,371	0	-29,933
Acquisitions	0	0	0	0	0
Depreciation for the year	-3,668	-7,693	-4,051	0	-15,412
Divestments and disposals	561	0	0	0	561
Exchange-rate differences for the year	-120	-221	6	0	-335
<b>Closing balance, 31 December 2013</b>	<b>-11,227</b>	<b>-23,476</b>	<b>-10,416</b>	<b>0</b>	<b>-45,119</b>
<b>Carrying amounts</b>					
At 1 January 2013	101,843	47,145	16,495	16,941	182,424
<b>At 31 December 2013</b>	<b>88,009</b>	<b>71,394</b>	<b>15,563</b>	<b>6,118</b>	<b>181,084</b>
<b>Accumulated cost</b>					
Opening balance, 1 January 2014	99,236	94,870	25,979	6,118	226,203
Acquisitions	37	0	563	0	600
Investments for the year	0	2,373	1,975	10,907	15,255
Divestments and disposals	0	0	-30	0	-30
Reclassification	-420	3,019	6,109	-9,554	-846
Exchange-rate differences for the year	3,309	1,588	680	4	5,581
<b>Closing balance, 31 December 2014</b>	<b>102,162</b>	<b>101,850</b>	<b>35,276</b>	<b>7,475</b>	<b>246,763</b>
<b>Accumulated depreciation and impairment</b>					
Opening balance, 1 January 2014	-11,227	-23,476	-10,416	0	-45,119
Depreciation for the year	-3,261	-11,575	-3,517	0	-18,353
Exchange-rate differences for the year	-485	-555	-274	0	-1,314
<b>Closing balance, 31 December 2014</b>	<b>-14,973</b>	<b>-35,606</b>	<b>-14,207</b>	<b>0</b>	<b>-64,786</b>
<b>Carrying amounts</b>					
At 1 January 2014	88,009	71,394	15,563	6,118	181,084
<b>At 31 December 2014</b>	<b>87,189</b>	<b>66,244</b>	<b>21,069</b>	<b>7,475</b>	<b>181,977</b>
<b>Accumulated cost</b>					
Opening balance, 1 January 2015	102,162	101,850	35,276	7,475	246,763
Investments for the year	0	5,493	1,960	19,953	27,406
Divestments and disposals	0	0	-247	0	-247
Reclassification	133	6,219	1,517	-7,869	0
Exchange-rate differences for the year	-2,230	-1,268	-921	-16	-4,435
<b>Closing balance, 31 December 2015</b>	<b>100,065</b>	<b>112,294</b>	<b>37,585</b>	<b>19,543</b>	<b>269,487</b>
<b>Accumulated depreciation and impairment</b>					
Opening balance, 1 January 2015	-14,973	-35,606	-14,207	0	-64,786
Depreciation for the year	-3,253	-11,400	-4,319	0	-18,972
Exchange-rate differences for the year	397	524	443	0	1,364
<b>Closing balance, 31 December 2015</b>	<b>-17,829</b>	<b>-46,482</b>	<b>-18,083</b>	<b>0</b>	<b>-82,394</b>
<b>Carrying amounts</b>					
At 1 January 2015	87,189	66,244	21,069	7,475	181,977
<b>At 31 December 2015</b>	<b>82,236</b>	<b>65,812</b>	<b>19,502</b>	<b>19,543</b>	<b>187,093</b>

**NOTE 16 CONT**

Depreciations are included in the following items in the consolidated statement of profit or loss:

SEK thousand	2015	2014	2013	2012
Cost of goods sold	16,927	16,152	13,507	14,073
Selling expenses	874	757	567	385
Administrative expenses	1,171	1,444	1,300	1,824
Research and development expenses	0	0	38	33
	<b>18,972</b>	<b>18,353</b>	<b>15,412</b>	<b>16,315</b>

**FINANCE LEASES**

In 2010, a finance lease was signed regarding energy optimisation and energy saving measures at one of the Group's production units. The equipment was commissioned in 2011. The lease runs over 6 years and the Company then has a possibility to acquire the object for a guaranteed residual value. Also refer to Note 26.

Group	2015	2014	2013	2012
Carrying amount of assets under finance lease	2,967	3,514	4,061	4,608

**NOTE 17 PARTICIPATIONS IN ASSOCIATED COMPANIES**

The Group has assessed that no significant holdings in any individual associated company exist. Assuming no significant holdings exists, there is no consolidation in the case of only temporary holdings exceeding 50% and controlling interest exists. Specified below, a summary of financial information for non-significant holdings in associated companies are shown, based on the amounts included in the consolidated financial statements.

Group	2015	2014	2013	2012
SEK thousand				
Carrying amount at beginning of the year	19,087	21,352	15,188	19,345
Acquisitions of associated companies	336	369	2,305	0
Divestment of associated companies	-526	-1,815	-700	0
Reclassification from associated companies to subsidiaries	0	0	0	-3,831
Dividend for the year	-6,946	-7,226	-3,356	-3,443
Participations in associated company profits	5,554	7,369	4,216	4,834
Reclassification	0	929	8,498	-1,214
Impairment losses	0	-1,835	-5,322	0
Translation difference for the year	-921	-56	523	-503
<b>Carrying amount at the end of the year</b>	<b>16,584</b>	<b>19,087</b>	<b>21,352</b>	<b>15,188</b>
Group				
Share of profit in associated companies	5,554	7,369	-1,106	4,834
Other comprehensive income	19	149	154	-113
<b>Total comprehensive income</b>	<b>5,573</b>	<b>7,518</b>	<b>-952</b>	<b>4,721</b>

**SPECIFICATION OF HOLDINGS OF PARTICIPATIONS IN ASSOCIATED COMPANIES**

Associated company	Domicile	2015	2014	2013	2012
		Voting and capital share in %			
Takkonsulten i Helsingborg AB	Helsingborg, Sweden	25%	25%	25%	25%
Norrlands Tak AB, NOTAB	Skellefteå, Sweden	0%	0%	0%	33%
AB Tätskiktsgarantier i Norden	Sundsvall, Sweden	50%	50%	50%	50%
Katto 2000 Oy	Helsinki, Finland	0%	0%	20%	20%
Phønix Tag Esbjerg A/S	Esbjerg, Denmark	40%	40%	40%	40%
Phønix Tag Vejle A/S	Vejle, Denmark	40%	40%	40%	40%
Phønix Tag Nordsjælland A/S	Fredensborg, Denmark	40%	70%	70%	40%
Jysk Tagentreprise A/S	Ålborg, Denmark	0%	0%	0%	40%
Phønix Tag Nordjylland A/S	Ålborg, Denmark	40%	40%	40%	40%
Phønix Tag Holbæk/Næstved A/S	Naestved, Denmark	40%	40%	40%	40%
Phønix Tag Fyn A/S	Odense, Denmark	40%	40%	40%	40%
Phønix Tag Århus A/S	Århus, Denmark	40%	40%	40%	40%
Hetag Tagdækning Sjælland A/S (dormant)	Taastrup, Denmark	100%	100%	100%	40%
Phønix Tag København A/S	Copenhagen, Denmark	66%	55%	70%	40%
Hetag Tagdækning Syd A/S	Hedensted, Denmark	40%	40%	40%	40%
Hetag Tagdækning Nord A/S	Risskov, Denmark	40%	40%	40%	40%
Nordisk Tagdækning A/S	Hvidovre, Denmark	40%	40%	40%	40%
Garantiselskabet Dansk Tagdækning A/S	Copenhagen, Denmark	50%	50%	50%	50%

**NOTE 18 OTHER INVESTMENTS**

Group				
SEK thousand	2015	2014	2013	2012
<b>Financial assets available for sale</b>				
Shares and participations	1,827	1,970	2,191	2,111
	<b>1,827</b>	<b>1,970</b>	<b>2,191</b>	<b>2,111</b>

This item is essentially comprised of shares in unlisted companies. The Company has deemed that the fair value of the shares have not been able to be estimated with sufficient reliability. The shares have therefore been valued at cost in accordance with the requirements in IAS 39. The shares belong to the measurement category "Financial assets available-for-sale" in IAS 39.

**NOTE 19 OTHER RECEIVABLES**

Group				
SEK thousand	2015	2014	2013	2012
<b>Other receivables that are current assets</b>				
VAT receivables	5,045	5,217	5,063	5,538
Pledged margins for bitumen derivatives	1,807	16,530	0	0
Fair value, currency derivatives	0	0	0	689
Balance on tax account	2,102	66	110	8
Other receivables	3,725	3,838	3,202	1,874
	<b>12,679</b>	<b>25,651</b>	<b>8,375</b>	<b>8,109</b>

**NOTE 20 INVENTORY**

Group				
SEK thousand	2015	2014	2013	2012
Raw materials and consumables	42,798	45,066	38,698	39,812
Finished goods and goods for resale	125,287	135,470	111,025	130,519
	<b>168,085</b>	<b>180,536</b>	<b>149,723</b>	<b>170,331</b>

All inventory items are recognized as cost of goods sold at the time of the sale or scrapping of products. No additional write-downs have been made other than the physical scrapping of products identified as being obsolete.

**NOTE 21 CONSTRUCTION CONTRACTS****RECEIVABLES FOR ON-GOING CONSTRUCTION CONTRACTS**

Group				
SEK thousand	2015	2014	2013	2012
Performed revenues on incomplete contracts	282,883	410,604	266,072	257,584
Invoicing on incomplete contracts	-261,270	-389,974	-239,055	-239,610
	<b>21,613</b>	<b>20,630</b>	<b>27,017</b>	<b>17,974</b>

**NOTE 22 TRADE RECEIVABLES**

Trade receivable are recognised after consideration is taken to bad debt losses arising during the year that amounted to SEK -948 (-205; -5,072; -3,002) thousand.

For more information on credit risk in trade receivable, refer to Note 30.

**NOTE 23 PREPAID EXPENSES**

Group				
SEK thousand	2015	2014	2013	2012
Prepaid sales and marketing expenses	996	1,539	1,651	2,023
Prepaid energy costs	300	292	504	549
Insurance	622	740	5,969	1,349
Rent	1,121	775	375	196
Other	2,892	1,774	3,177	5,536
	<b>5,931</b>	<b>5,120</b>	<b>11,676</b>	<b>9,653</b>

**NOTE 24 CASH AND CASH EQUIVALENTS**

Group				
SEK thousand	2015	2014	2013	2012
<b>The following subcomponents are included in cash and cash equivalents:</b>				
Cash and bank balances	181,305	138,800	60,667	42,253
Total as per balance sheet	181,305	138,800	60,667	42,253
<b>Total as per cash flow statement</b>	<b>181,305</b>	<b>138,800</b>	<b>60,667</b>	<b>42,253</b>

**NOTE 25 EQUITY****SHARE CAPITAL AND NUMBER OF SHARES**

<b>Stated in number of shares</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Issued as at 1 January	11,546,831	11,546,831	11,546,831	10,256,751
New share issue, February 2012	0	0	0	102,930
New share issue, April 2012	0	0	0	1,128,389
New share issue, June 2012	0	0	0	50,352
New share issue, September 2012	0	0	0	8,409
<b>Issued as at 31 December – paid</b>	<b>11,546,831</b>	<b>11,546,831</b>	<b>11,546,831</b>	<b>11,546,831</b>
<b>Number of shares by class:</b>				
Class A shares	5,182,493	5,182,493	5,182,493	5,182,493
Class B shares	52,349	52,349	52,349	52,349
Class C shares	4,118,226	4,118,226	4,118,226	4,118,226
Class D shares	41,598	41,598	41,598	41,598
Class E shares	2,152,165	2,152,165	2,152,165	2,152,165
	<b>11,546,831</b>	<b>11,546,831</b>	<b>11,546,831</b>	<b>11,546,831</b>

All shares have a quotient value of DKK 0.01.

Holders of ordinary shares are entitled to dividends determined in arrears and the shareholding entitles to voting rights at the general meeting with one vote per share. Shares in classes A–D have preference to dividends in an amount of SEK 1,508 thousand before dividends can be paid to shares in class E.

**RESERVES****Translation reserve**

The translation reserve includes all exchange-rate differences that arise in the translation of financial statements from foreign operations that have prepared their financial statements in a currency other than the currency that the consolidated financial statements are presented in. The Group presents its financial statements in SEK.

In addition, the translation reserve consists of exchange-rate differences that arise in the revaluation of liabilities that have been taken up as hedging instruments by a net investment in a foreign operation.

**Hedging reserve**

The hedging reserve includes unrealised fair value gains and losses on hedging instruments.

**RETAINED EARNINGS INCLUDING PROFIT FOR THE YEAR**

Retained earnings including profit for the year include profits earned in the Group. Earlier reservations to the statutory reserve, excluding transferred share premium reserves, are included in this equity item. The item also includes other equity contributed by the shareholders. This includes premiums paid in connection with new share issues.

**CAPITAL MANAGEMENT**

The Group strives to maintain a strong financial position that contributes to retaining the confidence of creditors and the market, which constitutes a basis for continued development of the business. The Group defines managed capital as total recognised equity.

The financial targets for Nordic Waterproofing Group, which are valid as from 2016, include a dividend policy and targets for the capital structure. Nordic Waterproofing aims to have an annual dividend of more than 50 percent of its net profit. The pay out decision will be based on the Group's financial position, investment needs, general economic and business conditions liquidity position as well as as general economic and business conditions. Net debt in relation to EBITDA before items affecting comparability (measured on a rolling-twelve months basis), excluding temporary deviations, shall not exceed 2.5 times. No dividend has been paid to the owners during 2012–2015, why leverage has decreased substantially and amounts to 0.7x EBITDA (1.4x; 2.2x; 3.1x) as per the end of the reporting period.

**NOTE 26 INTEREST-BEARING LIABILITIES**

Group				
SEK thousand	2015	2014	2013	2012
<b>Non-current liabilities</b>				
Bank loans	118,305	197,668	251,011	299,850
Vendor loan, Trelleborg AB	131,715	128,203	112,627	101,417
Finance lease liabilities	455	1,367	2,279	3,191
	<b>250,475</b>	<b>327,238</b>	<b>365,917</b>	<b>404,458</b>

The non-current part of bank loans has been reduced by SEK 450 (3,105; 5,673; 8,224) thousand with regard to period-allocated arrangement costs for bank loans.

Group				
SEK thousand	2015	2014	2013	2012
<b>Current liabilities</b>				
Overdraft facilities	0	0	0	11,718
Current part of bank loans	71,366	69,693	54,632	29,316
Current part of finance lease liabilities	912	912	912	912
	<b>72,278</b>	<b>70,605</b>	<b>55,544</b>	<b>41,946</b>

The current part of bank loans has been reduced by SEK 2,628 (2,653; 2,621; 2,602) thousand with regard to period-allocated arrangement costs for bank loans.

**FINANCE LEASE LIABILITIES**

Finance lease liabilities fall due for payment as per below:

Group	Minimum lease payments 2015	Interest 2015	Capital amount 2015
SEK thousand			
Within one year	1,088	176	912
Between one and five years	541	86	455
After more than five years	0	0	0
	<b>1,629</b>	<b>262</b>	<b>1,367</b>
SEK thousand	2014	2014	2014
Within one year	1,088	176	912
Between one and five years	1,629	262	1,367
After more than five years	0	0	0
	<b>2,717</b>	<b>438</b>	<b>2,279</b>
SEK thousand	2013	2013	2013
Within one year	1,088	176	912
Between one and five years	2,717	438	2,279
After more than five years	0	0	0
	<b>3,805</b>	<b>614</b>	<b>3,191</b>
SEK thousand	2012	2012	2012
Within one year	1,088	176	912
Between one and five years	3,805	614	3,191
After more than five years	0	0	0
	<b>4,893</b>	<b>790</b>	<b>4,103</b>

**NOTE 27 PENSIONS**

Commitments for retirement pensions and family pensions for white-collar employees in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a defined-benefit plan that comprises multiple employers. For the 2015 financial year, the Company has not had access to information that makes it possible to recognise this plan as a defined-benefit plan. The pension plan according to ITP is secured through insurance in Alecta is therefore recognised as a defined-contribution plan. The year's fees for pension insurance taken out in Alecta amount to SEK 5,075 (4,446; 3,644; 4,786) thousand. Alecta's surplus can be distributed to the policyholders and/or the beneficiaries. At the end of 2015, Alecta's surplus in the form of the collective solvency level amounted to 153% (143%; 148%; 129%). The collective solvency level is comprised of the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial assumptions, which is not in accordance with IAS 19.

**DEFINED-CONTRIBUTION PLANS**

In Sweden, the Group has defined-contribution pension plans for workers that are entirely paid by the companies. Outside Sweden, there are defined-contribution plans that are partially paid for by the subsidiaries and partially covered through fees that the employees pay.

Payment to these plans takes place on a running basis in accordance with the rules of the respective plan.

**Expenses for defined-contribution plans<sup>1)</sup>**

SEK thousand	2015	2014	2013	2012
Group	9,415	9,450	7,936	8,702

1) This includes SEK 5,075 (4,446; 3,644; 4,786) thousand for ITP plans financed in Alecta, see above.

Next year's expected contributions to defined-benefits plans covered by several employers, but recognised as if the plan was a defined-contribution plan amount to approximately SEK 5,100 thousand.

**NOTE 28 OTHER LIABILITIES**

Group				
SEK thousand	2015	2014	2013	2012
<b>Other current liabilities</b>				
Personnel-related liabilities	3,431	2,068	1,850	2,692
VAT liabilities	3,841	6,897	7,002	6,162
Fair value, commodity derivatives	4,410	21,806	804	1,089
Fair value, currency derivatives	0	0	1,493	0
Other liabilities	5,570	1,222	2,334	5,028
	<b>17,252</b>	<b>31,993</b>	<b>13,483</b>	<b>14,971</b>

**NOTE 29 ACCRUED EXPENSES**

Group				
SEK thousand	2015	2014	2013	2012
Personnel-related expenses	68,503	79,904	70,233	66,568
Interest expenses	8,565	8,421	7,780	7,325
Customer bonus	11,518	6,719	14,257	12,771
IPO-related expenses	13,744	0	0	0
Other	15,681	14,361	12,724	16,128
	<b>118,011</b>	<b>109,405</b>	<b>104,994</b>	<b>102,792</b>

**NOTE 30 FINANCIAL RISK AND FINANCE POLICIES****TREASURY POLICY AND FINANCIAL RISK MANAGEMENT**

The Group's treasury policy for the management of financial risks has been established by the Board and forms a framework of guidelines and rules in the form of risk mandates and limits for financing activities. The CFO is responsible for compliance to the policy and for reporting any deviations to the CEO, who in turn informs the Board. The Board updates and establishes the policy once a year, or more often if circumstances require.

The management of financial risks within Nordic Waterproofing is centralised to the Group's finance function ("Group Finance"), which also serves as the Group's internal bank.

The Board has identified the following financial risks as the most significant to the Group: liquidity and financing risk, interest rate risk, currency risk, raw material price risk and credit risk.

**LIQUIDITY AND FINANCING RISK**

Financing risk is defined in the finance policy as the risk that loans cannot be refinanced when necessary, that financing cannot be obtained or that refinancing is only possible at unfavorable terms. It is incumbent on Group Finance to continuously forecast the Group's liquidity requirements and to continuously maintain contracts with relevant credit institutions to maintain access to competitive financing.

The Group's non-current interest-bearing liabilities are primarily comprised of a bank loan in an amount of SEK 192,742 (273,119; 313,937; 339,992) thousand and of a loan from Trelleborg AB raised in connection with the acquisition of operations from Trelleborg AB in the formation of the Nordic Waterproofing Group in 2011. At the reporting date, the liability to Trelleborg AB amounted to SEK 131,715 (128,203; 112,627; 101,417) thousand.

The bank loan falls due on 31 January 2018, while the debt to Trelleborg AB falls due as 33% each on 31 Dec. 2018, 31 Dec. 2019 and 31 Dec. 2020 (including accrued interest at the respective date).

The bank loan is distributed over two facilities, of which one is repaid with accelerating amounts until full repayment has been made at 31 January 2017 while the other runs until 31 January 2018 without requiring repayment in instalments. The debt to Trelleborg AB also runs without requiring repayment in instalments. Both the bank loan and the Trelleborg loan contain change of control clauses.

The bank loan is also conditional on Nordic Waterproofing fulfilling certain covenants regarding the debt/equity ratio, interest coverage ratio, cash flow and investments. At the reporting date, the Group fulfilled all covenants.

Both the Group's bank loans and the liability to Trelleborg AB are raised in EUR. The Group's indebtedness is required to be restructured in connection with a market listing.

With the aim of managing the liquidity risk, the finance policy prescribes that the Group, with regard to seasonal variations, shall have a liquidity reserve consisting of cash and bank balances, current investments and unutilised credit facilities of at least SEK 40,000 thousand. If the liquidity reserve falls below, or is expected to fall below, this amount the Board shall be informed. At the reporting date, cash and cash equivalents amounted to SEK 181,305 (138,800; 60,667; 42,253) thousand. In addition, there were unutilised credit facilities in the form of overdraft facilities of EUR 14,400 (14,400; 13,000; 13,040) thousand, corresponding to SEK 131,544 (137,023; 128,779; 112,361) thousand.

The table below shows the maturity structure for the Group's financial liabilities including derivative liabilities. For each period, due dates are presented for capital amounts and payment of interest. For liabilities with variable interest, the future interest payments have been estimated based on the variable spot rate that applied on the reporting date.

Group	Contractual payments of capital amounts and interest						
	2015 SEK thousand	Nominal amounts	Jan–June 2016	July–Dec 2016	2017	2018 to 2021	After 2021
<b>Interest-bearing liabilities</b>							
Non-current interest-bearing liabilities							
Bank loans		118,755				118,755	
Vendor loan, Trelleborg AB		131,715				131,715	
Finance lease liabilities		455			455		
Current interest-bearing liabilities							
Bank loans		73,994		73,994			
Finance lease liabilities		912	456	456			
<b>Interest</b>		62,014	3,284	2,963	4,029	51,738	
<b>Non-interest-bearing liabilities</b>							
Trade payable		73,988	73,988				
Other current liabilities							
Derivatives		3,273	3,273				
Accrued interest expenses		8,565				8,565	
<b>Total</b>		<b>473,671</b>	<b>81,001</b>	<b>77,413</b>	<b>4,484</b>	<b>310,773</b>	<b>0</b>
Less bank balances		-181,305	-181,305				
<b>Net</b>		<b>292,366</b>	<b>-100,304</b>	<b>77,413</b>	<b>4,484</b>	<b>310,773</b>	<b>0</b>

## NOTE 30 CONT

Contractual payments of capital amounts and interest						
2014						
SEK thousand	Nominal amounts	Jan–June 2015	July–Dec 2015	2016	2017 to 2020	After 2020
<b>Interest-bearing liabilities</b>						
Non-current interest-bearing liabilities						
<i>Bank loans</i>	200,773			77,076	123,698	
<i>Vendor loan, Trelleborg AB</i>	128,203				128,203	
<i>Finance lease liabilities</i>	1,367			912	455	
Current interest-bearing liabilities						
<i>Bank loans</i>	72,346		72,346			
<i>Finance lease liabilities</i>	912	456	456			
<b>Interest</b>	82,907	4,732	4,414	6,619	67,141	
<b>Non-interest-bearing liabilities</b>						
Trade payable	78,226	78,226				
Other current liabilities						
<i>Derivatives</i>	6,498	6,498				
Accrued interest expenses	8,421				8,421	
<b>Total</b>	<b>579,653</b>	<b>89,912</b>	<b>77,216</b>	<b>84,606</b>	<b>327,918</b>	<b>0</b>
Less bank balances	-138,800	-138,800				
<b>Net</b>	<b>440,853</b>	<b>-48,888</b>	<b>77,216</b>	<b>84,606</b>	<b>327,918</b>	<b>0</b>

Contractual payments of capital amounts and interest						
2013						
SEK thousand	Nominal amounts	Jan–June 2014	July–Dec 2014	2015	2016 to 2019	After 2019
<b>Interest-bearing liabilities</b>						
Non-current interest-bearing liabilities						
<i>Bank loans</i>	256,684			67,985	188,699	
<i>Vendor loan, Trelleborg AB</i>	112,627				75,085	37,542
<i>Finance lease liabilities</i>	2,279			912	1,367	
Current interest-bearing liabilities						
<i>Bank loans</i>	57,253		57,253			
<i>Finance lease liabilities</i>	912	456	456			
<b>Interest</b>	99,135	5,449	5,195	8,611	76,120	3,760
<b>Non-interest-bearing liabilities</b>						
Trade payable	65,378	65,378				
Other current liabilities						
<i>Derivatives</i>	2,297	2,297				
Accrued interest expenses	7,780				7,780	
<b>Total</b>	<b>604,345</b>	<b>73,580</b>	<b>62,904</b>	<b>77,507</b>	<b>349,051</b>	<b>41,302</b>
Less bank balances	-60,667	-60,667				
<b>Net</b>	<b>543,678</b>	<b>12,913</b>	<b>62,904</b>	<b>77,507</b>	<b>349,051</b>	<b>41,302</b>

Contractual payments of capital amounts and interest						
2012						
SEK thousand	Nominal amounts	Jan–June 2013	July–Dec 2013	2014	2015 to 2018	After 2018
<b>Interest-bearing liabilities</b>						
Non-current interest-bearing liabilities						
<i>Bank loans</i>	308,074			55,163	252,911	
<i>Vendor loan, Trelleborg AB</i>	101,417				33,806	67,611
<i>Finance lease liabilities</i>	3,191			912	2,279	
Current interest-bearing liabilities						
<i>Bank loans</i>	31,918		31,918			
<i>Finance lease liabilities</i>	912	456	456			
<b>Interest</b>	112,179	5,912	5,767	10,463	79,277	10,760
<b>Non-interest-bearing liabilities</b>						
Trade payable	78,467	78,467				
Other current liabilities						
<i>Derivatives</i>	1,089	1,089				
Accrued interest expenses	7,325				7,325	
<b>Total</b>	<b>644,572</b>	<b>85,924</b>	<b>38,141</b>	<b>66,538</b>	<b>375,597</b>	<b>78,371</b>
Less bank balances	-42,253	-42,253				
<b>Net</b>	<b>602,319</b>	<b>43,671</b>	<b>38,141</b>	<b>66,538</b>	<b>375,597</b>	<b>78,371</b>

## NOTE 30 CONT

### INTEREST RATE RISK

Interest rate risk consists of the risk that a change of market rates has a negative impact on the consolidated statement of profit or loss or statement of financial position. The Group's bank loans run with variable interest in the form of EURIBOR 3M plus a margin. The business loan from Trelleborg AB runs with a 7% fixed interest that is capitalised on the debt until maturity.

At 31 December 2015, the Group had no outstanding hedges of interest rate risk. In spring 2014, an interest-rate swap was concluded that the Group entered into in spring 2011. On the interest-rate swap, the Group received variable interest and paid fixed interest. The swap was used to financially hedge the interest payments on the Group's bank loans that run with variable interest in the form of EURIBOR 3M.

### Sensitivity analysis, interest rate risk

An increase/decrease of EURIBOR 3M by 100 interest rate points would have increased/decreased the Group's annual interest expenses by approximately SEK 128 (1,366; 2,565; 3,018) thousand based on the size of the bank loans and finance lease liabilities less bank balances at the reporting date.

### CURRENCY RISK

Currency risk consists of the risk of negative impact on the consolidated statement of profit or loss, statement of financial position or statement of cash flows as a result of exchange-rate changes. Exposure to currency risk can be divided into transaction exposure and translation exposure.

### Transaction exposure

Transaction exposure is the risk of a negative impact on the consolidated profit due to changes in exchange rates that affect the value of a commercial transaction in a foreign currency relative to the functional currency for the Group company making the transaction. The Group has significant cash flows in foreign currencies (DKK, EUR, NOK and USD) that arise in the ordinary course of the Group's business. However, inflows and outflows of those foreign currencies are naturally well balanced and any net transaction exposure is therefore considered insignificant. Accordingly, only cash flows that are unusual for the Group are currency hedged, such as binding significant contracts in foreign currencies with longer durations than apply for normal transactions. As at 31 December 2015, there were no outstanding currency hedges.

### Translation exposure

Translation exposure arises in the translation of the statements of financial position and statements of profit or loss for foreign subsidiaries to SEK, which is the Group's presentation currency. The translation exposure is related to the subsidiaries in Finland, Belgium, the Netherlands, Denmark and Norway as the functional currency for these subsidiaries are EUR, DKK and NOK. A strengthened SEK compared to EUR, DKK and NOK will lead to negative translation differences and a weakened SEK will lead to positive translation differences. In accordance with the accounting policies these translation differences are recognised in other comprehensive income and accumulated in a special reserve, called a translation reserve. In 2015 the translation differences amounted to SEK -17,157 (17,912; 5,216; -7,378) thousand.

Part of the Group's borrowing in EUR is used to hedge the Group's net investments in the same currency, i.e. the translation exposure related to subsidiaries in Finland, Belgium and the Netherlands. The assets for these subsidiaries are at the reporting date SEK 155,295 (152,248; 160,974; 155,099) thousand compared to outstanding loans in SEK 324,464 (401,322; 426,564; 441,409) thousand, which means that the translation differences related to the subsidiaries in Finland, Belgium and the Netherlands are fully hedged. The part of exchange rate gains/losses on the loans in EUR related to the hedge of translation exposure is recognised in other comprehensive income, while the remaining part of the exchange rate gains/losses is recognised as finance income/costs in the consolidated statement of profit or loss. Gains/losses on the loans in EUR related to the hedge of translation exposure recognised in other comprehensive income amounted to SEK 5,075 (-10,329; -6,550; 6,577) thousand.

The net translation differences in other comprehensive income, which mainly related to Denmark and Norway, amounted to SEK -12,082 (7,583; -1,334; 801) thousand. At the reporting date the accumulated translation differences after tax recognised in the translation reserve amounted to SEK -5,867 (7,332; -2,523; -2,630) thousand.

The treasury policy does not allow translation exposures to be hedged using currency derivatives.

**NOTE 30 CONT****Sensitivity analysis, currency risk**

The Group has a significant exposure in EUR against SEK in that both the Group's bank loans and the vendor loan from Trelleborg AB are raised in EUR. A 10% strengthening/weakening of the EUR against the SEK would have affected the Group's net financial items by SEK +/- 14,316 [26,252; 36,590; 39,916] thousand, given the net liabilities that were outstanding on the reporting date (less cash holdings). Hereof SEK +/- 15,530 [15,225; 16,097; 15,510] thousand will effect other comprehensive income due to the hedge arrangements mentioned above and as set out in the below schedule:

SEK thousand	2015	2014	2013	2012
Bank loan and vendor loan in EUR	324,464	401,322	426,564	441,409
Bank balances in EUR	-181,305	-138,800	-60,667	-42,253
Net liabilities in EUR	143,159	262,522	365,897	399,156
Part of bank loan designated as net investment hedge instrument	155,295	152,248	160,974	155,099
The effect on the profit and loss statement and comprehensive income can be summarized as follows: (illustrating a 10% weakening of the EUR against SEK):				
<b>Profit and loss statement</b>				
Exhchange gain on bank and vendor loan	32,446	40,132	42,656	44,141
Exhchange loss on cash holdings	-18,131	-13,880	-6,067	-4,225
Hedge part of gain on bank and vendor loan	-15,530	-15,225	-16,097	-15,510
Net effect on profit and loss statement	-1,214	11,027	20,492	24,406
<b>Other comprehensive income</b>				
Translation loss on subsidiaries in EUR countries (Finland, Belgium and the Netherlands)	-15,530	-15,225	-16,097	-15,510
Hedge part of gain on bank and vendor loan	15,530	15,225	16,097	15,510
Net effect on comprehensive income	-	-	-	-
<b>Total effect profit &amp; loss statement and comprehensive income</b>	<b>-1,214</b>	<b>11,027</b>	<b>20,492</b>	<b>24,406</b>

An increase/decrease of DKK and NOK compared to SEK by 10% will result in translation differences of SEK 29,605 [32,426; 30,103; 27,605] thousand and SEK 2,031 [1,405; 1,160; 1,029] thousand respectively.

**RAW MATERIAL PRICE RISK**

Raw material price risk consists of the risk that changes in the price of raw materials have an unexpected impact on the consolidated statement of profit or loss, statement of financial position or statement of cash flows. Nordic Waterproofing is primarily exposed to the risk of price fluctuations on four kinds of raw materials: bitumen, SBS, polyester and EPDM. In 2015, these materials accounted for 64% of the Group's total raw materials costs. The largest exposure is in bitumen, the price of which is the most volatile in the short term. Derivative instruments based on HSFO (High Sulphur Fuel Oil) are used to hedge the Group's exposure to the price of bitumen, as there is a high correlation between the bitumen and HSFO price. As from December 2015 hedge accounting is applied as conditions for qualification are fulfilled.

**Sensitivity analysis, bitumen price**

A 10% increase/decrease in the price of bitumen would have impacted the statement of profit and loss in an amount of SEK +/- 13,148 [16,005; 16,398; 19,907] without taking into consideration the effect of fair value changes on any outstanding bitumen derivate contracts. Expressed as changes in the underlying HSFO price, a 10 USD per ton increase/decrease would have impacted the statement of profit and loss by approximately SEK +/- 2,995 [2,419; 2,331; 2,676] thousand. As at 31 December 2015 the forecasted purchase of bitumen for the first quarter of 2016 has been hedged corresponding to approximately 9,000 ton or 25% of the estimated annual purchase volume.

A 10% increase/decrease in the price of bitumen would have impacted the fair value of outstanding derivative instruments in an amount of SEK +/- 1,051 [2,771; 5,152; 3,868] thousand, which would have affected other comprehensive income for 2015 and the statement of profit or loss for 2012-2014 to a corresponding extent.

**CREDIT RISK****Commercial credit risk**

Commercial credit risk is comprised of the risk of losses if any of the Group's customers become insolvent and cannot fulfil their undertakings. Credit risk is managed locally at the respective business unit through internal procedures and controls for the evaluation and check of credit ratings from external credit rating companies. If deemed viable in relation to risk exposure, credit insurance can be used.

In 2015, no single customer accounted for more than 4.6 % of consolidated sales, and the five largest customers accounted for 12.9 % of consolidated sales.

On the reporting date, there is no significant concentration of credit exposure. The maximum credit risk exposure is apparent from the carrying amount for receivables in the statement of financial position.

**Age analysis, overdue unimpaired trade receivable**

Group	2015	2014	2013	2012
SEK thousand				
Trade receivable not overdue	96,359	98,054	106,915	93,279
Overdue 1-30 days	14,339	16,577	22,299	19,223
Overdue 31-90 days	5,087	5,876	10,296	8,035
Overdue > 90 days	2,165	2,995	2,426	8,091
Carrying amount	117,950	123,502	141,936	128,628
<b>Carrying amount</b>	<b>117,950</b>	<b>123,502</b>	<b>141,936</b>	<b>128,628</b>

**NOTE 30 CONT****Reserve for doubtful receivables**

Group				
SEK thousand	2015	2014	2013	2012
Opening balance	-4,141	-5,416	-4,606	-2,830
Reversal of previously applied impairment losses	41	601	433	34
Write-off of previous credit losses	2,922	1,232	3,873	1,192
Credit losses for the year	-948	-205	-5,072	-3,002
Exchange-rate differences for the year	75	-353	-44	0
<b>Closing balance</b>	<b>-2,051</b>	<b>-4,141</b>	<b>-5,416</b>	<b>-4,606</b>

All impaired trade receivables are overdue more than 90 days.

**Financial credit risk**

The financial activities in the Group entail an exposure to credit risks. The Group's exposure to financial credit risk is primarily comprised of receivables from banks in the form of bank balances. In addition to this, exposure arises through receivables from counter-parties linked to positive market values on derivative contracts entered into.

**FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The fair value of the fixed rate vendor loan is determined as the present value of the expected payments, discounted as a rate equal to the relevant EUR 0-coupon rates with addition of an estimated credit spread. Due to the fact that Nordic Waterproofing group has not entered into any significant financing agreements recently, the credit spread which is a significant input to the valuation is based on an estimate not supported by observable data (level 3 measurement in the IFRS 13 hierarchy).

SEK thousand	2015	2014	2013	2012
Fair value of vendor loan	155,407	152,247	128,744	119,383
Carrying amount of vendor loan (including rolled-up interest)	140,280	136,624	120,407	108,702

The carrying amounts of other financial assets and liabilities are considered to be reasonable estimates of the fair value of each class of financial assets and liabilities.

The fair value of bitumen derivatives has been established through a discount of the difference between the agreed price and future prices at the reporting date for the remaining contract period. Fair value for the Group's interest-rate swap is based on the valuation of the intermediate institute, the reasonability of which has been tested by a discount of estimated future cash flows according to the swap agreement's conditions and based on the market interest rate for similar instruments on the reporting date. All derivatives belong to Level 2 in the measurement hierarchy in IFRS 13.

**CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY**

The table below presents the carrying amounts for financial assets and liabilities by measurement category in IAS 39.

Group	Financial assets at fair value through profit or loss			
	2015	2014	2013	2012
<b>SEK thousand</b>				
<b>Financial assets at fair value</b>				
Other current receivables				
<i>Currency derivatives</i>	0	0	0	689
<b>Total financial assets at fair value</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>689</b>
	<b>Loans and receivables</b>			
<b>SEK thousand</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Financial assets not measured at fair value</b>				
Non-current receivables from associated companies	8,901	8,939	10,030	15,024
Current receivables from associated companies	10,805	8,489	13,186	18,088
Receivables for on-going construction contracts	21,613	20,630	27,017	17,974
Other current receivables	12,679	25,651	8,375	8,109
Accounts receivable	117,950	123,502	141,936	128,628
<b>Total financial assets not measured at fair value</b>	<b>171,948</b>	<b>187,211</b>	<b>200,544</b>	<b>187,823</b>
<b>Total financial assets</b>	<b>171,948</b>	<b>187,211</b>	<b>200,544</b>	<b>188,512</b>

The item "Other investments" is essentially comprised of unlisted shares and participations belonging to the measurement category "Financial assets available-for-sale" in IAS 39. For information on carrying amounts for these assets, refer to note 18.

## NOTE 30 CONT

SEK thousand	Financial liabilities at fair value through profit or loss			
	2015	2014	2013	2012
Financial liabilities at fair value				
Other non-current liabilities				
Interest-rate derivatives	0	0	0	7,686
Other current liabilities				
Interest-rate derivatives	0	0	1,493	0
Commodity derivatives*	4,410*	21,805	803	1,089
<b>Total financial liabilities at fair value</b>	<b>4,410</b>	<b>21,805</b>	<b>2,296</b>	<b>8,775</b>

SEK thousand	Financial liabilities at amortised cost			
	2015	2014	2013	2012
<b>Financial liabilities not measured at fair value</b>				
Non-current interest-bearing liabilities	250,475	327,238	365,917	404,458
Current interest-bearing liabilities	72,278	70,605	55,544	41,946
Trade payable	73,988	78,226	65,378	78,467
Other current liabilities	17,252	31,993	13,483	14,971
Accrued interest expenses	8,565	8,421	7,780	7,325
<b>Total financial liabilities not measured at fair value</b>	<b>422,558</b>	<b>516,483</b>	<b>508,102</b>	<b>547,167</b>
<b>Total financial liabilities</b>	<b>426,968</b>	<b>538,288</b>	<b>510,398</b>	<b>555,942</b>

\* Cash flow hedge as regards 2015.

All derivatives during 2012–2014 belong to the sub-category “held-for-trading” in IAS 39 since the Group does not apply hedge accounting. The Group has entered into these derivative contracts for the purpose of financially hedging exposure to interest-rate, currency and raw material price risks (see above).

Financial instruments measured at fair value in the balance sheet consist of financial derivatives used to hedge the price risk arising from highly probable future purchases of bitumen products. These are recognized in the balance sheet items Other

receivables and Other liabilities, and as from December 2015 hedge accounting is applied. The fair value of these commodity derivatives has been established through a discount of the difference between the agreed price and future prices at the reporting date for the remaining contract period. The fair value measurements belong to level 2 in the fair value hierarchy in IFRS 13. The carrying amounts of financial instruments not recognized at fair value constitute a reasonable approximation of their fair values.

## NOTE 31 OPERATIONELL LEASING

## LEASES WHERE THE COMPANY IS LESSEE

Future payments for leases that cannot be cancelled amount to:

Group	2015	2014	2013	2012
SEK thousand				
Within one year	21,640	23,157	20,189	19,517
Between one and five years	30,097	40,982	40,192	50,366
After more than five years	1,017	28	143	712
	<b>52,754</b>	<b>64,167</b>	<b>60,524</b>	<b>70,595</b>

Of the Group’s operating leases, most pertain to leases for properties and premises where operations are conducted.

Expensed payments for operating leases amount to:

Group	2015	2014	2013	2012
SEK thousand				
Minimum lease fees	23,559	23,775	21,299	21,016
Variable fees	37	253	171	147
<b>Total leasing costs</b>	<b>23,596</b>	<b>24,028</b>	<b>21,470</b>	<b>21,163</b>

No leased assets have been subleased.

## NOTE 32 INVESTMENT COMMITMENTS

## GROUP

During 2015, the Group has reached agreements to acquire fixed assets for SEK 4,702 (3,761; 2,899; 11,871) thousand.

**NOTE 33 PLEDGED ASSETS AND CONTINGENT LIABILITIES**

Group	2015-12-31	2014-12-31	2013-12-31	2012-12-31
<b>SEK thousand</b>				
<b>Carrying amount of assets pledged as collateral for Interest-bearing liabilities:</b>				
<i>In the form of pledged assets for own liabilities and provisions</i>				
First mortgage of EUR 7,000 thousand				
Land and buildings	21,138	23,115	22,949	23,171
Floating charge of EUR 36,500 thousand				
Plant and equipment	3,380	4,408	5,257	5,913
Inventory	34,658	52,712	44,655	43,419
Current receivables	16,297	21,734	28,519	25,981
Other	1,827	1,971	1,788	1,724
	<b>56,162</b>	<b>80,825</b>	<b>80,219</b>	<b>77,037</b>
Share pledge in subsidiaries				
Shares in Nordic Waterproofing Group AB	940,367	948,412	945,485	886,228
Total carrying amount of assets pledged as collateral	1,017,667	1,052,351	1,048,653	986,436

In addition to the above, the Group's significant brands have been pledged as collateral for Interest-bearing liabilities and other non-current liabilities.

**Contingent liabilities**

Guarantees for the benefit of subsidiaries	38,824	40,440	8,943	0
Guarantees for the benefit of associated companies	38,194	40,354	37,751	37,312
<b>Total contingent liabilities</b>	<b>77,018</b>	<b>80,794</b>	<b>46,694</b>	<b>37,312</b>

In the parent company security in the form of guarantee commitments have been made for the benefit of the Finnish subsidiaries completion guarantees for contractor projects in a maximum of EUR 4.5 million [EUR 4.5; 1.0; 0,0] (corresponding to SEK 38.8 [40.4; 8.9; 0,0] million at the reporting date), and a total of DKK 16.2 million [corresponding to SEK 19.8 [20.7; 19.4; 18.7] million at the reporting date] for the benefit of the Danish associated companies' credit commitments. The latter guarantees are, however, limited per company and amount to a maximum of DKK 1.5 million [corresponding to SEK 1.8 [1.9; 1.8; 1,8] million] for an individual associated company.

In addition to this, subsidiaries have guaranteed completion guarantees regarding associated companies' project corresponding to a maximum of SEK 18.4 [19.2; 18.0; 17.3] million, and a guarantee for leasing vehicles corresponding to SEK 0 [0.5; 0.4; 1.3] million.

On 20 November 2014, the Danish Competition and Consumer Authority (the "DCCA") conducted a dawn raid at – among others – the premises of the subsidiary Nordic Waterproofing A/S in Vejen in Denmark due to its involvement in the industry organization Danske Tagpapfabrikanter Brancheforening and especially in the independent industry council Tagpapbranchens Oplysningsråd (hereafter "TOR"). "TOR" issues industry standards for roofing materials under the name "TOR Godkendt". Nordic Waterproofing A/S has a seat on the board of TOR and the board of representative of TOR's product approval committee.

The dawn raid was conducted as a part of the DCCA's investigation of the industry for roofing materials in Denmark. On 17 September 2015, the DCCA issued a so-called Notice of Concern to Nordic Waterproofing A/S. The Notice of Concern states as the DCCA's preliminary hypothesis that Nordic Waterproofing A/S prepares, via TOR promulgates and applies TOR Guidelines in a manner, which is capable of restricting competition on the market for roofing materials.

Nordic Waterproofing A/S does not agree with the DCCA's preliminary hypothesis as expressed in the Notice of Concern. If the DCCA nonetheless decides that Nordic Waterproofing A/S is in breach of the competition rules, there is a certain exposure for a fine and civil actions for damages. Any fine would be calculated on the basis of the new Danish fining guidelines, which so far have never been applied in practice. The alleged outlined in the Notice of Concern would likely amount to a "serious infringement". According to the new guidelines, the basic amount of a fine for such infringement is DKK 4–20 million. However, as the Management does not expect the exposure to be significant in respect of the company's financial position and due to the significant uncertainty and the fact that the investigation is still on-going no provision has been made in the annual report.

Furthermore on 9 March 2016, Nordic Waterproofing A/S received a letter of claim from a competitor amounting to approximately DKK 53.5 million corresponding to SEK 65.5 million with regard to the on-going investigation mentioned above. As the investigation is still on-going, the Management of Nordic Waterproofing Group does not agree with the DCCA's preliminary hypothesis and finally that the Management finds that the claim is unsubstantiated/unfounded no provision has been made in the annual report.

**NOTE 34 RELATED PARTIES****RELATED PARTY RELATIONSHIPS**

The Group has related party relationships with the associated companies stated in Note 17. The Parent Company also has a related party relationship with its subsidiaries; see Note 35.

Associated companies are companies over which the Group has a significant, but not a controlling influence over the operational and financial governance, usually through an interest of between 20 and 50% of the number of votes. The interest can temporarily exceed 50%, however as the intention of the Group is to remain a minority owner the interest shall decrease as soon as possibly viable. Therefore, temporary ownership exceeding 50% does not change the status of a associated company to subsidiary unless effects are considered to be substantial. The vast majority of the associated companies in the Group are customers to the Danish subsidiaries, and also franchisees where they have access to the concepts and brands Phoenix Tag and Hetag Tagdækning.

**COMPILATION OF RELATED PARTY TRANSACTIONS**

Group		Sale of goods/ services and royalties to related parties	Purchases of goods/ services from related parties	Other (e.g. interest, dividends)	Receivables on related parties at 31 December	Liabilities to related parties at 31 December
SEK thousand	Year					
Related party relationship	Year					
Associated companies	2015	142,591	0	7,298	19,706	0
Associated companies	2014	115,556	0	7,366	17,427	0
Associated companies	2013	114,044	0	3,561	23,216	0
Associated companies	2012	114,506	0	3,577	33,112	0

Transactions with related parties are priced on market-based terms.

**TRANSACTIONS WITH KEY PERSONS IN MANAGEMENT POSITIONS**

Transactions with key persons in management positions are presented in Note 8. These transactions comprise salaries, benefits and pension commitments, as well as participation in the Group's share option programme.

No further transactions or commitments exist that cover key persons in senior positions.

**NOTE 35 GROUP COMPANIES AND SUBSIDIARIES**

The Group consists of 24 subsidiaries. These subsidiaries are owned through a majority of the votes in the respective subsidiary.

**HOLDINGS IN SUBSIDIARIES**

Subsidiary (domicile, country)	2015 Voting and capital share in %	2014 Voting and capital share in %	2013 Voting and capital share in %	2012 Voting and capital share in %
Nordic Waterproofing Group 1 AB (Stockholm, Sweden)	100%	100%	100%	100%
Nordic Waterproofing Group AB (Stockholm, Sweden)	100%	100%	100%	100%
Nordic Waterproofing AB (Trelleborg, Sweden)	100%	100%	100%	100%
SealEco AB (Värnamo, Sweden)	100%	100%	100%	100%
SealEco BV (Lemelerveld, Netherlands)	51%	51%	0%	0%
Univex Sprl (Hoeilaart, Belgium)	100%	100%	0%	0%
SealEco Su Yalitim Teknolojileri A.Ş. (Nilüfer, Turkey)	100%	0%	0%	0%
Nordic Waterproofing AS (Spydeberg, Norway)	100%	100%	100%	100%
SealEco GmbH (Marsberg, Germany)	100%	100%	100%	100%
Nordic Waterproofing Holding ApS (Vejen, Denmark)	100%	100%	100%	100%
Hetag Tagmaterialer A/S (Hedensted, Denmark)	100%	100%	100%	100%
Nordic Waterproofing A/S (Vejen, Denmark)	100%	100%	100%	100%
Tagselskabet af 1 maj 2014 A/S i likv. (Hedensted, Denmark)	100%	100%	100%	100%
Hetag Tagdækning Vest A/S (Hedensted, Denmark)	100%	100%	100%	100%
SealEco Holding Belgium NV (Brecht, Belgium)	100%	74%	74%	74%
SealEco Belgium NV (Brecht, Belgium)	100%	100%	100%	100%
SealEco NV (Brecht, Belgium)	100%	100%	100%	100%
SealEco Ltd (London, United Kingdom)	100%	100%	100%	100%
SealEco Contracts Ltd (London, United Kingdom)	100%	100%	100%	100%
Nordic Waterproofing Oy (Helsinki, Finland)	100%	100%	100%	100%
Nordic Waterproofing Property Oy (Helsinki, Finland)	100%	100%	100%	100%
KerabitPro Oy (Helsinki, Finland)	100%	100%	100%	100%
AL-Katot Oy (Helsinki, Finland)	100%	100%	95%	95%
Nordic Waterproofing SpZoo (Lodz, Poland)	100%	100%	100%	100%

**NOTE 36 STATEMENT OF CASH FLOWS****Cash and cash equivalents****Group**

<b>SEK thousand</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<i>The following subcomponents are included in cash and cash equivalents:</i>				
Cash and bank balances	181,305	138,800	60,667	42,253
<b>Total as per statement of financial position</b>	<b>181,305</b>	<b>138,800</b>	<b>60,667</b>	<b>42,253</b>
<b>Total as per statement of cash flows</b>	<b>181,305</b>	<b>138,800</b>	<b>60,667</b>	<b>42,253</b>

**Adjustment for non-cash items****Group**

<b>SEK thousand</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Depreciation/amortisation	21,965	21,483	18,883	19,949
Revaluation of earlier holdings in associated companies in business combinations	0	0	0	167
Changes in value of financial instruments	-21,806	21,002	403	400
Participations in associated company earnings	-5,554	-7,369	1,106	-4,834
Capital gains/losses	-18	344	-570	0
Provisions	4,880	0	0	0
Exchange-rate differences	-5,417	1,904	229	-863
Other items	0	3,592	0	1,192
	-5,950	40,956	20,051	16,011

**Acquisitions of subsidiaries and other business units****Group**

<b>SEK thousand</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<i>Acquired assets and liabilities</i>				
Group goodwill	0	4,029	0	31,329
Customer relationships	0	0	0	23,617
Property, plant and equipment	0	600	0	6,068
Financial assets	0	0	0	333
Inventory	0	2,676	0	7,904
Operating receivables	0	2,077	0	31,604
Cash and cash equivalents	0	277	0	8,134
<b>Total assets</b>	<b>0</b>	<b>9,659</b>	<b>0</b>	<b>108,989</b>
Deferred tax liabilities	0	0	0	-6,613
Current operating liabilities	0	-2,160	0	-32,534
<b>Total liabilities and provisions</b>	<b>0</b>	<b>-2,160</b>	<b>0</b>	<b>-39,147</b>
Consideration:	0	7,499	0	69,842
Less: Fair value regarding previously owned participation	0	0	0	-3,944
Non-controlling interests	0	0	0	-826
Contingent consideration	0	0	0	-2,507
Paid consideration	0	7,499	0	62,565
Less: Cash and cash equivalents in the acquired operations	0	-277	0	-8,134
Impact on cash and cash equivalents	0	7,222	0	54,431

**NOTE 37 EVENTS AFTER THE REPORTING DATE**

The Belgian subsidiaries SealEco Belgium NV and Univex Sprl were merged as per 1st of January 2016, with SealEco Belgium NV as the surviving entity.

**NOTE 38 INFORMATION ON THE PARENT COMPANY**

Nordic Waterproofing Holding A/S is the Parent Company in the Group. The Parent Company is a Danish company with CVR number 33395361 domiciled in Vejlen.

The address of the Company's registered office is Vester Allé 1, DK-6600 Vejlen, Denmark, while the address of the Group's operational head office is Drottninggatan 11, 252 21 Helsingborg, Sweden.

The following capital owners are listed in the Company's shareholders' register as owners of at least 5% of the votes or the capital:

Axcel IV K/S  
Axcel IV K/S 2  
KIRKBI Invest A/S

**NOTE 39 NOTE 39 TRANSITION TO FINANCIAL REPORTING IN ACCORDANCE WITH IFRS**

This financial statement for the Group is the first prepared with the application of IFRS, as stated in note 1. In prior years the financial statement has been prepared in accordance with the Danish Financial Statements Act.

In a vertical merger of four holding companies Nordic Waterproofing Holding A/S became the ultimate parent company in the Nordic Waterproofing Group with effect from 1 January 2014. In substance no changes occurred from a share- and stakeholder perspective and therefore the consolidated accounts for 2011–2013 has been prepared as had the new holding structure been in place from the date of formation of the Nordic Waterproofing Group in 2011. The merger did not result in any changes in the shareholdings of the Group.

The accounting principles stated in note 1 have been applied in the preparation of the consolidated accounts for the financial years 2012–2014 as well as for the Group's opening balance on 1 January 2012. In the preparation of the Group's opening balance sheet, amounts recognised as per previously applied accounting principles were adjusted according to IFRS. Explanations on how the transition from earlier accounting principles to IFRS has affected the Group's financial position, financial performance and cash flows are presented by the following tables and explanations to them.

**IAS 1 – PRESENTATION**

In the opening statement of financial position, the presentation of equity changed compared with earlier accounting principles. Translation differences are recognised at the translation of foreign operations and exchange rate effects on hedges of net investments in foreign currencies in their own reserve in equity ("Translation reserve") instead of being included in "Non-restricted reserves" and "Restricted reserves" as before.

Other non-current receivables consisting of period-allocated arrangement costs for bank loans have in accordance with the principle of amortized costs been offset against non-current and current bank loans and not presented as an asset.

Deferred tax and deferred tax liabilities has been grossed up in accordance with the off-setting rules under IFRS meaning that only deferred tax assets and liabilities arising from the same legal entity can be offset. In addition to this, provisions are included in either non-current or current liabilities and not under a separate heading as made under Danish GAAP.

The presentation of non-controlling interests (minority interests) has also changed in accordance with IAS 1 for 2012–2014. Non-controlling interests are included in consolidated equity. In agreement with IAS 1, provisions have been reclassified to non-current and current liabilities.

Furthermore as compared to the Annual Report for 2014 "other current liabilities" has been specified in more details as "other current liabilities" and "accrued expenses", cf. the balance sheet and note 28 and 29. In addition to this other minor reclassifications have been made.

**IAS 12 – INCOME TAXES**

IAS 12 – Income taxes – requires convincing evidence when deferred tax assets arises from the carryforward of unused tax losses. Due to historical losses in Finland and the fact that tax loss carryforward has a termination date in Finland deferred tax assets arising from carryforward of unused tax losses have been written down at 1 January 2012.

**IFRS 3 – PROVISION FOR RESTRUCTURING**

In connection with the Group's formation in 2011, a provision was recognised for planned restructuring reserves. Such a provision does not constitute a liability eligible for the statement of financial position under IFRS and has therefore been booked off in the opening balance as at 1 January 2012. Furthermore the group has made restructuring provisions when acquiring the entities mentioned in note 5 – Business Combinations. As such restructuring provisions cannot be made in accordance with IFRS 3 these provisions have been expensed.

**IFRS 3 – TRANSLATION OF BUSINESS COMBINATIONS**

Business combinations before 1 January 2012 have not been translated. Business combinations after are 1 January 2012 have been accounted for in accordance with IFRS 3. Most significant impact in 2012 when the group acquired Nortett Bygg A/S as TSEK 23.617 of the consideration for the company have allocated to "Customer relationships" instead of goodwill, cf. Note 5. Furthermore all costs – including fees for financial and legal due diligence etc. – have in accordance with IFRS 3 been expensed and not been accounted for as part of the goodwill.

**IAS 38 – GOODWILL**

According to earlier accounting principles, amortisation was applied to goodwill. According to IAS 38, however, goodwill shall not be amortised. Amortisation applied in 2012 through 2014 has therefore been reversed.

**IAS 39 – DERIVATIVES**

The derivatives that the Group held in 2012 through 2014 have, in accordance with the requirements in IAS 39, been measured at fair value in the statement of financial position. Changes in fair value have been recognised in the income statement as the Group did not apply hedge accounting during the period in question. Changes in fair value of interest swap are included in "Finance income/cost" and changes in fair value of bitumen contracts are included in "Other operating income/expenses".

## NOTE 39 CONT

## EFFECTS ON STATEMENT OF PROFIT OR LOSS, STATEMENT OF FINANCIAL POSITION AND EQUITY

The compilations below present the aforementioned effects on the statement of profit or loss, statement of financial position and equity as if IFRS would have been applied in 2012–2014.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, 1 JANUARY 2012

SEK thousand	Consolidated Annual Report for 1 January 2012	"IAS 1 – Presentation"	IFRS 3 – Business Combinations	Restatement of income tax*	IAS 12 – Deferred tax on deficit	IAS 38 – Goodwill	IAS 39 – Derivatives**	According to IFRS
<b>Assets</b>								
Goodwill	562,251		0					562,251
Other intangible assets	1,213		0					1,213
Property, plant and equipment	176,874		0					176,874
Participations in associated companies	19,345		0					19,345
Receivables from associated companies	14,424		0					14,424
Other investments	1,852		0					1,852
Deferred tax assets	4,302	6,984	0		-6,984		2,416	6,718
Other non-current receivables	16,513	-13,528	0					2,985
<b>Total non-current assets</b>	<b>796,774</b>	<b>-6,544</b>	<b>0</b>	<b>0</b>	<b>-6,984</b>	<b>0</b>	<b>2,416</b>	<b>785,662</b>
Inventory	166,276		0					166,276
Trade receivable	142,544		0					142,544
Receivables for on-going construction contracts	11,512		0					11,512
Receivables from associated companies	3,122		0					3,122
Other current receivables	10,919		0					10,919
Prepaid expenses and accrued income	3,840		0					3,840
Cash and cash equivalents	41,817		0					41,817
<b>Total current assets</b>	<b>380,030</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>380,030</b>
<b>Total assets</b>	<b>1,176,804</b>	<b>-6,544</b>	<b>0</b>	<b>0</b>	<b>-6,984</b>	<b>0</b>	<b>2,416</b>	<b>1,165,692</b>
<b>Equity</b>								
Share capital	124		0					124
Reserves	0	-100	0					-100
Retained earnings including profit for the year	452,029	100	2,869		-2,557		-6,770	445,671
<b>Non-controlling interests</b>	<b>452,153</b>	<b>0</b>	<b>2,869</b>	<b>0</b>	<b>-2,557</b>	<b>0</b>	<b>-6,770</b>	<b>445,695</b>
<b>Total equity</b>	<b>0</b>	<b>2,709</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,709</b>
<b>Summa eget kapital</b>	<b>452,153</b>	<b>2,709</b>	<b>2,869</b>	<b>0</b>	<b>-2,557</b>	<b>0</b>	<b>-6,770</b>	<b>448,404</b>
<b>Non-controlling interests</b>	<b>2,709</b>	<b>-2,709</b>	<b>0</b>					<b>0</b>
<b>Provisions</b>								
Other provisions	3,626	-3,626	0					0
Deferred tax liabilities	17,350	-17,350	0					0
<b>Total provisions</b>	<b>20,976</b>	<b>-20,976</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>								
Non-current interest-bearing liabilities	454,388	-10,907	0					443,481
Other non-current liabilities	0		0				9,186	9,186
Other provisions	0	3,626	-3,626					0
Deferred tax liabilities	0	24,334	757		-4,427			20,664
<b>Total non-current liabilities</b>	<b>454,388</b>	<b>17,053</b>	<b>-2,869</b>	<b>0</b>	<b>-4,427</b>	<b>0</b>	<b>9,186</b>	<b>473,331</b>
Current interest-bearing liabilities	51,694	-1,709	0					49,985
Trade payable	87,857		0					87,857
Tax liabilities	7,214		0					7,214
Other current liabilities	15,822	-912	0					14,910
Accrued expenses	83,991		0					83,991
<b>Total current liabilities</b>	<b>246,578</b>	<b>-2,621</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>243,957</b>
<b>Total liabilities</b>	<b>724,651</b>	<b>-9,253</b>	<b>-2,869</b>	<b>0</b>	<b>-4,427</b>	<b>0</b>	<b>9,186</b>	<b>717,288</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,176,804</b>	<b>-6,544</b>	<b>0</b>	<b>0</b>	<b>-6,984</b>	<b>0</b>	<b>2,416</b>	<b>1,165,692</b>

## NOTE 39 CONT

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS, 1 JANUARY – 31 DECEMBER 2012

SEK thousand	Consolidated Annual Report for 2012	"IAS 1 – Presentation"	IFRS 3 – Business Combinations	Restatement of income tax*	IAS 12 – Deferred tax on deficit	IAS 38 – Goodwill	IAS 39 – Derivatives**	According to IFRS
Net sales	1,671,656		0					1,671,656
Cost of goods sold	-1,350,210		-2,772			31,276		-1,321,706
<b>Gross profit/loss</b>	<b>321,446</b>	<b>0</b>	<b>-2,772</b>	<b>0</b>	<b>0</b>	<b>31,276</b>	<b>0</b>	<b>349,950</b>
Selling expenses	-196,351		-1,031					-197,382
Administrative expenses	-73,397		-4,981					-78,378
Research and development expenses	-5,117		0					-5,117
Other operating income	5,053		0				689	5,742
Other operating expenses	-1,321		-167				-1,089	-2,577
Participations in associated company profit	4,834		0					4,834
<b>Operating profit/loss</b>	<b>55,147</b>	<b>0</b>	<b>-8,951</b>	<b>0</b>	<b>0</b>	<b>31,276</b>	<b>-400</b>	<b>77,072</b>
Finance income	1,439		0				265	1,704
Finance cost	-39,877		0				1,235	-38,642
<b>Net finance items</b>	<b>-38,438</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,500</b>	<b>-36,938</b>
<b>Profit/loss before tax</b>	<b>16,709</b>	<b>0</b>	<b>-8,951</b>	<b>0</b>	<b>0</b>	<b>31,276</b>	<b>1,100</b>	<b>40,134</b>
Tax	-7,326		1,936		-6,942		-640	-12,972
Non-controlling interest share in profit/loss for the year	-330	330	0					0
<b>Profit/loss for the year</b>	<b>9,053</b>	<b>330</b>	<b>-7,015</b>	<b>0</b>	<b>-6,942</b>	<b>31,276</b>	<b>460</b>	<b>27,162</b>
Attributable to:								
Owners of the Company	9,053		-7,015		-6,942	31,276	460	26,832
Non-controlling interests	0	330	0					330
	<b>9,053</b>	<b>330</b>	<b>-7,015</b>	<b>0</b>	<b>-6,942</b>	<b>31,276</b>	<b>460</b>	<b>27,162</b>

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

SEK thousand	Consolidated Annual Report for 2012	"IAS 1 – Presentation"	IFRS 3 – Business Combinations	Restatement of income tax*	IAS 12 – Deferred tax on deficit	IAS 38 – Goodwill	IAS 39 – Derivatives**	According to IFRS
<b>Profit/loss for the year</b>	<b>9,053</b>	<b>330</b>	<b>-7,015</b>	<b>0</b>	<b>-6,942</b>	<b>31,276</b>	<b>460</b>	<b>27,162</b>
<b>Other comprehensive income</b>								
<b>Items that are or may be reclassified to profit/loss for the year</b>								
Translation differences for the year in translation of foreign operations	476	-7,626	-202		402	48		-7,378
Gains/losses on hedging of currency risk in foreign operations	0	4,848	0					4,848
Participation in other comprehensive income of associated companies and joint ventures	0	-113	0					-113
<b>Other comprehensive income for the year</b>	<b>0</b>	<b>-2,891</b>	<b>-202</b>	<b>0</b>	<b>402</b>	<b>48</b>	<b>0</b>	<b>-2,643</b>
<b>Comprehensive income for the year</b>	<b>9,053</b>	<b>-2,561</b>	<b>-7,217</b>	<b>0</b>	<b>-6,540</b>	<b>31,324</b>	<b>460</b>	<b>24,519</b>
<b>Comprehensive income for the year attributable to:</b>								
Owners of the Company	9,053	-2,778	-7,217		-6,540	31,324	460	24,302
Non-controlling interests	0	217	0					217
<b>Comprehensive income for the year</b>	<b>9,053</b>	<b>-2,561</b>	<b>-7,217</b>	<b>0</b>	<b>-6,540</b>	<b>31,324</b>	<b>460</b>	<b>24,519</b>

## NOTE 39 CONT

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, 31 DECEMBER 2012

SEK thousand	Consolidated Annual Report for 2012	"IAS 1 – Presentation"	IFRS 3 – Business Combina- tions	Restatement of income tax*	IAS 12 – Deferred tax on deficit	IAS 38 – Goodwill	IAS 39 – Derivatives**	According to IFRS
<b>Assets</b>								
Goodwill	572,621		-22,325			31,324		581,620
Other intangible assets	340		20,565					20,905
Property, plant and equipment	182,424		0					182,424
Participations in associated companies	15,188		0					15,188
Receivables from associated companies	15,024		0					15,024
Other investments	2,111		0					2,111
Deferred tax assets	10,821	2,007	0		-13,948		1,776	656
Other non-current receivables	13,643	-10,827	0					2,816
<b>Total non-current assets</b>	<b>812,172</b>	<b>-8,820</b>	<b>-1,760</b>	<b>0</b>	<b>-13,948</b>	<b>31,324</b>	<b>1,776</b>	<b>820,744</b>
Inventory	170,331		0					170,331
Trade receivable	128,628		0					128,628
Construction contracts	17,974		0					17,974
Receivables from associated companies	18,088		0					18,088
Tax assets	3,897		0					3,897
Other current receivables	7,420		0				689	8,109
Prepaid expenses and accrued income	9,653		0					9,653
Cash and cash equivalents	42,253		0					42,253
<b>Total current assets</b>	<b>398,244</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>689</b>	<b>398,933</b>
<b>Total assets</b>	<b>1,210,416</b>	<b>-8,820</b>	<b>-1,760</b>	<b>0</b>	<b>-13,948</b>	<b>31,324</b>	<b>2,465</b>	<b>1,219,677</b>
<b>Equity</b>								
Share capital	138		0					138
Reserves	0	-2,878	-202		402	48		-2,630
Retained earnings including profit for the year	512,784	2,878	-4,146		-9,499	31,276	-6,310	526,983
<b>Equity attributable to owners of the Company</b>	<b>512,922</b>	<b>0</b>	<b>-4,348</b>	<b>0</b>	<b>-9,097</b>	<b>31,324</b>	<b>-6,310</b>	<b>524,491</b>
<b>Non-controlling interests</b>	<b>0</b>	<b>3,750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,750</b>
<b>Total equity</b>	<b>512,922</b>	<b>3,750</b>	<b>-4,348</b>	<b>0</b>	<b>-9,097</b>	<b>31,324</b>	<b>-6,310</b>	<b>528,241</b>
<b>Non-controlling interests</b>	<b>3,750</b>	<b>-3,750</b>	<b>0</b>					<b>0</b>
<b>Provisions</b>								
Other provisions	20,380	-20,380	0					0
Deferred tax liabilities	4,173	-4,173	0					0
<b>Total provisions</b>	<b>24,553</b>	<b>-24,553</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>								
Non-current interest-bearing liabilities	412,682	-8,224	0					404,458
Other non-current liabilities	0		0				7,686	7,686
Deferred tax	0	22,387	6,761		-4,851			24,297
Other provisions	0	4,173	-4,173					0
Deferred tax liabilities	0		0					0
<b>Total non-current liabilities</b>	<b>412,682</b>	<b>18,336</b>	<b>2,588</b>	<b>0</b>	<b>-4,851</b>	<b>0</b>	<b>7,686</b>	<b>436,441</b>
Current interest-bearing liabilities	43,636	-1,690	0					41,946
Trade payable	78,467		0					78,467
Tax liabilities	16,819		0					16,819
Other current liabilities	24,941	-11,059	0				1,089	14,971
Accrued expenses	92,646	10,146	0					102,792
Provisions	0		0					0
Liabilities attributable to assets held for sale	0		0					0
<b>Total current liabilities</b>	<b>256,509</b>	<b>-2,603</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,089</b>	<b>254,995</b>
<b>Total liabilities</b>	<b>697,494</b>	<b>-12,570</b>	<b>2,588</b>	<b>0</b>	<b>-4,851</b>	<b>0</b>	<b>8,775</b>	<b>691,436</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,210,416</b>	<b>-8,820</b>	<b>-1,760</b>	<b>0</b>	<b>-13,948</b>	<b>31,324</b>	<b>2,465</b>	<b>1,219,677</b>

## NOTE 39 CONT

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS, 1 JANUARY – 31 DECEMBER 2013

SEK thousand	Consolidated Annual Report for 2013	"IAS 1 – Presentation"	IFRS 3 – Business Combinations	Restatement of income tax*	IAS 12 – Deferred tax on deficit	IAS 38 – Goodwill	IAS 39 – Derivatives**	According to IFRS
Net sales	1,667,971		0					1,667,971
Cost of goods sold	-1,299,490		-3,161			31,533		-1,271,118
<b>Gross profit/loss</b>	<b>368,481</b>	<b>0</b>	<b>-3,161</b>	<b>0</b>	<b>0</b>	<b>31,533</b>	<b>0</b>	<b>396,853</b>
Selling expenses	-205 115		-143					-205,258
Administrative expenses	-64 956		-1,303					-66,259
Research and development expenses	-5 677		0					-5,677
Other operating income	6 886		0				286	7,172
Other operating expenses	-2 800		0				-689	-3,489
Participations in associated company profit	-1 106		0					-1,106
<b>Operating profit/loss</b>	<b>95 713</b>	<b>0</b>	<b>-4,607</b>	<b>0</b>	<b>0</b>	<b>31,533</b>	<b>-403</b>	<b>122,236</b>
Finance income	861		0				0	861
Finance cost	-37 132		0				6,193	-30,939
Participations in associated companies' and joint ventures' earnings	0		0					0
<b>Net finance items</b>	<b>-36 271</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,193</b>	<b>-30,078</b>
<b>Profit/loss before tax</b>	<b>59 442</b>	<b>0</b>	<b>-4,607</b>	<b>0</b>	<b>0</b>	<b>31,533</b>	<b>5,790</b>	<b>92,158</b>
Tax	-27 982	0	1,220	3,901	2,945		-1,272	-21,188
Non-controlling interest share in profit/loss for the year	7	-7	0					0
<b>Profit/loss for the year</b>	<b>31 467</b>	<b>-7</b>	<b>-3,387</b>	<b>3,901</b>	<b>2,945</b>	<b>31,533</b>	<b>4,518</b>	<b>70,970</b>
<b>Attributable to:</b>								
Owners of the Company	31,467	0	-3,387	3,901	2,945	31,533	4,518	70,977
Non-controlling interests	0	-7	0					-7
	<b>31,467</b>	<b>-7</b>	<b>-3,387</b>	<b>3,901</b>	<b>2,945</b>	<b>31,533</b>	<b>4,518</b>	<b>70,970</b>

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

SEK thousand	Consolidated Annual Report for 2013	"IAS 1 – Presentation"	IFRS 3 – Business Combinations	Restatement of income tax*	IAS 12 – Deferred tax on deficit	IAS 38 – Goodwill	IAS 39 – Derivatives**	According to IFRS
<b>Profit/loss for the year</b>	<b>31,467</b>	<b>-7</b>	<b>-3,387</b>	<b>3,901</b>	<b>2,945</b>	<b>31,533</b>	<b>4,518</b>	<b>70,970</b>
<b>Other comprehensive income</b>								
<b>Items that are or may be reclassified to profit/loss for the year</b>								
Translation differences for the year in translation of foreign operations	298	3,922	-1,286		-351	2,633		5,216
Gains/losses on hedging of currency risk in foreign operations	0	-5,109	0					-5,109
Participation in other comprehensive income of associated companies and joint ventures	0	154	0					154
<b>Other comprehensive income for the year</b>	<b>298</b>	<b>-1,033</b>	<b>-1,286</b>	<b>0</b>	<b>-351</b>	<b>2,633</b>	<b>0</b>	<b>261</b>
<b>Comprehensive income for the year</b>	<b>31,765</b>	<b>-1,040</b>	<b>-4,673</b>	<b>3,901</b>	<b>2,594</b>	<b>34,166</b>	<b>4,518</b>	<b>71,231</b>
<b>Comprehensive income for the year attributable to:</b>								
Owners of the Company	31,765	-1,187	-4,673	3,901	2,594	34,166	4,518	71,084
Non-controlling interests	0	147	0					147
<b>Comprehensive income for the year</b>	<b>31,765</b>	<b>-1,040</b>	<b>-4,673</b>	<b>3,901</b>	<b>2,594</b>	<b>34,166</b>	<b>4,518</b>	<b>71,231</b>

## NOTE 39 CONT

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, 31 DECEMBER 2012

SEK thousand	Consolidated Annual Report for 2012	"IAS 1 – Presentation"	IFRS 3 – Business Combina- tions	Restatement of income tax*	IAS 12 – Deferred tax on deficit	IAS 38 – Goodwill	IAS 39 – Derivatives**	According to IFRS
<b>Assets</b>								
Goodwill	546,907		-22,325			65,490		590,072
Other intangible assets	0		15,618					15,618
Property, plant and equipment	181,084		0					181,084
Participations in associated companies	21,352		0					21,352
Receivables from associated companies	10,030		0					10,030
Other investments	2,191		0					2,191
Deferred tax assets	7,020	6,717	0		-13,825		504	416
Other non-current receivables	0	2,343	0					2,343
<b>Total non-current assets</b>	<b>768,584</b>	<b>9,060</b>	<b>-6,707</b>	<b>0</b>	<b>-13,825</b>	<b>65,490</b>	<b>504</b>	<b>823,106</b>
Inventory	149,723		0					149,723
Trade receivable	141,936		0					141,936
Construction contracts	27,017		0					27,017
Receivables from associated companies	13,186		0					13,186
Tax assets	1,958		0					1,958
Other current receivables	8,375		0					8,375
Prepaid expenses and accrued income	11,676		0					11,676
Cash and cash equivalents	60,667		0					60,667
<b>Total current assets</b>	<b>414,538</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>414,538</b>
<b>Total assets</b>	<b>1,183,122</b>	<b>9,060</b>	<b>-6,707</b>	<b>0</b>	<b>-13,825</b>	<b>65,490</b>	<b>504</b>	<b>1,237,644</b>
<b>Equity</b>								
Share capital	138		0					138
Reserves	0	-3,767	-1,488		51	2,681		-2,523
Retained earnings including profit for the year	543,063	3,767	-7,533	3,901	-6,554	62,809	-1,792	597,661
<b>Equity attributable to owners of the Company</b>	<b>543,499</b>	<b>0</b>	<b>-9,021</b>	<b>3,901</b>	<b>-6,503</b>	<b>65,490</b>	<b>-1,792</b>	<b>595,574</b>
<b>Non-controlling interests</b>	<b>0</b>	<b>3,809</b>	<b>0</b>					<b>3,809</b>
<b>Total equity</b>	<b>543,499</b>	<b>3,809</b>	<b>-9,021</b>	<b>3,901</b>	<b>-6,503</b>	<b>65,490</b>	<b>-1,792</b>	<b>599,383</b>
<b>Non-controlling interests</b>	<b>3,809</b>	<b>-3,809</b>	<b>0</b>					<b>0</b>
<b>Provisions</b>								
Other provisions	2,727	-2,727	0					0
Deferred tax liabilities	21,819	-21,819	0					0
<b>Total provisions</b>	<b>24,546</b>	<b>-24,546</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>								
Non-current interest-bearing liabilities	357,953	7,964	0					365,917
Other provisions	0	2,727	-2,727					0
Deferred tax liabilities	0	28,536	5,041		-7,322			26,255
<b>Total non-current liabilities</b>	<b>357,953</b>	<b>39,227</b>	<b>2,314</b>	<b>0</b>	<b>-7,322</b>	<b>0</b>	<b>0</b>	<b>392,172</b>
Current interest-bearing liabilities	60,253	-4,709	0					55,544
Trade payable	65,378		0					65,378
Tax liabilities	10,591	0	0	-3,901				6,690
Other current liabilities	23,645	-12,458	0				2,296	13,483
Accrued expenses	93,448	11,546	0					104,994
<b>Total current liabilities</b>	<b>253,315</b>	<b>-5,621</b>	<b>0</b>	<b>-3,901</b>	<b>0</b>	<b>0</b>	<b>2,296</b>	<b>246,089</b>
<b>Total liabilities</b>	<b>635,814</b>	<b>9,060</b>	<b>2,314</b>	<b>-3,901</b>	<b>-7,322</b>	<b>0</b>	<b>2,296</b>	<b>638,261</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,183,122</b>	<b>9,060</b>	<b>-6,707</b>	<b>0</b>	<b>-13,825</b>	<b>65,490</b>	<b>504</b>	<b>1,237,644</b>

## NOTE 39 CONT

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS, 1 JANUARY – 31 DECEMBER 2014

SEK thousand	Consolidated Annual Report for 2014	"IAS 1 – Presentation"	IFRS 3 – Business Combinations	Restatement of income tax*	IAS 12 – Deferred tax on deficit	IAS 38 – Goodwill	IAS 39 – Derivatives**	According to IFRS
Net sales	1,678,726		0					1,678,726
Cost of goods sold	-1,290,467		-3,130			31,822		-1,261,775
<b>Gross profit/loss</b>	<b>388,259</b>	<b>0</b>	<b>-3,130</b>	<b>0</b>	<b>0</b>	<b>31,822</b>	<b>0</b>	<b>416,951</b>
Selling expenses	-211,695		-1,408					-213,103
Administrative expenses	-65,303		-2,762					-68,065
Research and development expenses	-6,455		0					-6,455
Other operating income	7,677		0					7,677
Other operating expenses	-1,855		0				-21,002	-22,857
Participations in associated company profit	7,103	266	0					7,369
<b>Operating profit/loss</b>	<b>117,731</b>	<b>266</b>	<b>-7,300</b>	<b>0</b>	<b>0</b>	<b>31,822</b>	<b>-21,002</b>	<b>121,517</b>
Finance income	3,897	-266	0				0	3,631
Finance cost	-30,395		0				1,493	-28,902
Participations in associated companies' and joint ventures' earnings	0		0					0
<b>Net finance items</b>	<b>-26,498</b>	<b>-266</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,493</b>	<b>-25,271</b>
<b>Profit/loss before tax</b>	<b>91,233</b>	<b>0</b>	<b>-7,300</b>	<b>0</b>	<b>0</b>	<b>31,822</b>	<b>-19,509</b>	<b>96,246</b>
Tax	-24,005	0	2,068	-3,901	2,166		4,314	-19,358
Non-controlling interest share in profit/loss for the year	-618	618	0					0
<b>Profit/loss for the year</b>	<b>66,610</b>	<b>618</b>	<b>-5,232</b>	<b>-3,901</b>	<b>2,166</b>	<b>31,822</b>	<b>-15,195</b>	<b>76,888</b>
<b>Attributable to:</b>								
Owners of the Company	66,610	1,236	-5,232	-3,901	2,166	31,822	-15,195	77,506
Non-controlling interests	0	-618	0					-618
	<b>66,610</b>	<b>618</b>	<b>-5,232</b>	<b>-3,901</b>	<b>2,166</b>	<b>31,822</b>	<b>-15,195</b>	<b>76,888</b>

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

SEK thousand	Consolidated Annual Report for 2014	"IAS 1 – Presentation"	IFRS 3 – Business Combinations	Restatement of income tax*	IAS 12 – Deferred tax on deficit	IAS 38 – Goodwill	IAS 39 – Derivatives**	According to IFRS
<b>Profit/loss for the year</b>	<b>66,610</b>	<b>618</b>	<b>-5,232</b>	<b>-3,901</b>	<b>2,166</b>	<b>31,822</b>	<b>-15,195</b>	<b>76,888</b>
<b>Other comprehensive income</b>								
<b>Items that are or may be reclassified to profit/loss for the year</b>								
Translation differences for the year in translation of foreign operations	476	11,760	23		-664	6,317		17,912
Gains/losses on hedging of currency risk in foreign operations	0	-8,057	0					-8,057
Participation in other comprehensive income of associated companies and joint ventures	0	149	0					149
<b>Other comprehensive income for the year</b>	<b>476</b>	<b>3,852</b>	<b>23</b>	<b>0</b>	<b>-664</b>	<b>6,317</b>	<b>0</b>	<b>10,004</b>
<b>Comprehensive income for the year</b>	<b>67,086</b>	<b>4,470</b>	<b>-5,209</b>	<b>-3,901</b>	<b>1,502</b>	<b>38,139</b>	<b>-15,195</b>	<b>86,892</b>
<b>Comprehensive income for the year attributable to:</b>								
Owners of the Company	67,704	4,321	-5,209	-3,901	1,502	38,139	-15,195	87,361
Non-controlling interests	-618	149	0					-469
<b>Comprehensive income for the year</b>	<b>67,086</b>	<b>4,470</b>	<b>-5,209</b>	<b>-3,901</b>	<b>1,502</b>	<b>38,139</b>	<b>-15,195</b>	<b>86,892</b>

## NOTE 39 CONT

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, 31 DECEMBER 2014

SEK thousand	Consolidated Annual Report for 2014	"IAS 1 – Presentation"	IFRS 3 – Business Combina- tions	Restatement of income tax*	IAS 12 – Deferred tax on deficit	IAS 38 – Goodwill	IAS 39 – Derivatives**	According to IFRS
<b>Assets</b>								
Goodwill	534,193		-23,616			103,562		614,139
Other intangible assets	0		12,519					12,519
Property, plant and equipment	181,977		0					181,977
Participations in associated companies and joint ventures	19,087		0					19,087
Receivables from associated companies	8,939		0					8,939
Other investments	1,970		0					1,970
Deferred tax assets	5,284	2,688	0		-12,512		4,819	279
Other non-current receivables	0	2,319	0					2,319
<b>Total non-current assets</b>	<b>751,450</b>	<b>5,007</b>	<b>-11,097</b>	<b>0</b>	<b>-12,512</b>	<b>103,562</b>	<b>4,819</b>	<b>841,229</b>
Inventory	180,536		0					180,536
Biological assets	0		0					0
Trade receivable	123,502		0					123,502
Construction contracts	20,630		0					20,630
Receivables from associated companies	8,489		0					8,489
Tax assets	1,206		0					1,206
Other current receivables	17,248	8,403	0					25,651
Prepaid expenses and accrued income	5,120		0					5,120
Cash and cash equivalents	138,800		0					138,800
Assets held for sale	0		0					0
<b>Total current assets</b>	<b>495,531</b>	<b>8,403</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>503,934</b>
<b>Total assets</b>	<b>1,246,981</b>	<b>13,410</b>	<b>-11,097</b>	<b>0</b>	<b>-12,512</b>	<b>103,562</b>	<b>4,819</b>	<b>1,345,163</b>
<b>Equity</b>								
Share capital	138							138
Reserves	0	412	-1,465		-613	8,998		7,332
Retained earnings including profit for the year	549,049	-1,199	-7,533	3,901	-6,554	62,742	-1,792	598,614
Profit/loss for the year	66,610	618	-5,232	-3,901	2,166	31,822	-15,195	76,888
<b>Equity attributable to owners of the Company</b>	<b>615,797</b>	<b>-169</b>	<b>-14,230</b>	<b>0</b>	<b>-5,001</b>	<b>103,562</b>	<b>-16,987</b>	<b>682,972</b>
<b>Non-controlling interests</b>	<b>0</b>	<b>2,423</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,423</b>
<b>Total equity</b>	<b>615,797</b>	<b>2,254</b>	<b>-14,230</b>	<b>0</b>	<b>-5,001</b>	<b>103,562</b>	<b>-16,987</b>	<b>685,395</b>
<b>Non-controlling interests</b>	<b>2,254</b>	<b>-2,254</b>						<b>0</b>
<b>Provisions</b>								
Other provisions	475	-475						0
Deferred tax liabilities	25,745	-25,745						0
<b>Total provisions</b>	<b>26,220</b>	<b>-26,220</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>								
Non-current interest-bearing liabilities	319,266	7,972	0					327,238
Other non-current liabilities	0		0				0	0
Other provisions	0	475	-475					0
Deferred tax liabilities	0	28,433	3,608		-7,511			24,530
<b>Total non-current liabilities</b>	<b>319,266</b>	<b>36,880</b>	<b>3,133</b>	<b>0</b>	<b>-7,511</b>	<b>0</b>	<b>0</b>	<b>351,768</b>
Current interest-bearing liabilities	75,346	-4,741	0					70,605
Trade payable	78,226		0					78,226
Tax liabilities	17,771		0					17,771
Other current liabilities	20,432	-10,245	0				21,806	31,993
Accrued expenses	91,669	17,736	0					109,405
<b>Total current liabilities</b>	<b>283,444</b>	<b>2,750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,806</b>	<b>308,000</b>
<b>Total liabilities</b>	<b>631,184</b>	<b>11,156</b>	<b>3,133</b>	<b>0</b>	<b>-7,511</b>	<b>0</b>	<b>21,806</b>	<b>659,768</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,246,981</b>	<b>13,410</b>	<b>-11,097</b>	<b>0</b>	<b>-12,512</b>	<b>103,562</b>	<b>4,819</b>	<b>1,345,163</b>

\* Including restatement of an error of SEK 3,901 thousand in income tax between 2013 and 2014. Restated as an income in 2013 and expense in 2014 compared to financial statements for 2013 and 2014.

\*\* Danish GAAP rules regarding hedge accounting is similar to IFRS but does not have the same requirements for formal documentation of hedge effectiveness. Swedish GAAP does not have any hedge accounting rules. According to Danish GAAP the fair value of the hedge contracts has to be accounted for as an asset or liability and booked directly against shareholders equity. Due to conversion errors from Swedish to Danish accounting principles the hedge instruments has not been accounted for and has therefore been adjusted for the period 2012–2014. Thus the adjustments in the profit and loss statement are due to the IFRS conversion while the adjustments in the balance sheet are due to conversion errors from Swedish to Danish GAAP.

# AUDITOR'S REPORT REGARDING HISTORICAL FINANCIAL INFORMATION FOR THE FINANCIAL YEARS 2015, 2014, 2013 AND 2012 (IFRS)

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2012, 2013, 2014 AND 2015 INCLUDED ON PAGES 152 TO 204**

## **To the readers of this Offering Circular**

We have audited the Consolidated Financial Statements of Nordic Waterproofing Holding A/S for the financial year ended December 2015, 2014, 2013 and 2012, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies, as presented on pages 152 to 204. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

## **Management's Responsibility for the Consolidated Financial**

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

## **Opinion**

In our opinion, the Consolidated Financial Statements of Nordic Waterproofing Holding A/S as presented on pages 152 to 204 give a true and fair view of the financial position at 31 December 2015, 2014, 2013 and 2012 and of the results of the operations and cash flows for the financial year 1 January to 31 December 2015, 2014, 2013 and 2013 in accordance with International Financial Reporting Standards as adopted by the EU.

Vejle, 9 May 2016

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

Lars Almskou Ohmeyer  
*State Authorised Public Accountant*

# CONSOLIDATED PROSPECTIVE FINANCIAL INFORMATION FOR THE FINANCIAL YEAR 2016

## STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Company has prepared and presented the consolidated prospective financial information for the financial year 2016, including the principal assumptions stated under "Methodology and Assumptions". The accounting policies applied are in accordance with the accounting policies set out in the notes to the 2015 consolidated financial statements included in this Prospectus. The consolidated prospective financial information for the financial year 2016 is prepared for the purpose of this Prospectus.

The consolidated prospective financial information for the financial year 2016 is based on a number of factors, including certain estimates and assumptions. The principal assumptions upon which the Company has based the consolidated prospective financial information for the financial year 2016 are described under "Methodology and Assumptions". The consolidated prospective financial information for the financial year 2016 is based on a number of assumptions, and many of the significant assumptions the Company has used in preparing this information are outside of the Company's control or influence.

The consolidated prospective financial information for the financial year 2016 represents the best estimates of the Board of Directors and Management at the date of publication of this Prospectus. Actual results are likely to be different from the consolidated prospective financial information for the financial year 2016, since anticipated events may not occur as expected and the variation may be material. You should read the consolidated prospective financial information for the financial year 2016 in this section in conjunction with "Risk factors" included elsewhere in this Prospectus. See also "Important information – Forward-Looking information and risk factors".

Vejen, 9 May 2016

### Nordic Waterproofing Holding A/S

#### Executive Board

Martin Ellis

#### Supervisory Board

Ulf Gundemark

Vilhelm Sundström

Holger C. Hansen

Christian Frigast

Jørgen Jensen

## INTRODUCTION

The Company has prepared the consolidated prospective financial information for the financial year 2016 for use in this Prospectus in accordance with applicable laws and regulations. Such information is the responsibility of the Company's Board of Directors and Management.

The consolidated prospective financial information was not prepared with a view toward compliance with published guidelines of the U.S. Securities and Exchange Commission and the American Institute of Certified Public Accountants (the "AICPA"), for preparation and presentation of prospective financial information. Accordingly, this information does not include disclosure of all information required by the AICPA guidelines on prospective financial information. The prospective financial information is necessarily based upon a number of assumptions and estimates that, while presented with numerical specificity and considered reasonable by the Company, are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, and upon assumptions with respect to future business decisions that are subject to change.

*The Company's expectations as to future developments may deviate substantially from actual developments, and the Company's actual results of operations are likely to deviate, and may deviate materially, from the forecasts provided. Accordingly, potential investors should treat this information with caution and not place undue reliance on the expectations set forth below.*

## METHODOLOGY AND ASSUMPTIONS

The consolidated prospective financial information for the financial year 2016 has been prepared on the basis of the Company's accounting policies, which are in accordance with the recognition and measurement regulation of IFRS as adopted by the EU, consistent in all material respects with those applied in the audited consolidated financial statements for the year ended and as of 31 December 2015, and on the accounting estimates described therein.

The consolidated prospective financial information for the financial year 2016 has been prepared for the purpose of this Prospectus in accordance with the Company's ordinary forecasting and budgeting procedures and on a basis comparable to the historical financial information included elsewhere in this Prospectus. However, the consolidated prospective financial information is based on a large number of estimates made by the Company based on assumptions on future events, which are subject to numerous and significant uncertainties, for example, caused by business, economic and competitive risks and uncertainties, which could cause the Company's actual results to differ materially from the prospective financial information presented herein.

Certain of the assumptions, uncertainties and contingencies relating to the consolidated prospective financial information are outside of the Company's control, including those relating to changes in political, legal, fiscal, market or economic conditions, improvement in macro-economic conditions, currency fluctuations and actions by customers or competitors. Certain other assumptions, uncertainties and contingencies are wholly or partially within the Company's control, such as those relating to the execution of the Company's strategy.

While the Company has presented below the principal assumptions on which the prospective financial information is based, it is likely that one or more of the assumptions it has relied upon will fail to materialise.

The Company's actual results of operations could deviate materially from its forecasts as a result of other factors, including, but not limited to, those described under "*Important information – Forward-Looking information and risk factors*" and "*Risk factors*". For more information regarding principal factors that the Company expects could have a substantial effect on its results of operations, see "*Operating and financial review – Factors affecting results of operations*".

For the purpose of preparing the consolidated prospective financial information for the financial year 2016, the Company has applied the principal assumptions set forth below.

## NET SALES

The Company has assumed the following with regard to developments in net sales:

- The general market developments is expected to be similar to 2015 in most of the relevant markets (outside of the Company's control)
- A slightly increased revenue compared to 2015 is expected (partially within the Company's control)
- Slightly negative sales price developments in the operating segment Products & Solutions (partially within the Company's control)
- Stable sales price developments in the operating segment Installation Services (partially within the Company's control)
- Successful implementation of sales initiatives in line with current expectations (within the Company's control), including:
  - Attracting new flat roof installation customers in Sweden through enhanced offer
  - Continued penetration of the flat roof installation segment in Norway through increased service offering
  - Launch of new shingle type in Norway and Finland
  - Green roofs in Denmark
  - RubberShell and continued penetration of the distribution segment in Europe
  - Continued development of maintenance & service business in Finland

## PROFIT

The Company has assumed the following with regard to developments in profit:

- A decrease in bitumen raw material prices and a slight increase in other raw material prices compared to 2015 (outside of the Company's control)
- An increase in operating expenses in connection with the implementation of the sales initiatives developing in line with current expectations (within the Company's control)
- Stable production costs (within the Company's control)

## ADDITIONAL ASSUMPTIONS

In addition, for each of net sales and profits, the Company has assumed:

- Largely unchanged competitive landscape across all markets (outside of the Company's control)
- The general economic and financial conditions in Finland continue being less negative (outside of the Company's control)
- Average weather conditions across the Company's markets (outside of the Company's control)
- Ongoing litigation and administrative proceedings in which the Company is currently involved (including the TOR case) will not result in outcomes that have, and the Company will not become party to any litigation and administrative proceedings that could have, a material adverse effect on the Company (partially within the Company's control).
- That no acquisition or divestment will have a material effect on the Company's net sales and profit in 2016 (within the Company's control)
- Currency exchange rates to be in line with Q1 2016 (partially outside of the Company's control)

## EXPECTATIONS FOR THE FINANCIAL YEAR 2016

For the full year 2016, Nordic Waterproofing Group expects the general market development to be similar to 2015 in most of its markets. The Group expects to fulfil its financial target to exceed the growth in its current markets through organic growth. For the same period, the Group expects an increased profit before tax, interest and items affecting comparability of approximately 10% compared to the full year 2015.

# INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED PROSPECTIVE FINANCIAL INFORMATION FOR THE FINANCIAL YEAR 2016

*This page is intentionally left blank*

# DEFINITIONS

**Code** means the Swedish Corporate Governance Code.

**Cornerstone Investors** means AMF Fonder AB, reg. no. 556549-2922 ("AMF"), Carnegie Fonder AB, reg. no. 556266-6049 ("Carnegie Fonder") and Swedbank Robur Fonder AB, reg. no. 556198-0128 ("Swedbank Robur Fonder").

**DKK** means Danish kroner.

**EUR** means euro.

**Euroclear** means Euroclear Sweden AB (Box 7822, 103 97 Stockholm, Sweden).

**IFRS** means the International Financial Reporting Standards, as adopted by the European Union.

**KIRKBI** means KIRKBI Invest A/S.

**Joint Global Coordinators and Joint Bookrunners** means ABG Sundal Collier AB ("ABG") and Carnegie Investment Bank AB ("Carnegie").

**Moelis** means Moelis & Company UK LLP.

**Nasdaq Stockholm** means the regulated marketplace operated by Nasdaq Stockholm AB.

**NOK** means Norwegian kroner.

**Nordic Waterproofing, Company or Group** means, depending on the context, Nordic Waterproofing Holding A/S, reg. no. 33 39 53 61, the group of which Nordic Waterproofing Holding A/S, is the parent company or subsidiary of the group.

**Offer** means the offer to acquire shares described in the Prospectus.

**Over-Allotment Option** means the over-allotment option described in the section entitled "*Legal considerations and supplementary Information – Material contracts – Placing agreement*".

**Placing Agreement** means the agreement on placement of shares in Nordic Waterproofing which the Company, the Joint Global Coordinators and Joint Bookrunners, the Principal Owner and KIRKBI intend to enter into on or about 9 June 2016 and which is described in further detail in the section entitled "*Legal considerations and supplementary Information – Material agreements – Placing agreement*".

**Principal Owner or Axcel** means AXCEL IV K/S, AXCEL IV K/S 2, AX Management Invest K/S and AX Management Invest II K/S, all funds being advised by Axcel Management A/S.

**Prospectus** means this Prospectus, which has been prepared in connection with the Offer and the listing of the Company's shares on Nasdaq Stockholm.

**SEK** means Swedish kronor.

**USD** means US dollars.

**VP Securities** means VP Securities A/S (Weidekampsgade 14, DK-2300 Copenhagen S, Denmark).

# ADDRESSES

## **Company**

Nordic Waterproofing Holding A/S  
Drottninggatan 11  
SE-252 21 Helsingborg  
Sweden  
Telephone: 042-36 22 40

## **Joint Global Coordinators and Joint Bookrunners**

ABG Sundal Collier AB  
Regeringsgatan 65  
SE-103 89 Stockholm  
Sweden

## **Carnegie Investment Bank AB**

Regeringsgatan 56  
SE-103 38 Stockholm  
Sweden

## **Independent Financial Advisor**

Moelis & Company UK LLP  
Condor House  
10 St Paul's Churchyard  
EC4M 8AL London  
The United Kingdom

## **Auditor**

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab  
Herredsvej 32  
DK-7100 Vejle  
Denmark

## **Legal advisors to the Company and the Principal Owner**

*As to Swedish law*

Roschier Advokatbyrå AB  
Blasieholmmsgatan 4 A  
SE-111 48 Stockholm  
Sweden

*As to Danish law*

Plesner Advokatfirma  
Amerika Plads 37  
DK-2100 Copenhagen  
Denmark

## **Legal advisor to the Joint Global Coordinators and Joint Bookrunners**

*As to Swedish law*

Gernandt & Danielsson Advokatbyrå KB  
Hamngatan 2  
SE-111 47 Stockholm  
Sweden





## OUR BRANDS

 AL-KATOT OY	 <b>Hetag</b> <sup>®</sup> Tagmaterialer A/S	 <b>Kerabit</b> <sup>®</sup>
 <b>KerabitPro</b> <sup>®</sup>	 <b>MATAKI</b> <sup>®</sup> SVENSKT TÄTSKIKT FÖR SVENSKT KLIMAT	 <b>NORTETT</b> <sup>®</sup>
 <b>PHØNIX TAG MATERIALER</b>	 <b>SealEco</b>	 <b>Trebolit</b>

# NORDIC WATERPROOFING

Nordic Waterproofing Holding A/S  
Drottninggatan 11, 252 21 Helsingborg, Sweden  
Phone: +46 42 36 22 40  
[www.nordicwaterproofing.com](http://www.nordicwaterproofing.com)