

NIBE

– world-class solutions in sustainable energy



Invitation to subscribe for
shares in NIBE Industrier AB (publ)

Important information for investors

This document is a translation of a Swedish prospectus. The prospectus in Swedish ('the Prospectus') and this English translation thereof have been prepared in connection with the offer to subscribe for shares in NIBE. See the section *Certain definitions and terms* for definitions of certain terms used in this translation.

Preparation and registration of the Prospectus

The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Finansinspektionen) pursuant to the provisions of Chapter 2, Sections 25 and 26, of the Swedish Financial Instruments Trading Act (1991:980). Approval and registration do not imply that the Swedish Financial Supervisory Authority guarantees that the factual information provided in the Prospectus is correct or complete. This English translation of the Prospectus has not been approved by or registered with any regulatory authority. The Prospectus is available on the Company's website at www.nibe.com, on Danske Bank's website at www.danskebank.se/prospekt and on the Swedish Financial Supervisory Authority's website at www.fi.se. The Prospectus has been prepared in a Swedish version, an English translation and a German translation. In case of any inconsistency between this English translation and the Prospectus (in Swedish), the Prospectus (in Swedish) shall prevail. NIBE class B shares have a secondary listing on the SIX Swiss Exchange. SIX Swiss Exchange has been notified of the Offer.

The distribution of the Prospectus, this English translation and participation in the Offer is restricted by law and other rules in certain jurisdictions. NIBE has not taken any measures and will not take any measures to permit an offer to the general public in any jurisdiction other than Sweden and Switzerland. The Offer is not directed at individuals resident in the United States of America (including its territories and provinces, every state of the USA and the District of Columbia ('USA')), Canada, Australia, Japan, Hong Kong, New Zealand, Singapore or South Africa or in any other jurisdiction in which participation would require additional prospectuses, registration or measures other than those stipulated by Swedish law.

Consequently, the Prospectus, this English translation and other documents concerning the Offer may not be distributed in or to the above countries or any other jurisdiction in which distribution or the Offer requires such measures or otherwise contravenes applicable rules. Subscription for shares and acquisition of securities in contravention of the above restrictions may be invalid. Individuals who receive a copy of the Prospectus and this English translation must obtain information about and follow such restrictions. Measures in contravention of the restrictions may constitute a crime against applicable securities legislation.

An investment in securities involves certain risks (see the section *Risk factors*). When investors make an investment decision, they must rely on their own assessment of NIBE and the Offer, including the existing facts and risks. Before making an investment decision, potential investors should engage their own professional advisers and carefully evaluate and consider the investment decision. Investors may only rely on the information in the Prospectus and any supplements to the Prospectus. No individual is authorised to furnish any information or make any statements other than those contained in the Prospectus. If this takes place anyway, such information or statements must not be deemed to have been approved by NIBE, and NIBE is not liable for such information or statements. Neither the publication or distribution of the Prospectus and this English translation nor any transactions made in connection with the Offer shall be deemed to imply that the information in the Prospectus is correct and valid at any time other than on the date of its publication or that there has been no change in NIBE's operations after such date. If any material changes are made to the information in the Prospectus, such changes will be published in pursuance of the provisions on supplements to prospectuses in the Swedish Financial Instruments Trading Act.

Information to investors in the USA

No Subscription Rights, paid subscribed shares/interim shares or shares issued by NIBE ('Securities') have been registered or will be registered in pursuance of the United States Securities Act of 1933 ('US Securities Act') in force from time to time or the securities legislation in any state or other jurisdiction in the USA and they may not be exercised, offered, sold, resold, delivered or otherwise transferred, directly or indirectly, in or to the USA, except according to an applicable exemption from the registration requirements of the US Securities Act and in accordance with applicable securities legislation in the relevant state or other jurisdiction in the USA. The securities are offered outside the USA subject to Regulation S under the US Securities Act.

There will be no offer to the general public in the USA. An offer of Securities will be made in the USA by NIBE and will be made only to a limited number of investors who are both existing NIBE shareholders and Qualified Institutional Buyers (according to the definition in Rule 144A under the US Securities Act) in accordance with an exemption from the registration requirements of the US Securities Act, provided that they have signed and sent an investor letter to NIBE. Investors in the USA who are not Qualified Institutional Buyers are thus unable to participate in the Offer, exercise Subscription Rights or subscribe for New Shares. Danske Bank and Handelsbanken will not carry out any transactions or bring about or attempt to bring about any purchase or sale of any securities in or to the USA in connection with the Offer.

The securities have been neither approved nor rejected by the US Securities and Exchange Commission ('SEC'), any state securities authority or any other authority in the USA. Nor has any such authority assessed or commented on the Offer under the Prospectus or the correctness and reliability of the Prospectus and this English translation. To assert the contrary is a criminal offense in the USA.

Information to investors in the EEA

Within the European Economic Area ('EEA'), no offer of Securities is made to the general public in any country other than Sweden. In other EEA Member States

that have implemented European Parliament and Council Directive 2003/71/EC ('the Prospectus Directive'), an offer of Securities may only be made in accordance with an exemption from the Prospectus Directive and every relevant implementation measure (including measures for the implementation of European Parliament and Council Directive 2010/73/EU).

Forward-looking information

The Prospectus and this English translation contain forward-looking statements and assumptions about future market conditions, operations and results. These statements are contained in several sections and include statements concerning the Company's current intentions, assessments and expectations. The words 'regard', 'refer to', 'assess', 'expect', 'anticipate', 'plan' or similar expressions indicate some of these forward-looking statements. Other such statements are identified on the basis of the context. Actual events and results may differ considerably from the content of such statements as a consequence of risks and other factors that have an impact on the Company's operations. Such factors are compiled under the section *Risk factors*.

Industry and market information

The Prospectus and this English translation contains industry and market information relating to NIBE's operations and the markets on which NIBE operates. Unless specified otherwise, such information is based on the Company's analysis of several different sources, including industry publications and reports. Industry publications and reports usually state that the information they contain has been received from sources that are deemed reliable, but that the correctness and completeness of the information cannot be guaranteed. The Company has not independently verified the industry and market information that is contained in the Prospectus and this English translation and was taken from or derives from these industry publications or reports and is therefore unable to guarantee its correctness. By its nature, industry and market information is forward-looking and subject to uncertainty and does not necessarily reflect actual market conditions. Such information is based on market surveys which, in turn, are based on selections and subjective assessments, including assessments of the types of product and transaction that should be included in the relevant market by both those carrying out the surveys and respondents. Danske Bank and Handelsbanken accept no liability for the correctness of any industry or market information included in the Prospectus and this English translation. Information from third parties has been reproduced correctly, and, as far as the Company is aware and is able to ascertain by means of comparison with other information published by the third parties in question, no information has been omitted in a manner that would make the information reproduced incorrect or misleading.

Presentation of financial information

Some financial figures have been rounded off in the Prospectus and this English translation, for which reason some tables do not have correct totals.

Certain definitions and terms

'NIBE', 'NIBE Group', 'the Company' or 'the Group' refer to NIBE Industrier AB (publ), corporate identity no. 556374-8309, the Group of which NIBE Industrier AB (publ) is the parent or a subsidiary of the Group, according to the context. 'Danske Bank' refers to Danske Bank A/S, Denmark, Sweden branch. 'Handelsbanken' refers to Handelsbanken Capital Markets, part of Svenska Handelsbanken AB (publ), or Svenska Handelsbanken AB (publ) itself, according to the context. 'Euroclear' refers to Euroclear Sweden AB, corporate identity no. 556112-8074. 'Nasdaq Stockholm' refers to the regulated market Nasdaq Stockholm or Nasdaq Stockholm AB, according to the context.

References to 'SEK' refer to the Swedish krona, references to 'EUR' refer to the euro, references to 'USD' refer to the US dollar and references to 'CHF' refer to the Swiss franc. 'T' refers to thousands and 'M' refers to millions. 'The Offer' refers to the offer to subscribe for shares in the Company as detailed by the Prospectus, and 'the Issue' refers to the issue of shares in the Company in accordance with the Offer. 'The Prospectus' refers to the Prospectus (in Swedish). 'New Share(s)' refers to one or more shares issued by NIBE in connection with the imminent Issue, and 'Subscription Right(s)' refers to one or more Subscription Rights in the imminent Issue.

Financial advisers

Danske Bank and Handelsbanken are financial advisers to the Company, and Danske Bank is the issuing agent in the Offer. As all the information in the Prospectus and this English translation originates from the Company, Danske Bank and Handelsbanken disclaim all liability in relation to existing or future shareholders in the Company and any other direct or indirect financial consequences of investment decisions or other decisions based in full or in part on the information in the Prospectus and this English translation.

Disputes

Any disputes arising out of the Offer, the contents of the Prospectus and this English translation and associated legal relations shall be settled by Swedish courts. The Prospectus, this English translation and the Offer shall be governed exclusively by Swedish substantive law.

The Issue in brief

Preferential rights

A person registered on the record date on 5 October 2016 as a NIBE shareholder will be granted one (1) class A Subscription Right for each class A share held and one (1) class B Subscription Right for each class B share held in NIBE. The Subscription Right grant the holder a preferential right to subscribe for New Shares, whereby seven (7) class A Subscription Rights entitle the holder to subscribe for one (1) New Share of class A and seven (7) class B Subscription Rights entitle the holder to subscribe for one (1) New Share of class B.

Subscription price

SEK 48 per share

Record date for the right to participate in the Issue

5 October 2016

Subscription period

10 October 2016 – 25 October 2016

Trading in Subscription Rights

10 October 2016 – 21 October 2016

Trading in paid subscribed shares

10 October 2016 – 27 October 2016

ISIN codes

Class A shares	SE0008321285
Class B shares	SE0008321293
Class A Subscription Rights	SE0009163645
Class B Subscription Rights	SE0009163660
Class A paid subscribed shares	SE0009163652
Class B paid subscribed shares	SE0009163678

Financial calendar

Interim report, January-September	17 November 2016
Year-end report	16 February 2017
Annual General Meeting	11 May 2017
Interim report, January-March	11 May 2017

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Summary

Prospectus summaries consist of information requirements listed point by points. The points are numbered in sections A – E (A.1 – E.7). The summary in this Prospectus contains all the points required in a summary for the relevant type of securities and issuer. However, as certain points are not applicable to all types of prospectus, there may be gaps in the numbering of the points. Even if the inclusion of a point in the summary is required for the relevant type of securities and issuer, it is possible that no relevant information is available for the point. In such case, the information has been replaced with a brief description of the point and the words ‘not applicable’.

Section A – Introduction and warnings		
A.1	Introduction and warnings	This summary should be read as 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 prepared 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.
A.2	Consent to use of the Prospectus	Not applicable. Financial intermediaries are not entitled to use the Prospectus for subsequent resale or final placement of securities.

Section B – Issuer		
B.1	Name and trade name	The name of the Company (and its trade name) is NIBE Industrier AB (publ), corporate identity no. 556374-8309.
B.2	Registered office and legal form	The Board of Directors has its registered office in Markaryd Municipality, Sweden. The Company is a Swedish public limited liability company regulated by the Swedish Companies Act (2005:551).
B.3	Principal activities	<p>NIBE is an international Group operating in the field of heating technology and energy efficiency enhancement and has sales on around 40 markets in Europe, North America, Asia, Australia and Africa. The overriding objective is to combine sustainable growth, half of which must be based on acquisitions, with healthy profitability and creating value for shareholders.</p> <p>The Group has three business areas operating on different product markets and in the same and different industries.</p> <ul style="list-style-type: none"> ◆ NIBE Climate Solutions offers sustainable energy solutions for indoor climate comfort with a wide range of products for heating, cooling, ventilation, heat recovery and hot water heating for single-family homes, apartment blocks and other large properties, including commercial properties. ◆ NIBE Element offers components and solutions for measurement, control and heating designed for producers and users of industrial and consumer products. ◆ NIBE Stoves offers stove products and chimney systems for different types of single-family house and commercial properties. <p>Each business area has its own operational management team with overall responsibility for profits. The NIBE Group currently has about 12,000 employees in 21 countries in Europe, North America, Asia and Australia. In 2015, the Group had sales of SEK 13,243 million, with an operating margin of 12.8%. NIBE Climate Solutions accounted for 60% of sales, NIBE Element for 28% and NIBE Stoves for the remaining 12%.</p>
B.4a	Trends	<p>NIBE Climate Solutions partially addresses the global HVAC¹ market, which the Company estimates to be worth more than SEK 500 billion. The business area’s main product market is the heat pump market, which is part of the heating market. The heat pump markets in France, Germany, Sweden, Switzerland and the UK generally enjoyed relatively stable growth in the first half of 2016, with the Swedish market growing considerably despite the reduced home improvement subsidy. For traditional electric water heaters, performance in the Nordic and European markets is stable, while sales of conventional domestic boilers remain sluggish.</p> <p>NIBE Element’s market is the global market for elements, which the Company estimates to be worth SEK 50 billion. The Company saw a positive change in the market in the first half of 2016, with Germany growing particularly well. Both consumer products and products for the automotive industry and commercial equipment grew. The trend in the North American market has been stable in 2016 in all industries except the oil and gas industry. The Asian market has also experienced healthy growth.</p> <p>NIBE Stoves addresses the stove market in Europe and North America, which the Company estimates to be worth more than SEK 30 billion. The market situation in Scandinavia for stove products improved during the first half of 2016, while growth weakened on several major European markets such as Germany and France due to low gas and oil prices and uncertain economic growth. In the UK, the trend from last year continues, with a clear shift in demand from wood-fired to gas-fired products as a result of the current low price of gas.</p> <p>1) HVAC is an acronym for Heating, Ventilation and Air Conditioning.</p>

B.5	The Group	The Group comprises the parent NIBE Industrier AB (publ) and 102 directly and indirectly owned subsidiaries, 82 of which subsidiaries are operational, in around 20 countries.																																																																																																																																																																																																				
B.6	Major shareholders	<p>In Sweden, the lowest limit for a duty to disclose holdings is five percent of all shares or of the number of votes for all shares. Below is a list of NIBE's shareholders with a holding corresponding to at least five percent of the shares and votes as at 31 August 2016.</p> <table border="1"> <thead> <tr> <th>Shareholders</th> <th>Class A shares</th> <th>Class B shares</th> <th>% of capital</th> <th>% of votes</th> </tr> </thead> <tbody> <tr> <td>Melker Schörling</td> <td>15,040,512</td> <td>33,020,928</td> <td>10.90</td> <td>20.23</td> </tr> <tr> <td>Gerteric Lindquist</td> <td>6,018,240</td> <td>14,253,760</td> <td>4.60</td> <td>8.21</td> </tr> <tr> <td>Bengt Hjelm</td> <td>6,016,512</td> <td>13,238,528</td> <td>4.37</td> <td>8.10</td> </tr> <tr> <td>Leif Gustavsson</td> <td>6,016,512</td> <td>11,813,248</td> <td>4.04</td> <td>7.94</td> </tr> <tr> <td>Alecta Pensionsförsäkring</td> <td>0</td> <td>28,000,000</td> <td>6.35</td> <td>3.09</td> </tr> <tr> <td>Total, ten largest shareholders</td> <td>43,619,328</td> <td>135,434,639</td> <td>40.60</td> <td>63.05</td> </tr> <tr> <td>Others</td> <td>8,121,696</td> <td>253,838,889</td> <td>59.40</td> <td>36.95</td> </tr> <tr> <td>Total</td> <td>51,741,024</td> <td>389,273,528</td> <td>100.00</td> <td>100.00</td> </tr> </tbody> </table>	Shareholders	Class A shares	Class B shares	% of capital	% of votes	Melker Schörling	15,040,512	33,020,928	10.90	20.23	Gerteric Lindquist	6,018,240	14,253,760	4.60	8.21	Bengt Hjelm	6,016,512	13,238,528	4.37	8.10	Leif Gustavsson	6,016,512	11,813,248	4.04	7.94	Alecta Pensionsförsäkring	0	28,000,000	6.35	3.09	Total, ten largest shareholders	43,619,328	135,434,639	40.60	63.05	Others	8,121,696	253,838,889	59.40	36.95	Total	51,741,024	389,273,528	100.00	100.00																																																																																																																																																							
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B.7	Selected historical financial information	<p>The summary financial information reported in this section (and key figures calculated in accordance with IFRS) for full years is taken from NIBE's annual reports for the financial years 2013-2015, which were prepared in accordance with IFRS and audited by NIBE's auditors. The information concerning the first six months of 2015 and 2016 is based on NIBE's interim report for the period 1 January–30 June 2016, which was prepared in accordance with IFRS but has not been audited by NIBE's auditors.</p> <p>The Prospectus contains certain key figures that, according to IFRS, are not defined as measures of financial performance but are used by NIBE's management to monitor the underlying performance of operations. The Company is also of the opinion that these key figures are widely used by investors, securities analysts and other stakeholders as supplementary measures of earnings performance. As listed companies do not always calculate these key figures in the same way, it is not certain that the information below is comparable with other companies' key figures with the same names.</p> <table border="1"> <thead> <tr> <th rowspan="2">Consolidated income statement in summary (MSEK)</th> <th colspan="2">January-June</th> <th colspan="3">Full year</th> </tr> <tr> <th>2016</th> <th>2015</th> <th>2015</th> <th>2014</th> <th>2013</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>6,343</td> <td>6,115</td> <td>13,243</td> <td>11,033</td> <td>9,834</td> </tr> <tr> <td>Cost of goods sold</td> <td>-4,092</td> <td>-3,966</td> <td>-8,461</td> <td>-7,106</td> <td>-6,462</td> </tr> <tr> <td>Gross profit</td> <td>2,251</td> <td>2,149</td> <td>4,782</td> <td>3,927</td> <td>3,372</td> </tr> <tr> <td>Selling expenses</td> <td>-1,156</td> <td>-1,158</td> <td>-2,371</td> <td>-1,977</td> <td>-1,739</td> </tr> <tr> <td>Administrative expenses</td> <td>-455</td> <td>-423</td> <td>-838</td> <td>-707</td> <td>-580</td> </tr> <tr> <td>Other operating revenue</td> <td>63</td> <td>61</td> <td>127</td> <td>142</td> <td>126</td> </tr> <tr> <td>Operating profit</td> <td>703</td> <td>629</td> <td>1,700</td> <td>1,385</td> <td>1,179</td> </tr> <tr> <td>Net financial items</td> <td>-58</td> <td>-57</td> <td>-86</td> <td>-93</td> <td>-62</td> </tr> <tr> <td>Profit after net financial items</td> <td>645</td> <td>572</td> <td>1,614</td> <td>1,292</td> <td>1,117</td> </tr> <tr> <td>Tax</td> <td>-165</td> <td>-133</td> <td>-377</td> <td>-310</td> <td>-259</td> </tr> <tr> <td>Net profit</td> <td>480</td> <td>439</td> <td>1,237</td> <td>982</td> <td>858</td> </tr> <tr> <td>Includes depreciation according to plan as follows</td> <td>242</td> <td>239</td> <td>480</td> <td>402</td> <td>385</td> </tr> <tr> <td>Net earnings per share before/after dilution of shares (SEK)¹⁾</td> <td>1.09</td> <td>1.00</td> <td>2.80</td> <td>2.23</td> <td>1.95</td> </tr> </tbody> </table> <p>1) Adjusted for 4:1 share split, 2016.</p> <table border="1"> <thead> <tr> <th rowspan="2">Consolidated balance sheet in summary (MSEK)</th> <th colspan="2">January-June</th> <th colspan="3">Full year</th> </tr> <tr> <th>2016</th> <th>2015</th> <th>2015</th> <th>2014</th> <th>2013</th> </tr> </thead> <tbody> <tr> <td>Intangible assets</td> <td>10,579</td> <td>10,463</td> <td>10,209</td> <td>9,731</td> <td>6,154</td> </tr> <tr> <td>Property, plant and equipment</td> <td>2,166</td> <td>2,117</td> <td>2,117</td> <td>2,078</td> <td>1,889</td> </tr> <tr> <td>Financial assets</td> <td>503</td> <td>482</td> <td>467</td> <td>367</td> <td>155</td> </tr> <tr> <td>Total non-current assets</td> <td>13,248</td> <td>13,062</td> <td>12,793</td> <td>12,176</td> <td>8,198</td> </tr> <tr> <td>Inventories</td> <td>2,548</td> <td>2,346</td> <td>2,115</td> <td>2,109</td> <td>1,760</td> </tr> <tr> <td>Current receivables</td> <td>2,126</td> <td>2,026</td> <td>1,901</td> <td>1,844</td> <td>1,415</td> </tr> <tr> <td>Current investments</td> <td>40</td> <td>208</td> <td>347</td> <td>154</td> <td>3</td> </tr> <tr> <td>Cash and bank balances</td> <td>4,613</td> <td>1,387</td> <td>1,448</td> <td>1,827</td> <td>1,591</td> </tr> <tr> <td>Total current assets</td> <td>9,327</td> <td>5,967</td> <td>5,811</td> <td>5,934</td> <td>4,769</td> </tr> <tr> <td>Total assets</td> <td>22,575</td> <td>19,029</td> <td>18,604</td> <td>18,110</td> <td>12,967</td> </tr> <tr> <td>Equity</td> <td>7,799</td> <td>6,928</td> <td>7,428</td> <td>6,560</td> <td>5,575</td> </tr> <tr> <td>Non-current liabilities and provisions, non-interest-bearing</td> <td>1,647</td> <td>2,003</td> <td>1,605</td> <td>1,849</td> <td>1,267</td> </tr> <tr> <td>Non-current liabilities and provisions, interest-bearing</td> <td>7,757</td> <td>7,841</td> <td>7,118</td> <td>7,558</td> <td>4,391</td> </tr> <tr> <td>Current liabilities and provisions, non-interest-bearing</td> <td>2,150</td> <td>1,981</td> <td>2,289</td> <td>1,849</td> <td>1,533</td> </tr> <tr> <td>Current liabilities and provisions, interest-bearing</td> <td>3,222</td> <td>276</td> <td>164</td> <td>294</td> <td>201</td> </tr> <tr> <td>Total equity and liabilities</td> <td>22,575</td> <td>19,029</td> <td>18,604</td> <td>18,110</td> <td>12,967</td> </tr> </tbody> </table>	Consolidated income statement in summary (MSEK)	January-June		Full year			2016	2015	2015	2014	2013	Net sales	6,343	6,115	13,243	11,033	9,834	Cost of goods sold	-4,092	-3,966	-8,461	-7,106	-6,462	Gross profit	2,251	2,149	4,782	3,927	3,372	Selling expenses	-1,156	-1,158	-2,371	-1,977	-1,739	Administrative expenses	-455	-423	-838	-707	-580	Other operating revenue	63	61	127	142	126	Operating profit	703	629	1,700	1,385	1,179	Net financial items	-58	-57	-86	-93	-62	Profit after net financial items	645	572	1,614	1,292	1,117	Tax	-165	-133	-377	-310	-259	Net profit	480	439	1,237	982	858	Includes depreciation according to plan as follows	242	239	480	402	385	Net earnings per share before/after dilution of shares (SEK) ¹⁾	1.09	1.00	2.80	2.23	1.95	Consolidated balance sheet in summary (MSEK)	January-June		Full year			2016	2015	2015	2014	2013	Intangible assets	10,579	10,463	10,209	9,731	6,154	Property, plant and equipment	2,166	2,117	2,117	2,078	1,889	Financial assets	503	482	467	367	155	Total non-current assets	13,248	13,062	12,793	12,176	8,198	Inventories	2,548	2,346	2,115	2,109	1,760	Current receivables	2,126	2,026	1,901	1,844	1,415	Current investments	40	208	347	154	3	Cash and bank balances	4,613	1,387	1,448	1,827	1,591	Total current assets	9,327	5,967	5,811	5,934	4,769	Total assets	22,575	19,029	18,604	18,110	12,967	Equity	7,799	6,928	7,428	6,560	5,575	Non-current liabilities and provisions, non-interest-bearing	1,647	2,003	1,605	1,849	1,267	Non-current liabilities and provisions, interest-bearing	7,757	7,841	7,118	7,558	4,391	Current liabilities and provisions, non-interest-bearing	2,150	1,981	2,289	1,849	1,533	Current liabilities and provisions, interest-bearing	3,222	276	164	294	201	Total 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		The Group's statement of cash flows in summary				
		January-June		Full year		
	(MSEK)	2016	2015	2015	2014	2013
Cash flow before changes in working capital		698	665	1,717	1,327	1,255
Change in working capital		-330	-271	222	77	-183
Cash flow from operating activities		368	394	1,939	1,404	1,072
Investments in existing operations		-145	-146	-384	-308	-309
Operating cash flow		223	248	1,555	1,096	763
Acquisition of businesses		-620	-86	-171	-2,648	-166
Cash flow after investments		-397	162	1,384	-1,552	597
Financing		3,568	-308	-1,302	2,095	271
Shareholders' dividends		-369	-298	-298	-259	-220
Cash flow for the year		2,802	-444	-216	284	648
Cash and cash equivalents at the beginning of the period		1,795	1,981	1,981	1,594	934
Exchange difference in cash and cash equivalents		56	58	30	103	12
Cash and cash equivalents at the end of the period		4,653	1,595	1,795	1,981	1,594
Key figures						
		January-June		Full year		
	(MSEK)	2016	2015	2015	2014	2013
Key figures from accounts						
Net sales	MSEK	6,343	6,115	13,243	11,033	9,834
Operating profit	MSEK	703	629	1,700	1,385	1,179
Profit after net financial items	MSEK	645	572	1,614	1,292	1,117
EPS (after full tax) ¹⁾	SEK	1.09	1.00	2.80	2.23	1.95
Equity	MSEK	7,799	6,928	7,428	6,560	5,575
Operating cash flow	MSEK	223	248	1,555	1,096	763
Alternative key figures						
Growth	%	+3.7	+26.4	+20.0	+12.2	+7.0
Net investments in fixed assets	MSEK	516	263	531	3,098	912
EBITDA margin	%	14.9	14.2	16.5	16.2	15.9
Operating margin	%	11.1	10.3	12.8	12.6	12.0
Profit margin	%	10.2	9.4	12.2	11.7	11.4
Capital employed	MSEK	18,778	15,045	14,710	14,411	10,167
Return on capital employed	%	11.3	11.0	12.1	12.1	12.4
Return on equity	%	17.3	16.6	18.0	16.6	16.7
Return on total assets	%	9.2	8.7	9.6	9.6	9.9
Capital turnover rate	times	0.65	0.60	0.72	0.71	0.80
Equity ratio	%	34.5	36.4	39.9	36.2	43.0
Proportion of risk-bearing capital	%	38.3	41.0	44.5	40.8	47.2
Net debt/EBITDA	times	2.8	3.3	2.5	3.3	1.9
Interest coverage ratio	times	5.6	9.1	12.3	7.6	12.4
Interest-bearing liabilities/Equity	%	140.8	117.2	98.0	119.7	82.3
Average number of employees ²⁾		-	-	10,545	9,726	8,983
1) Adjusted for stock split						
2) Recognised only for full twelve month periods						

B.7	Selected historical financial information (cont.)	<p>Definitions</p> <p>Proportion of risk-bearing capital Equity, including deferred tax liabilities, as a percentage of the balance sheet total.</p> <p>Return on capital employed¹⁾ Profit after net financial items plus financial expenses as a percentage of average capital employed²⁾.</p> <p>Return on equity¹⁾ Profit after net financial items minus tax at standard rate 22.0% as a percentage of average equity²⁾.</p> <p>Return on total assets¹⁾ Profit after net financial items plus financial expenses as a percentage of average balance sheet total²⁾.</p> <p>EBITDA margin Operating profit before depreciation and impairment as a percentage of net sales.</p> <p>Equity Taxed equity plus untaxed reserves minus tax.</p> <p>Capital turnover rate¹⁾ Net sales divided by the average balance sheet total²⁾.</p> <p>Net investments in fixed assets Purchase of fixed assets minus sale of fixed assets.</p> <p>Net debt/EBITDA¹⁾ Interest-bearing net debt (interest-bearing financial liabilities minus interest-bearing financial assets) divided by earnings before depreciation and impairment.</p> <p>Operating cash flow Cash flow after investments but before the acquisition of companies/businesses.</p> <p>Interest coverage ratio Profit after net financial items plus financial expenses divided by financial expenses.</p> <p>Interest-bearing liabilities/Equity Interest-bearing liabilities as a percentage of equity.</p> <p>Operating margin Operating profit as a percentage of net sales.</p> <p>Equity ratio Equity as a percentage of balance sheet total.</p> <p>Capital employed Total assets minus non-interest-bearing liabilities (including deferred tax).</p> <p>Growth Percentage change in net sales compared with previous year.</p> <p>Earnings per share (after full tax) Earnings after full tax divided by the average number of shares in issue.</p> <p>Profit margin Profit after net financial items as a percentage of net sales.</p> <p>1) Rolling twelve months 2) Opening balance and closing balance divided by 2</p> <p>Significant changes since 30 June 2016: On 1 July 2016, NIBE completed the acquisition of Climate Control Group Inc., a US manufacturer of heating, ventilation and air conditioning solutions for commercial buildings and detached homes on the North American market, from LSB Industries. The price paid for Climate Control Group was SEK 2,964 million (at the exchange rate then applicable). At the end of June 2016, a bank credit of SEK 3,000 million was raised, under the existing credit agreement, to finance the acquisition of Climate Control Group. The credit was recognised as a current interest-bearing liability in the consolidated balance sheet. During the third quarter of 2016, NIBE is expected to recognise operational transaction costs of approximately SEK 3 million in the income statement following the acquisition of Climate Control Group.</p> <p>No further events of major significance to NIBE's financial position or position on the market have occurred since 30 June 2016.</p>
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B.7	Selected historical financial information (cont.)	<p>Significant changes during the period that the historical financial information covers:</p> <p>In August 2014, NIBE acquired 100% of the shares in the North American heat pump company WaterFurnace Renewable Energy Inc. In November 2014, the remaining 90% of North American heat pump firm Enertech Global LLC was acquired. In May 2015, NIBE issued bonds totalling SEK 1,500 million with a term of five years. Half of these bonds were issued at a variable interest rate and half at a fixed interest rate. In December 2015, a further SEK 400 million in bonds was issued with a term of 3.5 years at a variable interest rate. In March 2016, NIBE acquired the remaining 40% of the shares in the British stove company Stovax Heating Group Ltd., after having acquired 60% in 2013, and 100% of the shares in the North American company Heatron Inc., which manufactures complete special element solutions.</p> <p>Apart from the information above, no other significant changes took place during the period covered by the historical financial information.</p>																																																																																											
B.8	Selected pro forma accounts	<p>Purpose of the pro forma accounts</p> <p>The consolidated pro forma accounts have been prepared to provide information about the impact the acquisitions of Heatron Inc. and Climate Control Group Inc. would have had on NIBE if they had been part of NIBE from the start of the 2015 financial year.</p> <p>The pro forma accounts are only designed to describe a hypothetical situation and have been prepared solely for purposes of illustration. They do not show the profit that the operations would actually have produced. Nor do the pro forma accounts show the NIBE Group's profit for any future period. Investors should not attach too much importance to the pro forma accounts in their investment decision. No synergy effects or integration costs have been taken into consideration.</p> <p>Pro forma income statement, NIBE, 1 January 2015 – 31 December 2015</p> <table border="1" data-bbox="456 840 1394 1377"> <thead> <tr> <th>(MSEK)</th> <th>NIBE 2015</th> <th>Heatron 2015</th> <th>CCG 2015</th> <th>Pro forma adjustments</th> <th>Note</th> <th>Pro forma 2015</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>13,243</td> <td>245</td> <td>2 262</td> <td>0</td> <td></td> <td>15,750</td> </tr> <tr> <td>Cost of goods sold</td> <td>-8,460</td> <td>-182</td> <td>-1 572</td> <td>-22</td> <td>1)</td> <td>-10,236</td> </tr> <tr> <td>Gross profit</td> <td>4,782</td> <td>63</td> <td>691</td> <td>-22</td> <td></td> <td>5,514</td> </tr> <tr> <td>Selling expenses</td> <td>-2,371</td> <td>-24</td> <td>-362</td> <td>-27</td> <td>1)</td> <td>-2,784</td> </tr> <tr> <td>Administrative expenses</td> <td>-838</td> <td>-30</td> <td>-155</td> <td>0</td> <td></td> <td>-1,023</td> </tr> <tr> <td>Other revenue</td> <td>127</td> <td>0</td> <td>0</td> <td>0</td> <td></td> <td>127</td> </tr> <tr> <td>Operating profit</td> <td>1,700</td> <td>9</td> <td>174</td> <td>-49</td> <td></td> <td>1,834</td> </tr> <tr> <td>Net financial items</td> <td>-86</td> <td>0</td> <td>0</td> <td>-47</td> <td>2)</td> <td>-133</td> </tr> <tr> <td>Profit after net financial items</td> <td>1,614</td> <td>9</td> <td>174</td> <td>-96</td> <td></td> <td>1,701</td> </tr> <tr> <td>Appropriations</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td></td> <td>0</td> </tr> <tr> <td>Tax</td> <td>-377</td> <td>-3</td> <td>0</td> <td>28</td> <td>3)</td> <td>-352</td> </tr> <tr> <td>Profit for the period</td> <td>1,237</td> <td>6</td> <td>174</td> <td>-68</td> <td></td> <td>1,349</td> </tr> </tbody> </table> <p>See next page for explanation of notes.</p>	(MSEK)	NIBE 2015	Heatron 2015	CCG 2015	Pro forma adjustments	Note	Pro forma 2015	Net sales	13,243	245	2 262	0		15,750	Cost of goods sold	-8,460	-182	-1 572	-22	1)	-10,236	Gross profit	4,782	63	691	-22		5,514	Selling expenses	-2,371	-24	-362	-27	1)	-2,784	Administrative expenses	-838	-30	-155	0		-1,023	Other revenue	127	0	0	0		127	Operating profit	1,700	9	174	-49		1,834	Net financial items	-86	0	0	-47	2)	-133	Profit after net financial items	1,614	9	174	-96		1,701	Appropriations	0	0	0	0		0	Tax	-377	-3	0	28	3)	-352	Profit for the period	1,237	6	174	-68		1,349
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B.8	Selected pro forma account (cont.)	Pro forma balance sheet in summary, NIBE, 31 December 2015						
		(MSEK)	NIBE 2015	Heatron 2015	CCG 2015	Pro forma adjustments	Note	Pro forma 2015
		Intangible assets	10,209	0	16	2,960	4)	13,185
		Property, plant and equipment	2,117	53	222	24	5)	2,416
		Financial assets	467	0	0	0		467
		Total non-current assets	12,793	54	238	2,983		16,068
		Inventories	2,115	59	239	0		2,413
		Current receivables	1,901	45	363	0		2,309
		Current investments	346	0	0	0		346
		Cash and bank balances	1,448	39	151	-37	6)	1,601
		Total current assets	5,811	144	752	-37		6,670
		Total assets	18,604	198	990	2,946		22,738
		Equity	7,428	181	625	-695	7)	7,539
		Non-current liabilities and provisions, non-interest-bearing	1,605	1	0	321	8)	1,927
		Non-current liabilities and provisions, interest-bearing	7,118	0	101	3,321	9)	10,540
		Current liabilities and provisions, non-interest-bearing	2,289	15	265	0		2,569
		Current liabilities and provisions, interest-bearing	163	0	0	0		163
		Total equity and liabilities	18,604	198	990	2,946		22,738
		Key figures						
			NIBE 2015					Pro forma 2015
		Operating margin	12.8%					11.6%
		Profit margin	12.2%					10.8%
		Equity ratio	39.9%					33.2%
		Return on equity	18.0%					18.8%
		Net debt/EBITDA	2.5					3.6
		Notes						
		1) Calculated amortisation of intangible assets that arose in connection with the acquisitions whereby amortisation of customer relationships is recognised as Selling expenses and amortisation of other intangible assets, primarily capitalised development costs, is recognised as Cost of goods sold.						
		2) Calculated interest expenses for the financing of the acquisitions.						
		3) Tax attributable to the profit adjustments in points 1 and 2.						
		4) Calculated surplus values in intangible assets according to allocation, reduced by amortisation for the year.						
		5) Allocated surplus values in property, machinery and equipment at Heatron Inc.						
		6) Payment of calculated interest expenses under point 2, minus income tax at 22%.						
		7) Elimination of equity in acquired entities and profit for the year.						
		8) Deferred tax liability attributable to allocated surplus values, excluding goodwill.						
		9) Calculated liability to credit institutions as a result of the acquisitions.						

B.9	Profit forecast	Not applicable. The Prospectus contains no profit forecast or calculation of expected profit.
B.10	Audit qualification	Not applicable. There are no audit qualifications.
B.11	Inadequate working capital	Not applicable. NIBE estimates that the working capital is adequate for the relevant requirements during the coming twelve-month period.

Section C – Securities		
C.1	Securities offered	Class A shares in NIBE (ISIN code SE0008321285) and class B shares in NIBE (ISIN code SE0008321293). Only class B shares will be traded.
C.2	Denomination	The shares are denominated in SEK.
C.3	Number of shares in the issuer	As at the date of this Prospectus, the Company's registered share capital amounts to SEK 68,908,523.75 divided into 441,014,552 shares, 51,741,024 class A shares and 389,273,528 class B shares. All shares are fully paid up. Each share has a quota value of SEK 0.15625.
C.4	Rights associated with the securities	<p>At General Meetings, each class B share carries one vote and each class A share carries ten votes.</p> <p>In connection with an increase in share capital by means of a cash issue or offset issue, an old share entails a preferential right to a new share in the same class, and shares that are not subscribed for by the shareholders with preferential rights must be offered to all shareholders. If such shares offered are insufficient to cover the number of shares subscribed for on the basis of the latter offer, the shares must be distributed between the subscribers in proportion to the number of shares they already hold and, where this is not feasible, by drawing lots. If NIBE issues warrants or convertible instruments by a cash issue or offset issue, the shareholders have the same preferential right to subscribe for warrants or convertible instruments as if the new shares to which the warrants or convertible instruments related were issued. If NIBE's share capital is increased by a bonus issue, new class A and class B shares must be issued in proportion to the number of shares of each class already issued. In such cases, old shares of a certain share class will entitle holders to new shares in the same class.</p> <p>All shares carry equal rights to the Company's assets and potential surplus in the event of liquidation. Class A shares are subject to a share conversion clause and pre-emption clause under the Articles of Association.</p> <p>A resolution on dividend is passed by the Annual General Meeting and dividend is paid via Euroclear. Shareholders who are registered in the share register kept by Euroclear on the record date, which is fixed by the Annual General Meeting, are entitled to dividend.</p>
C.5	Restrictions on free transferability	Class B shares are freely transferable. Class A shares are subject to a pre-emption clause under NIBE's Articles of Association.
C.6	Admission for trading	New Shares of class B will be traded on Nasdaq Stockholm and SIX Swiss Exchange.
C.7	Dividend policy	The Company's aim over the long term is to pay a dividend equivalent to 25–30% of profit after tax, which allows for significant reinvestment in operations. Dividend is fixed taking into consideration NIBE's investment requirements and other factors that the Company's Board of Directors considers to be of importance.

Section D – Risks		
D.1	Principal risks related to the issuer or the industry	<p>Ownership of shares involves risk-taking. Before an investment decision is made, it is important to carefully analyse the risk factors that are deemed to be material to the future growth of the Company and its shares. The Company's operations are subject to a number of risks that are fully or partially beyond the control of the Company and affect or may affect NIBE's operations, financial position and earnings. Below is a description of a number of risk factors that are deemed to be of particular importance to NIBE's future growth. The presentation of the risk factors below makes no claim to be complete, nor are the risks ranked in terms of their significance.</p> <p>A weaker economic situation may have a negative impact on the Company's operations and earnings. NIBE's products are also used in industries that are sensitive to the economic climate and are affected by the general economic situation. A significant part of NIBE's operations are conducted outside Sweden, which entails risks related to compliance with local legislation, longer payment cycles, difficulties in obtaining payment of accounts receivable and higher risks of bad debt losses. Political, economic and/or military instability in countries in which NIBE operates or will operate may also have a negative impact on NIBE's earnings, operations and financial position.</p> <p>NIBE may be affected by production and/or distribution problems of various types. If NIBE's suppliers, distributors and other business partners do not meet the requirements specified for quality, working conditions for employees, the environment and social responsibility, among other things, this may harm NIBE's reputation.</p> <p>NIBE operates on markets that are subject to competition and NIBE's ability to compete in the future depends on its technical development and response to new market demand. NIBE is exposed to the risk that the Company is unable to implement new technologies or adapt its product range and business model in time.</p> <p>NIBE is exposed to a risk of product liability claims or similar being made against the Company and of defective, incorrectly designed or incorrectly constructed products causing personal injury or property damage.</p> <p>NIBE has launched a number of products related to energy production for oil, gas and wind power and is consequently exposed to unfavourable changes in commodity prices. Changes in the taxation of energy may also have a negative impact on both demand for NIBE's products and expenses in NIBE's production process.</p> <p>To be able to supply its products, NIBE depends on the Company's suppliers performing the contracts made with them. Incorrect or delayed deliveries and non-deliveries from suppliers could have negative consequences.</p> <p>NIBE's future success depends largely on its ability to recruit, retain, develop and replace qualified managers and other key individuals. If the Company fails in this regard, this may have a negative impact on the Company's operations, earnings and financial position.</p> <p>There is a risk of NIBE's existing insurance cover not being adequate, of NIBE not being able to maintain the existing insurance cover and of the Company's insurance cover not compensating actual losses.</p> <p>NIBE's growth strategy partly involves growing through acquisitions. There is a risk that NIBE will not be able to identify suitable acquisition objects or implement strategic acquisitions, which may lead to reduced or declining growth for the Company. There is also a risk that the integration and synergy effects of acquisitions are not achieved or take longer than estimated and that acquisitions expose NIBE to unknown obligations. If businesses underperform in relation to the assumptions made in their valuation, there is a risk that the Company must write down goodwill.</p> <p>NIBE depends on intellectual property rights and know-how in its operations, and there is a risk of the Company being exposed to or being guilty of infringements of intellectual property rights or being unable to defend its intellectual property rights or know-how. Within the framework of its normal business operations, NIBE may also become involved in disputes and risk being the object of civil claims in actions concerning contracts, product liability and nonconformities in the delivery of goods and services, among other things.</p> <p>NIBE is exposed to the risk that the Company's interpretation and understanding of prevailing tax laws, tax agreements and other relevant regulations and requirements from relevant tax authorities are incorrect.</p> <p>There is a risk of the Company not having access to financing at a given time or of financing only being available on terms that are unfavourable to NIBE.</p> <p>There is a risk of NIBE suffering major bad debt losses in the future as a result of one or more customers being unable to pay their debts to the Company. NIBE is also exposed to currency risks both through operating business transactions in various currencies and through the fact that the Company has operations in different currency zones.</p> <p>Any labour disputes in various countries could harm relations with customers and partners and lead to claims for financial compensation. NIBE also operates in some countries in which operations entail a risk of international business ethics recommendations and advice not being followed.</p> <p>NIBE is exposed to a risk that changes in legislation and official regulations entail stricter requirements and changes in conditions or progress towards stricter official application of legislation and regulations.</p> <p>NIBE has production plants in a number of countries, and operations that involve production entail a risk of environmental impact and liability. NIBE also owns a number of properties, and an owner of properties may be liable for environmental damage caused by previous operators.</p>

D.3	Principal risks related to the securities	<p>All investments in securities are associated with risks. Such risks may lead to the price of the Company's shares falling considerably, and investors risk losing all or part of their investment.</p> <p>The principal risks related to the shares and the Issue include:</p> <ul style="list-style-type: none"> ◆ general share-related risks (risk and risk-taking are an unavoidable part of share ownership; as an investment in shares may both rise and fall in value, there is no guarantee that an investor will recoup the capital invested); ◆ major sales (the price of the NIBE share may fall if extensive sales of shares in the Company take place or are expected to take place, particularly sales by major shareholders, Board members or senior executives); ◆ future dividend (the size of any future dividends depends on NIBE's future earnings, financial position, cash flows, working capital requirements and other factors); ◆ the risk that an active, liquid, functioning market for trade in NIBE's Class B Subscription Rights may not develop; ◆ shareholders domiciled outside Sweden may be subject to restrictions preventing them from participating in future preferential rights issues; ◆ shareholders who do not participate in the Issue risk dilution; ◆ the shares in NIBE are listed only in SEK and CHF and any future dividends will be paid in SEK, which may entail negative consequences for the valuation of foreign investors' holdings in NIBE and any dividends received if SEK falls in value against foreign currencies; ◆ some of NIBE's major shareholders have undertaken to subscribe for their pro rata proportion of the Issue but these subscription undertakings are not guaranteed. Consequently, there is a risk that one or more of the shareholders will not fulfil their respective undertakings. <p>New Shares of class A will not be listed and there will be no organised trade in class A Subscription Rights.</p>
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Section E – Offer		
E.1	Issue amount and issue expenses	<p>If fully subscribed for, the Issue is expected to raise approximately SEK 3,024 million for NIBE (before issue expenses). NIBE's total expenses for the Issue are calculated to be approximately SEK 16 million. Such expenses are primarily attributable to expenses for financial advice, auditors, lawyers and printing and distributing the Prospectus, etc.</p>
E.2a	Motive and use of the issue proceeds	<p>Ever since the early 1990s, NIBE has applied a consistent, successful growth strategy based on both organic growth and acquired growth. The objective is to achieve average year-on-year growth of 20%, half of which is to be organic and half acquired. The Company has a defined target of achieving sales of SEK 20 billion by 2020.</p> <p>In 2016, NIBE has so far announced three major acquisitions: all shares in Heatron Inc. in the USA, the remaining 40% of Stovax Heating Group Ltd. in the UK and all shares in Climate Control Group Inc. in the USA. The acquisition of Climate Control Group Inc. stands out as a particularly big step in NIBE's development, like acquisitions such as Schulthess Group in Switzerland and Emerson Heating Products in the USA in 2011, 60% of Stovax in the UK in 2013 and WaterFurnace Renewable Energy Inc. in the USA in 2014.</p> <p>All acquisitions in 2016 have been financed with cash and existing credit facilities. To maintain good acquisition capacity in the future and be able to continue to realise the Company's growth strategy, NIBE announced, in connection with the announcement of the acquisition of Climate Control Group on 12 May 2016, its intention to carry out a preferential rights issue of approximately SEK 3,000 million after the acquisition of Climate Control Group was completed.</p> <p>The net proceeds of the Issue of approximately SEK 3,008 will be used to strengthen NIBE's balance sheet by reducing indebtedness to maintain good acquisition capacity in the future.</p>

E.3	Terms and conditions of the offer	<p>NIBE's Board of Directors decided on 30 August 2016 to increase the Company's share capital by means of a new share issue with preferential rights for NIBE's shareholders. The decision was subject to subsequent approval by the Company's General Meeting. The final terms were established by the Board on 26 September 2016. The Board's decision to carry out a new share issue was approved by an Extraordinary General Meeting held on 3 October 2016.</p> <p>The Issue will increase the Company's share capital by a maximum of SEK 9,844,074.69, from the current SEK 68,908,523.75 to a maximum of SEK 78,752,598.44 by issuing a maximum of 63,002,078 New Shares, of which a maximum of 7,391,574 New Shares of class A and a maximum of 55,610,504 New Shares of class B. The Company's shareholders have a preferential right to subscribe for New Shares in NIBE in proportion to the number of shares they hold in the Company on the record date. The record date to determine which shareholders are entitled to subscribe for the New Shares is 5 October 2016.</p> <p>For each existing class A share held on the record date, one (1) class A Subscription Right is granted and, for each existing class B share held on the record date, one (1) class B Subscription Right is granted. The Subscription Rights grant the holder a preferential right to subscribe for New Shares, whereby seven (7) class A Subscription Rights entitle the holder to subscribe for one (1) New Share of class A and seven (7) class B Subscription Rights entitle the holder to subscribe for one (1) New Share of class B. New Shares of class A may only be subscribed for by exercising Subscription Rights. New Shares of class B may be subscribed for without Subscription Rights. If not all of the New Shares of class B are subscribed for with Subscription Rights, the Board of Directors shall, within the framework of the maximum amount of the Issue, make a decision on the allocation of New Shares of class B subscribed for without Subscription Right.</p> <p>Subscription will take place from 10 October 2016 to 25 October 2016, both dates inclusive, or any later date determined by the Board of Directors. The subscription price has been set at SEK 48 per New Share, regardless of share class.</p>
E.4	Interests of importance to the offer	<p>Danske Bank and Handelsbanken are financial advisers to NIBE in connection with the Issue, and Danske Bank is the issuing agent in the Issue. These advisers (and companies related to them) have provided and may, in the future, provide various banking, financial, investment, commercial and other services to NIBE for which they have received and may receive remuneration. The above financial advisers and certain companies related to them are also lenders and/or intermediaries or guarantors of loans granted to NIBE.</p>
E.5	Seller of the securities and lock up agreements	<p>Seller of the securities and lock up agreements not applicable.</p>
E.6	Dilutive effect	<p>The imminent Issue of shares in classes A and B will, if fully subscribed for, result in the number of class A and B shares in the Company increasing from 441,014,552 shares to 504,016,630 shares, equivalent to an increase of approximately 14.3%. For the shareholders who refrain from subscribing for New Shares in the imminent Issue, there will be a dilutive effect equivalent to maximum approximately 12.5% of the share capital and approximately 12.5% of the votes in NIBE after the Issue. The dilutive effect has been calculated as the maximum number of shares and votes that may be issued, divided by the maximum total number of shares and votes in the Company after the Issue.</p>
E.7	Expenses charged to investors	<p>Not applicable. The Company will not charge investors any fees or taxes.</p>

Risk factors

Ownership of shares involves risk-taking. Before an investment decision is made, it is important to carefully analyse the risk factors that are deemed to be material to the future growth of the Company and its shares. A number of factors beyond NIBE's control may have a negative impact on the Company's operations, earnings and financial position or result in the value of the Company's shares falling. There are also a number of factors of which NIBE is able to influence the effects via its actions. There are risks in relation to both circumstances attributable to NIBE and circumstances that have no specific connection to NIBE. Below is a description of a number of risk factors that are deemed to be of particular importance to NIBE's future growth. The presentation of the risk factors below makes no claim to be complete, nor are the risks ranked in terms of their significance. In addition to this section, investors must take into account the other information provided in this Prospectus. Additional risks that are currently not known to the Company or that the Company currently considers to be insignificant may come to be of material significance to NIBE's operations, earnings and financial position. The risks and uncertainties indicated below may, individually or together, have a material negative impact on NIBE's financial position, operations and earnings. They may also result in NIBE's shares falling in value, which could lead to NIBE's shareholders losing all or part of their invested capital.

Industry and operational risks

Risks related to business operations and macroeconomic factors

Changes in the general economy affect the market for NIBE's products. Consequently, a weaker economic situation with reduced purchasing power and a greater need to make savings among NIBE's customers may have a negative impact on the Company's operations and earnings. NIBE's operations and earnings depend on its customers having adequate resources to buy the Company's products. In the future, customers may reduce or postpone their purchases of NIBE's products based on difficulties in obtaining credit, economic uncertainty, budget deficit and concern about the stability of the market in general. If global economic conditions or economic circumstances on important markets weaken, there may be a negative impact on NIBE's financial position, operations and earnings.

NIBE's products are used in industries that are sensitive to the economic climate.

NIBE's growth depends to a great extent on industrial development in the countries in which NIBE operates and the general economic situation, which depends in turn on factors such as energy prices, energy policy decisions, interest rate levels, unemployment, inflation and taxes. Some of NIBE's products, for example heat pumps and other heating units, are installed in new buildings. Construction normally displayed a cyclical pattern. A reduced level of construction may result in lower sales of NIBE's products.

Sales of NIBE's products also depend on the prevailing weather conditions. For example, mild winters may contribute to poorer sales of heating units. General perceptions of environmental issues in society also affect NIBE in that they represent an impor-

tant factor in end customers' choices of products (for example heating units). Changes in conditions in the sectors in which NIBE operates may be difficult to predict, and a decline in construction and conversion work on the Company's markets, for example, could lead to demand for NIBE's products falling and/or prices for NIBE's products falling. If any of the above risks is realised, it could have a negative impact on NIBE's operations, earnings and financial position.

Construction and conversion work is also subsidised in certain cases, for example by means of favourable tax rules. If these subsidies are reduced or abolished, it could have a negative impact on NIBE's operations, financial position and earnings.

International operations

A significant part of NIBE's operations are conducted outside Sweden. While foreign operations and continued international expansion entail opportunities, there are also risks. In addition to what is stated elsewhere in this section, *Risk factors*, these relate in part to compliance with local legislation, longer payment cycles, difficulties in obtaining payment of accounts receivable and higher risks of bad debt losses. These circumstances may have a negative impact on NIBE's operations, earnings and financial position.

Political, economic and/or military instability

A significant part of NIBE's operations are conducted outside Sweden, and growth on foreign markets is part of NIBE's market strategy. Political, economic and/or military instability in countries in which NIBE operates or will operate may have a negative impact on NIBE's earnings, operations and financial position. The consequences of political, economic or military instability are difficult to assess and anticipate, which is a factor that may have a negative impact on NIBE's operations and financial position.

Production and distribution problems

There is a risk that NIBE may be affected by production and/or distribution problems of various types. Production and/or distribution problems may be caused, for example, by strikes or other labour disputes, breakdowns, weather conditions, geographical conditions, fires, natural disasters, unauthorised data access, terrorist activities or disruption in any part of the production process or in the distribution stage. Such events may have negative consequences both in the form of direct damage to property and in the form of stoppages that make it more difficult for NIBE to fulfil its commitments to its customers or otherwise have a negative impact on NIBE's operations. Production and distribution problems also entail a risk of NIBE's customers subsequently choosing suppliers other than NIBE. In summary, stoppages or disruptions in the production and/or distribution process may have a negative impact on NIBE's operations, earnings and financial position.

Negative publicity

If NIBE's suppliers, distributors and other business partners do not meet the requirements specified for quality, working conditions for employees, the environment and social responsibility, among other things, this may harm NIBE's reputation and thus have a negative impact on NIBE's operations, financial position and earnings.

Competition

NIBE operates on markets that are subject to competition. Several major multinational groups are investing in energy-efficiency technology both for financial reasons and to enhance their environmental profile. NIBE's ability to compete in the future depends on its technical development and response to new market demand. NIBE competes with both small local operators and major international companies. Some of NIBE's current or future competitors may have greater resources than NIBE and employ them to capture market shares from NIBE. This may force NIBE to implement cost-intensive restructuring or price reductions to adapt to the new competitive situation, which may have a negative impact on NIBE's operations, financial position and earnings.

NIBE's ambition is for the products that NIBE sells to constitute sustainable green energy solutions that are characterised by optimum technical performance, a high level of innovation, a high level of quality, modern design and a competitive price level. However, there is a risk of buyers on the market choosing products of a lower quality at a lower price. This could have a negative impact on NIBE's operations, financial position and earnings.

Development of technologies

NIBE is exposed to the risk that the Company is unable to implement new technologies or adapt its product range and business model in time to exploit the benefits of new or existing technologies. There is also a risk of future new technologies making NIBE's products less competitive and more difficult to sell. Every such failure may have a negative impact on NIBE's operations, financial position and earnings.

The expenses associated with keeping up with product and technology developments may be high and subject to factors that are fully or partly beyond NIBE's control. The level and time of future operating expenses and capital requirements may also differ considerably from current estimates. Inability to finance these expenses may have a negative impact on NIBE's operations, financial position and earnings.

Price risk

As NIBE operates on an open market on which the prices of various products and services constantly fluctuate, there is a risk of lower margins if the Company is unable to manage increases in expenses in the manner required and the Company's expenses increase at a faster rate than its revenue, which may have a negative impact on NIBE's operations, financial position and earnings.

Processing of confidential information

NIBE's operations involve the management of sensitive and confidential information. The information management systems used by NIBE or other companies with which NIBE has business relations may be vulnerable to security breaches (including IT crime), damage, computer viruses, data being incorrectly placed or lost, automated or human errors or other similar events. Every incidence of confidential information being disseminated may harm NIBE's reputation and thus, or in some other way, have a negative impact on NIBE's operations, financial position and earnings.

Product liability

NIBE may be the object of product liability claims or other claims that the products that NIBE produces or purchases are, or are claimed to be, defective or cause, or are claimed to have caused,

personal injury or property damage. Personal injury or property damage caused by defective, incorrectly designed or incorrectly constructed products that do not meet acceptable quality standards may have a negative impact on NIBE's reputation, operations, financial position and earnings. If a product is defective, NIBE may be forced to recall it. In such a situation, there is a risk of NIBE being unable to make corresponding claims against its own suppliers to receive compensation for the expenses caused to NIBE by the defective product. There is also a risk of product liability claims and other product-related expenses not being fully covered by NIBE's insurance cover. Product liability, warranty claims and recalls may consequently have a negative impact on NIBE's operations, financial position and earnings.

Commodity prices

NIBE has launched a number of products related to energy production for oil, gas and wind power. There is a risk that changes in commodity prices, for example a fall in the price of oil, may change the market situation within this segment in the future by affecting demand for products in the segment. This may have a negative impact on NIBE's operations, financial position and earnings. Moreover, changes in the prices of commodities used in NIBE's production process may result in higher expenses for NIBE and thus have a negative impact on NIBE's operations, financial position and earnings.

Energy tax

Changes in the taxation of energy may affect both demand for NIBE's products and expenses in NIBE's production process. Changes in energy tax may have a negative impact on the Company's operations, financial position and earnings.

Dependence on suppliers

The components in the products marketed by NIBE's business areas are supplied by a number of suppliers in Europe and elsewhere in the world. When selecting suppliers, a thorough review is made of the supplier's ability to meet the Company's requirements. However, to be able to supply its products, NIBE depends on components, input goods and services from third parties meeting agreed requirements in terms of quantity, quality and delivery time. Incorrect or delayed deliveries and non-deliveries from suppliers could have negative consequences such as higher expenses, operational disruption and reduced customer confidence which, in turn, at least in the short term, could result in a fall in sales or the absence of sales and thus have a negative impact on the Company's operations, financial position and earnings.

Key individuals

NIBE's future success depends largely on its ability to recruit, retain and develop qualified managers and other key individuals. Consequently, being an attractive employer is an important success factor for NIBE. If key individuals leave and suitable successors cannot be recruited or if NIBE is unable to attract qualified staff, this may have a negative impact on the Company's operations, financial position and earnings.

Insurance cover

For NIBE's operations, it is essential that NIBE can obtain adequate insurance cover at a reasonable cost. However, there is a risk of NIBE's existing insurance cover not being adequate for possible future needs and of NIBE not being able to maintain the existing insurance cover at a reasonable cost or adequate insurance

cover. Moreover, the cover NIBE obtains via its policies may be limited, for example on account of monetary limits and the need to pay an excess or by the insurance company not compensating the full loss. It may be difficult and time-consuming to obtain compensation from insurance companies for losses covered by NIBE's policies. Consequently, there is a risk of NIBE's insurance cover not covering all potential losses, whatever the cause, or of relevant insurance cover not always being available at an acceptable cost, which could have a negative impact on NIBE's financial position and earnings. Claims against NIBE may also, regardless of the Company's insurance cover, result in an increase in the premiums NIBE pays under its insurance contracts. Significant increases in insurance premiums may have a negative impact on NIBE's operations, financial position and earnings.

IT and control systems

There is a risk that operating problems, IT attacks or protracted stoppages in NIBE's IT and control systems could lead to serious operating problems and reduced confidence in NIBE, resulting in reduced competitiveness and a poorer position on the market, which may have a negative impact on NIBE's operations, financial position and earnings.

Acquisitions and divestments

NIBE's growth strategy partly involves growing through acquisitions. However, there is a risk that NIBE will not be able to identify suitable acquisition objects or implement strategic acquisitions, for example on account of competition with other acquirers or insufficient financing. This may lead to reduced or falling growth for NIBE. Growth through acquisitions also involves the risk inherent in potential difficulties integrating new businesses and employees. NIBE may incur significant acquisition and administrative expenses, plus expenses for restructuring or other expenses in connection with acquisitions. There is a risk that NIBE will not be able to successfully integrate businesses that are acquired or that, after integration, they will not perform as expected. There is also a risk that the integration and synergy effects of acquisitions may take longer than estimated. Any of these circumstances may have a negative impact on NIBE's operations, financial position and earnings.

When other companies are acquired, there is a risk of the due diligence performed by the Company not containing all the information needed to make the right decision from both a financial and a legal point of view. There is also a risk of the expected benefits of a specific acquisition not being fully realised. Future acquisitions may also lead to debts and contingent liabilities being incurred, plus depreciation costs related to intangible assets. This may have a negative impact on NIBE's operations, earnings and financial position.

Acquisitions may also expose NIBE to unknown obligations. Acquisition of a company usually also involves assumption of its liabilities along with its assets. Even if the operations of the company acquired are audited before the acquisition, and an attempt is made to obtain the necessary guarantees in the acquisition agreement made, there is a risk that it will not have been possible to identify all potential liabilities or obligations before the acquisition or that the seller lacks the financial capacity to compensate NIBE if a guarantee is not met. If NIBE is unable to obtain compensation for such liabilities or obligations, this may have a negative impact on NIBE's operations, financial position and earnings.

In recent years, NIBE has made a number of acquisitions in different countries. As a consequence of such acquisitions, certain contingent liabilities attributable to the businesses acquired have been assumed. There is a risk of these contingent liabilities resulting in a financial outflow, which may have a negative impact on NIBE's operations, financial position and earnings.

Moreover, the fact that NIBE has high market shares on certain markets may mean that the assessment of acquisitions under competition law may be complicated, which may have a negative impact on NIBE's operations, financial position and earnings.

Past and future divestments of businesses may expose NIBE to risks, including as a result of the terms of the transfer of the business, for example guarantees, damages and commitments to the buyer about the divested business. NIBE is also exposed to capital losses if businesses are sold at below book value. If any of these risks related to past or future disposals should materialise, it may have a negative impact on NIBE's operations, financial position and earnings.

Future acquisitions may depend on NIBE obtaining external financing, for example via bank loans. NIBE may also choose, for example, to carry out new share issues or to use its own shares to finance all or part of acquisitions. If acquisitions are financed by issuing shares, this results in dilution of existing shareholders' holdings. Acquisition opportunities may also be limited by the terms of loan agreements. It is also possible that sellers of potential investment objects will not be willing to accept shares in NIBE as payment. If liquid assets are insufficient and if NIBE cannot use its own shares as a means of payment, the potential for future expansion through acquisitions may be limited or impeded.

Goodwill

NIBE's intangible assets consist primarily of goodwill. Goodwill arises when businesses are acquired above book value. If businesses underperform in relation to the assumptions made in their valuation, a goodwill risk arises. If NIBE's valuation of a business acquired turns out to be incorrect, NIBE needs to write down the goodwill value, which may have a negative impact on NIBE's financial position and earnings. Goodwill is tested for impairment every year, or more frequently if there are indications that it may be necessary, in which connection book values are compared with estimated values in use based on future discounted cash flows. If future tests show a reduction in the value of goodwill and therefore lead to impairment, this may have a negative impact on NIBE's earnings and financial position.

Intellectual property rights

NIBE holds a number of trademarks, registered designs and other intellectual property rights and may acquire or develop its own and shared products and technical solutions that can be patented or protected in some other way. If necessary, NIBE protects its intellectual property rights via legal processes. However, there is a risk that NIBE will not be able to maintain patents, trademarks and other intellectual property rights granted or that registration applications are not granted. If NIBE is unable to protect and maintain its intellectual property rights, this may have a negative impact on NIBE's operations, financial position and earnings. NIBE also depends on know-how in its operations. It cannot be ruled out that competitors will develop equivalent know-how or that NIBE is unable to protect its know-how effectively, which could have a negative impact on NIBE's operations and profitability. There is also a risk of NIBE infringing or being accused of infringing third

party intellectual property rights, which may entail expenses either to defend itself or to settle an infringement dispute. Where NIBE has infringed third party intellectual property rights, there may be a need for NIBE to develop alternative products or buy licences. This may have a negative impact on NIBE's operations, financial position and earnings.

Disputes

Within the framework of its normal business operations, NIBE may become involved in disputes and risk being the object of civil claims in actions concerning contracts, product liability and nonconformities in the delivery of goods and services, among other things. NIBE (or its officers, managers, employees or related parties) may also be the object of criminal investigations and regulatory investigations and actions. Disputes, claims, investigations and actions of these types may be time-consuming, disturb normal operations, involve large sums of money, have a negative impact on customer relationships and result in both administrative and legal sanctions and measures that entail significant expenses. If such disputes, claims, investigations and actions occur and NIBE is held liable, there is a risk of the claims not being fully covered by NIBE's insurance cover. Future disputes, claims, investigations and actions may have a negative impact on NIBE's operations, financial position and earnings. Exposure to disputes, fines and other obligations imposed by relevant public authorities may also, even if the financial effects are not significant, have a negative impact on NIBE's reputation.

Effective financial reporting

If NIBE neglects to maintain effective control over its financial reporting, the result may be investigation by or sanctions from relevant public authorities and the decline or loss of investors' confidence in the financial information reported by the Company, which may have a significant negative impact on the Company's earnings and financial position.

Estimates and assessments of financial items

There is a risk that certain balance sheet items and items outside the balance sheet, which must be evaluated with a high degree of subjectivity such as goodwill, contract portfolios, pensions, legal exposure, risk reserves and deferred tax, have not been evaluated correctly. This may result in an incorrect presentation of the financial position, which may have a negative impact on NIBE's financial position and earnings.

Tax risks

NIBE operates in a number of countries. Operations and any transactions between Group companies are conducted in accordance with the Company's interpretation and understanding of prevailing tax laws, tax agreements and other relevant regulations and requirements from relevant tax authorities. However, it may turn out that NIBE's interpretation and understanding of these laws, agreements and other regulations is not correct in all respects. The tax authorities in the countries in which NIBE operates may also make assessments or decisions that differ from NIBE's understanding and interpretation of existing laws and rules. NIBE's tax position for previous years, the present year and future years may change as a result of decisions made by relevant tax authorities or amendments to laws, tax agreements and other regulations. Such decisions or amendments, which may also apply retroactively, may have a considerable negative impact on NIBE's financial position and earnings.

Financing risk

There is a risk of the Company not having access to financing at a given time or of financing only being available on terms that are unfavourable to NIBE. As at 30 June 2016, NIBE's existing credit facilities amounted to SEK 13,380 million. Although NIBE's financial position is currently judged to be stable, the Company may need additional financial resources, for example to refinance loans or other financing agreements that fall due and to enable acquisitions to be made or otherwise achieve strategic objectives. There is a risk that such financial resources are not available on terms that are favourable to NIBE. The availability of additional financing is subject to a number of factors, for example market conditions, the general availability of financing and NIBE's financial situation and credit rating. Disruption and uncertainty on the capital and credit markets may also limit access to the capital required in order to conduct operations. Difficulties in raising financing may have a negative impact on NIBE's operations, financial position and earnings. It is also possible that, in the future, the Company may be in breach of financial obligations in credit and loan agreements, for example on account of the general economic situation and market disruption, which could have a negative impact on NIBE's operations, financial position and earnings.

Liquidity risk

There is a risk of NIBE, on account of a lack of liquid assets, being unable to fully meet its payment obligations when they fall due or of NIBE only being able to meet its payment obligations on terms that are unfavourable to the Company. At certain times, the total capital required may exceed internal cash flow, and there is a risk that additional capital cannot be obtained or can only be obtained on terms that are unfavourable to NIBE. If NIBE fails to obtain the necessary capital in the future, NIBE's continued operations may be negatively affected.

Interest rate risk

There is a risk of interest rate changes having a negative impact on NIBE's cash flow or the fair value of the Company's assets and liabilities. A reduction in long interest rates on bonds in Switzerland may, for an example, increase NIBE's liability for defined benefit pensions and thus have a negative impact on the equity. NIBE is also exposed to changes in interest rates through its variable rate financing agreements. As at 30 June 2016, NIBE has approximately SEK 10,633 million in outstanding loans under its variable rate credit facilities. The Company is consequently sensitive to changes in interest rates.

Interest rates are affected by a number of factors that are beyond NIBE's control, including the interest rate policy of governments and central banks on the geographical markets on which NIBE operates. An increase in interest rates would increase the Company's interest commitments, which may have a negative impact on NIBE's operations, financial position and earnings.

Credit risk

There is a risk of NIBE suffering major bad debt losses in the future as a result of one or more customers being unable to pay their debts to the Company, which could have a negative impact on NIBE's operations, earnings and financial position.

Currency risk

NIBE is exposed to currency risks both through operating business transactions in various currencies and through the fact that

the Company has operations in different currency zones. These risks can be divided into transaction risks and conversion risks. The term 'transaction risks' refers to the risk of exchange losses on operating business transactions in foreign currency, for example through an account receivable in a foreign currency falling in value as a result of fluctuations in the exchange rate in that currency. NIBE is exposed to transaction risks as the Company conducts a significant part of its operations outside Sweden. The term 'conversion risks' refers to the risk of the SEK value of assets and liabilities in foreign currency fluctuating as a result of fluctuations in the exchange rate in that currency. NIBE is exposed to conversion risks in the conversion of the income statements and balance sheets of foreign subsidiaries into the Swedish krona, the Group's accounting currency.

Since a large part of NIBE's revenue is earned outside Sweden, the effects of fluctuations in exchange rates may be significant. There is a risk of the measures taken by the Company to minimise currency risks being inadequate and of fluctuations in exchange rates therefore having a negative impact on NIBE's operations, earnings and financial position.

Labour disputes

Any labour disputes in various countries in which NIBE operates now or in the future could harm relations with customers and partners and lead to claims for financial compensation, which may have a negative impact on NIBE's operations, financial position and earnings.

Risks related to Corporate Social Responsibility (CSR)

NIBE operates in several countries worldwide. In some countries, operations entail a risk of international business ethics recommendations and advice not being followed. Failure to follow international ethical rules, advice and recommendations for companies in jurisdictions in which NIBE operates may have a negative impact on NIBE's financial position, operations and earnings.

Legislation and other regulations

Both NIBE's operations and its products are fully or partly regulated by legislation, which varies from jurisdiction to jurisdiction. Local laws, rules and regulations may specify requirements for the technical properties of NIBE's products, and verification and product approval by local test institutes are often required. Changes in legislation and official regulations may entail stricter requirements and changes in health, safety and environmental conditions or progress towards stricter official application of legislation and regulations, which may require additional investment and lead to higher expenses and other undertakings for NIBE.

Laws and other regulations in the jurisdictions in which NIBE operates may also create obstacles to transactions between Group companies, for example by restricting the ways in which dividends or other funds may be transferred to other Group companies.

Adaptations of NIBE's operations and products to comply with applicable laws and other regulations may entail expenses that may have a negative impact on NIBE's operations, financial position and earnings. Moreover, there is a risk that new or amended laws or other regulations, which may be difficult to anticipate and need to be complied with within a narrow time frame, may have a negative impact on NIBE's operations, financial position and earnings.

NIBE conducts extensive production operations in a number of different countries. It is not possible to exclude the possibility of liability in connection with personal injury, property damage and harmful emissions and discharges into the air, water and soil having a negative impact on NIBE's operations, earnings and financial position.

NIBE is subject to both Swedish and foreign statutes, regulations and recommendations designed to prevent money laundering and the financing of terrorism. Any non-compliance or alleged non-compliance with such statutes, regulations and recommendations may result in both legal and financial consequences for NIBE, which may have a negative impact on NIBE's operations, financial position and earnings.

Trade restrictions

Trade restrictions, for example in the form of embargoes or sanction regimes introduced by the EU, the UN, other organisations or individual countries may create obstacles to transactions between companies in different countries. Trade restrictions may be introduced at short notice and may be difficult to anticipate. The introduction of new trade restrictions may limit the ways in which NIBE is able to conduct its operations. There is also a risk of NIBE having sanctions imposed if trade restrictions are not fully complied with. These circumstances may have a negative impact on NIBE's operations, earnings and financial position.

Environmental risk

NIBE has production plants in Sweden, Norway, Denmark, Finland, Germany, the UK, Switzerland, Poland, the Czech Republic, Italy, Spain, the Netherlands, Austria, Russia, the USA, China, Malaysia and Mexico. In Sweden our plants require a permit or a notification to operate under the Swedish Environmental Code. Units in other countries require an environmental licence or must show compliance with similar requirements in accordance with relevant national legislation.

Operations that involve production entail a risk of environmental impact and liability, which could have a negative impact on NIBE's operations, financial position and earnings.

When acquiring companies, NIBE conducts an audit to check whether there is any historical liability under the Swedish Environmental Code or corresponding regulations. Even if the operations of the company acquired are audited before the acquisition, and an attempt is made to obtain the necessary guarantees in the acquisition agreement made, there is a risk that it will not have been possible to identify all potential liabilities or obligations before the acquisition. If NIBE is unable to obtain compensation for such liabilities or obligations, this may have a negative impact on NIBE's operations, financial position and earnings.

NIBE also owns a number of properties, and an owner of properties may be liable for environmental damage caused by previous operators. Environmental damage may be difficult to detect, for example in connection with a company acquisition, and guarantees furnished by a seller sometimes do not cover a deficient environmental guarantee in terms of time and money. If environmental damage is discovered or occurs in the properties owned by NIBE, and this damage cannot be covered by the guarantees provided, it is not possible to rule out that NIBE will be held liable, which may have a negative impact on NIBE's operations, financial position and earnings.

Risks related to the Issue and the shares

Share ownership

Investing in shares always involves risk. As an investment in shares may increase or decrease in value, there is a risk of an investor not being able to recoup all of the capital invested. The growth of a listed share depends on company-specific factors and factors concerning the capital market as a whole. Such factors may also increase the volatility of the share price. It is impossible for a particular company to control all the factors that may have an impact on the share price of the company and, accordingly, all decisions to invest in shares should be preceded by a careful analysis.

Major sales

The price of the NIBE share may fall if extensive sales of shares in the Company take place or are expected to take place, particularly sales by major shareholders, Board members or senior executives. Sales of large quantities of shares by the major shareholders of NIBE, or expectations that such a sale will take place, may cause the price of NIBE's shares to fall. Sales of major shareholdings by other owners may also have a negative impact on the market price of the shares and may make it difficult for other shareholders to sell shares in NIBE at a certain time and at a price they consider suitable.

Future dividend depends on several factors

The New Shares entail a right to dividend for the first time on the first record date for dividend that falls after the shares have been entered in NIBE's share register. Future dividends will be proposed by NIBE's Board of Directors. NIBE's long-term dividend policy is to pay a dividend equivalent to 25–30% of the Company's profit after tax (see also the section *Dividend and dividend policy*). However, the size of any future dividends depends on the Company's future earnings, financial position, cash flows, working capital requirements, planned and potential acquisitions and other factors. There are no guarantees that NIBE will be able to pay dividend to its shareholders in every financial year in the future.

Trading in Subscription Rights

There is a risk that active trading in Subscription Rights for class B shares will not be developed at Nasdaq Stockholm or that satisfactory liquidity will not be available during the subscription period at the time at which such securities are traded. Class A Subscription Rights will not be the object of any organised trading.

Preferential rights for shareholders in certain jurisdictions

If the Company issues New Shares in a cash issue, current shareholders normally have a preferential right to subscribe for New Shares unless the shareholders waive their preferential right by means of a resolution at a general meeting. However, shareholders in certain countries may be subject to restrictions preventing them from taking part in such preferential rights issues or participation may be rendered difficult or restricted in some other way. For example, shareholders in the USA may be prevented from exercising such preferential rights unless the shares or Subscription Rights are registered in accordance with the US Securities Act and if no exemption from the registration requirements is applicable. Shareholders in other countries outside Sweden may be affected accordingly unless the Subscription Rights or New Shares are registered or approved by the competent authorities in these countries. NIBE is under no obligation to apply for registration under the US Securities Act or to apply for corresponding approval

or relevant exemptions under the legislation in any other country outside Sweden in respect of such Subscription Rights and shares. Applying for registration or corresponding approval or relevant exemptions may be impractical and expensive. Where NIBE's shareholders in countries outside Sweden are unable to exercise their rights to subscribe for New Shares in any preferential rights issues, their proportional shareholding in the Company will decrease.

Dilution of shareholdings

The Issue will entail dilution of the shareholding of shareholders who decide not to exercise their right to subscribe for shares in the Issue or who, for some reason, are unable to participate in the Issue. Shareholders who do not participate in the Issue may sell the Subscription Rights assigned to them and thus receive some compensation. If a shareholder decides to sell their unused Subscription Rights, there is a risk that the payment the shareholder receives for the Subscription Rights on the market does not correspond to the financial dilution of the shareholder's shareholding in NIBE after the Issue has been completed. Any future new share issues may also lead to dilution of shareholders' shareholdings, for example if a new share issue is held without preferential rights for existing shareholders. As the time and conditions of any future new share issues will depend on NIBE's situation and the general market conditions at that time, the Company is unable to anticipate or estimate the amount, time or other conditions of such new share issues. NIBE's shareholders consequently bear the risk of any future new share issues, which may reduce the price of the NIBE share and/or dilute their shareholding in the Company.

Currency effects for shareholders outside Sweden

The shares in NIBE are listed only in SEK and CHF, and any future dividends will be paid in SEK. If SEK falls in value against foreign currencies, there may be negative consequences for the valuation of foreign investors' shareholdings in NIBE and any dividends received. Foreign investors may also be affected by transaction costs to exchange SEK to another currency.

Unsecured subscription commitments

NIBE's two shareholders with the most voting rights, Melker Schörling and Gerteric Lindquist, have each committed to subscribe for their respective pro rata share of the Issue, a total of approximately 15.5% of the New Shares in NIBE. These subscription undertakings are signed but not secured by a bank or any other external party. Consequently, there is a risk that one or more of the shareholders will not fulfil their respective undertakings.



Invitation to subscribe for New Shares in NIBE

NIBE's growth strategy is largely based on regular acquisitions and NIBE has recently implemented three major acquisitions and sees attractive acquisition opportunities in the future as well. Against this background, and to maintain good acquisition capacity in the future and be able to continue to realise the Company's growth strategy, NIBE's Board of Directors decided on 30 August 2016 to increase the Company's share capital by means of a New Share issue with preferential rights for NIBE's shareholders. The decision is subject to subsequent approval by the Company's general meeting. The Board's decision was approved by an Extraordinary General Meeting held on 3 October 2016.

The Issue will increase the Company's share capital by a maximum of SEK 9,844,074.69, from the current SEK 68,908,523.75 to a maximum of SEK 78,752,598.44, by issuing a maximum of 63,002,078 New Shares, of which a maximum of 7,391,574 New Shares of class A and a maximum of 55,610,504 New Shares of class B. The Company's shareholders have a preferential right to subscribe for New Shares in NIBE in proportion to the number of shares they hold in the Company on the record date. The record date to determine which shareholders are entitled to subscribe for the New Shares is 5 October 2016.

For each existing class A share held on the record date, one (1) class A Subscription Right is granted and, for each existing class B share held on the record date, one (1) class B Subscription Right is granted. The Subscription Rights grant the holder a preferential right to subscribe for New Shares, whereby seven (7) class A Subscription Rights entitle the holder to subscribe for one (1) New Share of class A and seven (7) class B Subscription Rights entitle the holder to subscribe for one (1) New Share of class B.

New Shares of class A may only be subscribed for by exercising Subscription Rights. New Shares of class B may be subscribed for without Subscription Rights. If not all of the New Shares of class B are subscribed for with Subscription Rights, the Board of Directors shall, within the framework of the maximum amount of the Issue, make a decision on the allocation of New Shares of class B subscribed for without Subscription Rights in accordance with the content of the section *Terms, conditions and instructions*.

Subscription will take place from 10 October 2016 to 25 October 2016, both dates inclusive, or any later date determined by the Board of Directors, and otherwise in accordance with the instructions contained in the section *Terms, conditions and instructions*. Class B Subscription Rights will be traded from 10 October 2016 to 21 October 2016, both dates inclusive.

The subscription price has been set at SEK 48 per New Share, regardless of class, which means that if the Issue is fully subscribed, the Issue will raise a total of approximately SEK 3,024 million for NIBE¹. The New Shares will confer the same rights as the existing class A/class B shares in the Company.

Subscription undertakings and declarations of intent²

Melker Schörling, the biggest single shareholder in the Company, and Gerteric Lindquist, the Company's MD and CEO, who together hold 15.5% of the capital and 28.4% of the votes in NIBE, have undertaken to subscribe for their respective pro rata proportions of class A and class B shares in the Issue. In addition, all other holders of class A shares, who together hold 18.6% of the capital and 39.5% of the votes in NIBE, have declared their intent to subscribe for their respective pro rata proportions of class A shares, which corresponds to 7.0% of the Issue, and to subscribe for class B shares corresponding to an additional minimum 0.6% of the Issue. The Issue comprises total subscription undertakings and declarations of intent corresponding to 23.1% of the Issue.

In accordance with the terms and conditions in this Prospectus, the shareholders in NIBE are hereby invited to subscribe for New Shares in NIBE with preferential rights.

Markaryd, 3 October 2016
NIBE Industrier AB (publ)
Board of Directors

1 A deduction for issue expenses, estimated to be approximately SEK 16 million, will be made from the issue amount of approximately SEK 3,024 million. After deduction of issue expenses, the Company is estimated to raise approximately SEK 3,008 million.

2 See also the section *Legal considerations and supplementary information*.

Background and reasons

Ever since the early 1990s, NIBE has applied a consistent and successful growth strategy based on both organic growth and acquired growth. The objective is to achieve average year-on-year growth of 20%, half of which is to be organic and half acquired. The Company has a defined target of achieving sales of SEK 20 billion by 2020.

During 2016 NIBE has announced three major acquisitions: all of the shares in Heatron Inc. in the USA, the remaining 40% in Stovax Heating Group Ltd. in the UK and, most recently, all of the shares in Climate Control Group Inc. in the USA. NIBE has also made a number of smaller but strategically important acquisitions in 2016, for example Air-Site in Sweden and ATE Electronics in Italy. All of the acquisitions implemented are well in line with NIBE's criteria that an acquisition must add new technology, establish NIBE on new geographical markets and/or further increase the Company's market presence.

Of the acquisitions implemented in the current year, the acquisition of Climate Control Group stands out as a particularly important step in NIBE's development, like previous acquisitions such as Schulthess Group in Switzerland and Emerson Heating Products in the USA in 2011, 60% of Stovax in the UK in 2013 and WaterFurnace Renewable Energy Inc. in the USA in 2014.

All acquisitions in 2016 have been financed with cash and existing credit facilities. To maintain good acquisition capacity in the future and be able to continue to realise the Company's growth

strategy, NIBE announced, in connection with the announcement of the acquisition of Climate Control Group on 12 May 2016, its intention to carry out a preferential rights issue of SEK 3,000 million after the acquisition of Climate Control Group was completed.

NIBE sees additional attractive acquisition opportunities, and the Issue creates the financial strength required to be able to realise these opportunities.

Provided that the Issue is fully subscribed for, the total issue proceeds will be approximately SEK 3,024 million. NIBE's issue expenses, including payment to advisers and other transaction costs, are expected to be approximately SEK 16 million.

The net proceeds of the Issue of approximately SEK 3,008 will be used to strengthen NIBE's balance sheet by reducing indebtedness to maintain good acquisition capacity in the future.

The Board of Directors of NIBE is responsible for the content of this Prospectus. The Board of Directors hereby provides an assurance that all reasonable care has been taken to ensure that the information contained in this Prospectus is, as far as the Board of Directors knows, in accordance with the facts and that nothing has been omitted that could affect its import.

Markaryd, 3 October 2016
NIBE Industrier AB (publ)
Board of Directors

Terms, conditions and instructions

Preferential rights and Subscription Rights

Those who, on the record date of 5 October 2016, are registered as shareholders in NIBE, regardless of share class, have preferential rights to subscribe for New Shares in the same share class in proportion to the number of shares held on the record date.

For this purpose, a person registered on the record date as a NIBE shareholder will be granted one (1) class A Subscription Right for each class A share held and one (1) class B Subscription Right for each class B share held in NIBE. The Subscription Rights grant the holder a preferential right to subscribe for New Shares, whereby seven (7) class A Subscription Rights entitle the holder to subscribe for one (1) New Share of class A and seven (7) class B Subscription Rights entitle the holder to subscribe for one (1) New Share of class B.

Provided that the Issue is fully subscribed for, the number of shares will increase by a total of 63,002,078 New Shares, of which 7,391,574 New Shares of class A and 55,610,504 New Shares of class B, which corresponds to an increase of approximately 14.3%. Shareholders who decide not to participate in the Issue will have their shareholding diluted by approximately 12.5%, but are able to financially compensate for this dilution by selling their Subscription Rights.

Subscription price

The New Shares in NIBE are issued at a subscription price of SEK 48 per New Share, regardless of share class. Commissions will not be paid.

Record date

The record date at Euroclear to determine the shareholders who are entitled to receive Subscription Rights is 5 October 2016. Shares are traded without the right to participate in the Issue as from 4 October 2016. The final day for trading shares including the right to participate in the Issue is 3 October 2016.

Subscription period

Subscription for New Shares will take place during the period from 10 October 2016 to 25 October 2016, both dates inclusive. The Company's Board of Directors is entitled to extend the subscription period. Any extension will be announced by the Company in a press release no later than on 25 October 2016. Subscription for New Shares on the basis of Subscription Rights is irrevocable and the subscriber may not cancel or modify a subscription for New Shares.

Subscription Rights granted must either be used for subscription no later than on 25 October 2016 or be sold by 21 October 2016 to avoid lapsing without value.

Holdings of directly registered shareholders

The Prospectus and a preprinted issue statement with an attached bank giro form will be sent to directly registered share-

holders and representatives of shareholders who, on the record date, are registered in the share register maintained by Euroclear on NIBE's behalf.

The issue statement will include the number of Subscription Rights received and the total number of New Shares that may be subscribed for. No securities notification (VP-avi) will be issued regarding the registration of Subscription Rights in securities accounts. Shareholders who are included in the separate list of pledgees and trustees that is maintained in conjunction with the share register will not receive any issue statement. They will be informed separately.

Holdings of nominee-registered shares

Shareholders whose holdings are nominee-registered with a bank or another nominee do not receive the Prospectus or issue statement. New Shares subscribed for with Subscription Rights (subscription with preferential rights) must be subscribed for and paid for via the respective nominee and in accordance with instructions from the nominee or, if the holding is registered with several nominees, via each of them.

Trading in Subscription Rights

Class B Subscription Rights will be traded on Nasdaq Stockholm from 10 October 2016 to 21 October 2016, both dates inclusive, under the trade description NIBE TR B (ISIN: SE0009163660). Securities firms with the necessary authorisation will act as brokers for the purchase and sale of Subscription Rights. Anyone wishing to buy or sell Subscription Rights must therefore contact their bank or stockbroker. Commission is normally payable on such trade. If a Subscription Right is sold, both the primary and the subsidiary preferential rights are assigned to the new holder of the Subscription Right.

Shareholders resident in certain unauthorised jurisdictions

The allocation of Subscription Rights and the issue of New Shares by exercise of Subscription Rights to persons who are resident in or citizens of countries outside the EEA may be affected by the securities legislation prevailing in such countries. Consequently, subject to certain potential exceptions, shareholders whose existing shares are registered directly in a securities account and whose registered address is in the USA, Australia, Hong Kong, Canada, Japan, New Zealand, South Africa, Singapore or any other jurisdiction in which it is not permitted to offer Subscription Rights or New Shares will not be granted any Subscription Rights in their securities account or be permitted to subscribe for New Shares. The Subscription Rights that otherwise would have been registered for these shareholders will be sold on the market and the sales proceeds, less expenses, will be paid to such shareholders. Payment is made to the income account linked to the shareholder's securities account. Danske Bank intends to attempt to implement such sales from 10 October 2016 to 25 October 2016, both dates inclusive, provided that there are buyers on the market.

Subscription for shares with Subscription Rights

Subscription for New Shares with Subscription Rights must take place via immediate cash payment during the period from 10 October 2016 to 25 October 2016, both dates inclusive. It should be noted that it may take a number of banking days for such payment to reach the recipient account. After the end of the subscription period, unexercised Subscription Rights will expire and will be deleted from the holder's securities account without notification from Euroclear. In order not to lose the value of Subscription Rights granted, holders must either:

- ◆ exercise the Subscription Rights and subscribe for New Shares no later than on 25 October 2016 or according to instructions from the subscriber's nominee; or
- ◆ sell the Subscription Rights that have not been exercised no later than on 21 October 2016.

Subscription for New Shares on the basis of Subscription Rights is irrevocable and the subscriber may not cancel or modify a subscription for New Shares.

Directly registered shareholders resident in Sweden

Subscription for New Shares with Subscription Rights is made by means of immediate cash payment, using either the preprinted bank giro form or the application form marked 'Subscription for shares with subscription rights', with immediate payment in accordance with one of the options below:

- ◆ The preprinted bank giro form is used for cash payment if all Subscription Rights in the issue statement from Euroclear are to be used for subscription. No additions or amendments may be made to the preprinted text in the payment form.
- ◆ The application form marked 'Subscription for shares with subscription rights' is used if Subscription Rights have been purchased, sold or transferred from another securities account or if, for some other reason, the number of Subscription Rights to be exercised for subscription differs from the number specified in the preprinted issue statement. Cash payment is made in accordance with the instructions in the application form.

Payment for New Shares subscribed for must be made when the application form is submitted. This may be made in the same way as for other bank giro payments, for example via online banking by giro payment. The application form and payment must have reached Danske Bank no later than on 25 October 2016 at 15:00.

The application form must be sent or faxed to:

Danske Bank A/S, Danmark, Sverige Filial
Nordic Asset Services – Emissioner
Box 7523
SE-103 92 Stockholm
Fax: +46 (0)752 48 47 01

The application form marked 'Subscription for shares with subscription rights' is available on NIBE's website at www.nibe.com and on Danske Bank's website at www.danskebank.se/prospekt.

Directly registered subscribers not resident in Sweden

Directly registered shareholders with Subscription Rights who are not resident in Sweden and are not subject to the restrictions described in the section *Shareholders resident in certain unauthorised jurisdictions* above but who are unable to use the preprinted bank giro form may instead use the application form marked 'Teckning av aktier med stöd av teckningsrätter' (Subscription for shares with Subscription Rights) and pay in accordance with the instructions in the application form.

The completed application form and payment must have reached Danske Bank no later than on 25 October 2016 at 15:00.

The application form must be sent or faxed to:

Danske Bank A/S, Danmark, Sverige Filial
Nordic Asset Services – Emissioner
Box 7523
SE-103 92 Stockholm
Fax: +46 (0)752 48 47 01

Application forms that are sent by post should be sent in good time before the last subscription date.

Nominee-registered subscribers

Custody account customers with nominees who want to subscribe for New Shares with Subscription Rights do not receive the Prospectus or issue statement. New Shares subscribed for with Subscription Rights (subscription with preferential rights) must be subscribed for and paid for via the respective nominee and in accordance with instructions from the nominee or, if the holding is registered with several nominees, via each of them.

Paid subscribed shares

Subscription via payment is registered with Euroclear as soon as possible. After payment has been made, Euroclear will send a notification confirming that the paid subscribed shares have been registered in the subscriber's securities account. The New Shares will be registered as paid subscribed shares in the securities account until the Issue has been registered with the Swedish Companies Registration Office. New Shares subscribed for with Subscription Rights are expected to be registered with the Swedish Companies Registration Office on around 31 October 2016, and New Shares subscribed for without Subscription Rights are expected to be registered with the Swedish Companies Registration Office on around 11 November 2016. After registration with the Swedish Companies Registration Office, paid subscribed shares will be re-registered as New Shares. No securities notification will be issued in connection with this re-registration.

Trading in paid subscribed shares

Paid subscribed shares of class B are expected to be traded on Nasdaq Stockholm from 10 October 2016 to 27 October 2016, both dates inclusive, under the trade description NIBE BTA B (ISIN: SE0009163678). Securities firms with the necessary authorisation will act as brokers for the purchase and sale of paid subscribed shares.

Subscription for shares without Subscription Rights

New Shares of class A may only be subscribed for by exercising Subscription Rights. New Shares of class B may also be subscribed for without Subscription Rights (subscription without preferential rights).

Directly registered shareholders

Application to subscribe for New Shares of class B without Subscription Rights must be made on the relevant application form marked 'Subscription for shares without subscription rights'. Application must be made in the same period as for subscription with preferential rights, i.e. from 10 October 2016 to 25 October 2016, both dates inclusive. More than one application form may be submitted, although only the most recently dated form received by Danske Bank will be considered. The application form marked 'Subscription for shares without subscription rights' is available on NIBE's website at www.nibe.com and on Danske Bank's website at www.danskebank.se/prospekt.

The application form must be sent or faxed to:

Danske Bank A/S, Danmark, Sverige Filial
Nordic Asset Services – Emissioner
Box 7523
SE-103 92 Stockholm
Fax: +46 (0)752 48 47 01

The application form must be signed and must have reached Danske Bank no later than on 25 October 2016 at 15:00. Application forms that are sent by post should be sent in good time before the last subscription date. No payment should be made in connection with an application for subscription without preferential rights. Payment is made in accordance with the instructions in the subscription confirmation sent out.

Subscription by nominee-registered shareholders

Custody account customers with nominees who want to apply to subscribe for New Shares of class B without Subscription Rights must apply to subscribe in accordance with the instructions from their nominee.

Allocation

If not all of the New Shares of class B have been subscribed for with Subscription Rights, the Board of Directors shall make a deci-

sion on the allocation of New Shares of class B without Subscription Rights. Shares must be allocated as follows within the framework of the maximum amount of the Issue:

- ◆ Firstly, to those who subscribed for New Shares with Subscription Rights and who applied to subscribe for additional New Shares, whether they were shareholders on the record date or not. If full allocation to these persons is not possible, shares must be allocated in proportion to the number of New Shares that such persons subscribed for in the Issue with Subscription Rights.
- ◆ Secondly, to those who applied to subscribe for New Shares of class B without Subscription Rights. If full allocation to these persons is not possible, shares must be allocated in proportion to the number of New Shares of class B for which each applicant applied to subscribe.
- ◆ To the extent that shares cannot be subscribed for as stated above, they will be allocated by drawing lots.

As confirmation of allocation of New Shares of class B subscribed for without Subscription Rights, a transaction note will be sent to the subscriber on around 2 November 2016. No communication will be sent to subscribers who have not been allocated shares. New Shares of class B that have been subscribed for and allocated must be paid for in cash in accordance with the instructions in the transaction note sent to the subscriber. After payment has been made for New Shares of class B that have been subscribed for and allocated and the New Shares of class B have been registered with the Swedish Companies Registration Office, Euroclear will send out a notification confirming registration of the New Shares of class B in the subscriber's securities account. The subscriber receives shares directly. No paid subscribed shares will be registered in the subscriber's securities account. New Shares of class B subscribed for without Subscription Rights are expected to be registered with the Swedish Companies Registration Office on around 11 November 2016.

Right to dividend

The New Shares entail a right to dividend for the first time on the first record date for dividend occurring after the New Shares have been registered with the Swedish Companies Registration Office.

Announcement of subscription result in the Issue

The final subscription result in the Issue will be announced in a press release from NIBE on around 2 November 2016.

Trading in New Shares

NIBE's class B shares are traded on Nasdaq Stockholm and SIX Swiss Exchange. After the Swedish Companies Registration Office has registered the New Shares of class B, they will also be traded on Nasdaq Stockholm and SIX Swiss Exchange. The first day of trading for New Shares of class B subscribed for with Subscription Rights is expected to be on around 2 November 2016. The first day

of trading for New Shares of class B subscribed for without Subscription Rights is expected to be on around 15 November 2016.

Other information

The Company is not entitled to stop the Issue. In the event that too much money is paid by a subscriber for the New Shares, NIBE will arrange for the surplus amount to be refunded. No interest will be paid on surplus amounts.

Subscription for New Shares with or without Subscription Rights is irrevocable, and the subscriber may not cancel or modify a subscription for New Shares. Incomplete or incorrectly completed application forms may be rejected. If the subscription settlement is paid too late, is insufficient or is paid incorrectly, an application for subscription may be rejected or the subscription amount may be reduced. Any settlement paid that is not used will then be refunded.

Danske Bank is the issuing agent for the Issue, i.e. it assists the Company with certain administrative services related to the Issue. The fact that Danske Bank is the issuing agent does not mean that Danske Bank regards subscribers as customers of Danske Bank. For the investment, a subscriber is only regarded as a customer of Danske Bank if Danske Bank has advised the subscriber about the investment or has otherwise contacted the subscriber individually regarding the investment or if the subscriber has an existing customer relationship with the bank. The consequence of Danske Bank not regarding subscribers as cus-

tomers for the investment is that the rules on protection of investors in the Swedish Securities Market Act (2007:528) will not apply to the investment. Among other things, this means that there will be no customer categorisation or suitability assessment in relation to the investment. The subscriber is therefore responsible for ensuring that they have adequate experience and knowledge to understand the risks associated with the investment.

A subscriber to the Issue will disclose personal data to Danske Bank. The personal data disclosed to companies in the Danske Bank Group will be processed in data systems to the extent necessary to supply services and administer customer commitments in the Danske Bank Group. Personal data obtained from parties other than the customer whom the processing concerns may also be processed. It is also possible that personal data is processed in data systems of companies and organisations with which companies in the Danske Bank Group collaborate. Information on processing of personal data is provided by Danske Bank's branches, which also accept requests for correction of personal data. Address information may be obtained by Danske Bank by means of an automatic data run at Euroclear.

Taxation

For information concerning taxation, see the sections *Certain tax considerations in Sweden* and *Certain tax considerations in Switzerland*.



Gerteric Lindquist,
Managing Director

Dear Shareholder,

Just over 19 years have now elapsed since NIBE Industrier was listed on the stock exchange. For those of us who were involved, 16 June 1997 is an unforgettable day.

After nearly four decades as a family business, the small, provincial Småland company NIBE took the huge, bold step to be listed. Our promise to the new shareholders was that we would do our utmost to manage the capital invested well by continuing to run NIBE according to the objectives and values we had applied so far, which we had also clearly described in the prospectus.

We have never forgotten this promise. With the help of the capital injection of SEK 80 million we received then, we continued to build the company with undiminished passion and enthusiasm.

From sales of approximately SEK 600 million and an operating margin of approximately 6% 20 years ago, we have worked hard to achieve the current situation, on a rolling 12-month basis, with sales of approximately SEK 15 billion and an operating margin of approximately 12%.

We have made just over 80 acquisitions to date and taken NIBE from a Group with 85% of its sales in Sweden to the reverse, i.e. a Group with 85% of its sales outside Sweden.

However, we are now back where we were nearly 20 years ago, which means that we need another capital injection to allow us to continue to build the company at the same fast rate.

Our promise today is the same as that on 16 June 1997. We promise to do our utmost to manage the capital invested well by continuing to run NIBE according to the objectives and values we have applied so far, which are again described in this Prospectus.

A handwritten signature in blue ink, appearing to read "Gerteric Lindquist". The signature is stylized and fluid, with a long horizontal stroke extending to the right.

Gerteric Lindquist
Managing Director and CEO

Market overview

Below is an overall description of the markets on which NIBE operates. Where the Company considers that there is no relevant external market data, the information has been taken from internal sources, primarily in the form of the Company's own market analyses. Forecasts and forward-looking statements represent no guarantee of future results.

Introduction

NIBE is an international Group operating in the field of heating technology and energy efficiency enhancement and has sales on around 40 markets in Europe, North America, Asia, Australia and Africa. The Group has three business areas operating on different product markets and in the same and different industries. Consequently, certain factors with an impact on the market are relevant throughout the Group, while others are more specific to a business area. Below is a description of each business area's product markets.



Market overview for the NIBE Climate Solutions business area

NIBE Climate Solutions has a wide product range targeting large parts of the HVAC (Heating, Ventilation and Air Conditioning) industry, primarily energy-efficient products designed to create a comfortable indoor climate. They are for heating properties and for refrigeration, ventilation and water heating. For example, the business area includes heat pumps and water heaters.

The Company estimates that the global HVAC market, which NIBE Climate Solutions partially addresses, is worth more than SEK 500 billion.

Market overview

NIBE Climate Solutions' main product market is the heat pump market, which is part of the heating market. The market segments differ primarily according to the energy type used. Examples of energy types are electricity, gas, oil and stored solar energy in the ground, rock or outdoor air. Customers' choice of products depends partly on energy prices, investment expenses and political decisions on requirements and subsidies. Customers' desire to use environmental friendly product alternatives also plays a role. Uncertainty about the prices of electricity, gas and oil, combined with the global ambition to reduce emissions of greenhouse gases, has meant that the focus of the heating market has been on energy efficiency enhancement with a gradually increased focus on products based on renewable energy.

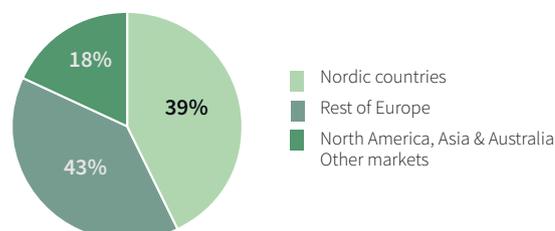
The European heating market continues to be dominated by conventional gas boilers. This is due to the currently low price of natural gas and the low investment cost. Public authority requirements for ventilation and heat recovery in new build homes are increasing the need for energy-optimised solutions. The process of harmonising standards and regulations throughout the EU is under way, but much remains to be done. Local standards are making the necessary changes difficult and are causing delays.

On the North American market, there is a clear ambition to increase the use of renewable energy, but oil and gas remain the dominant energy types. Historically low prices for gas and oil are factors counteracting conversion to more eco-friendly alternatives. An important energy policy issue in the USA in 2016 will be the opportunity to extend the existing financial subsidies for a transition to renewable energy. Heat pumps are a prioritised heating method in this respect.

Market trends

The five largest European heat pump markets are France, Germany, Sweden, Switzerland and the UK. These markets generally enjoyed relatively stable growth in 2015 and the first half of 2016, with the Swedish market growing considerably despite the reduced home improvement subsidy. The German market showed growth in the first half of 2016 after a period of decline, partly due to a government decision to increase financial subsidies for heat pump installations. However, high taxes on electricity and low oil and gas prices are counteracting more rapid conversion to renewable energy. The markets in Eastern Europe are still showing

Sales by geographical region, 2015



restrained economic performance. A positive growth factor for the business area's European market is the growing production of new single-family houses in Sweden, Germany and the UK.

After a very strong start to 2015, the North American heat pump market weakened slightly during the latter part of the year. During the first six months of 2016, the heat pump market for single-family homes declined, which is estimated to be a consequence of the low oil and gas prices, while the market for large properties grew more positively. The Company estimates that 2016 has the potential to be a stable year for business in North America.

For traditional electric water heaters, performance in the Nordic and European markets is stable, while sales of conventional domestic boilers remain sluggish.

NIBE Climate Solutions is seeing increased competition, in particular from a significant number of companies in the air-conditioning industry, often in non-European countries. Several large international Groups in the HVAC industry are also focusing on energy efficiency enhancement and more environmentally sound products.

Market overview for the NIBE Element business area

NIBE Element offers a wide product range of components and solutions for measurement, control and heating in a large number of areas of application for industries such as domestic appliances, commercial products, HVAC, the energy sector, the transport and automotive industries and advanced technology in medicine and aviation. NIBE Element's products include tubular elements, foil elements and resistors.

The Company estimates that the global market for elements is worth approximately SEK 50 billion.

Market overview

NIBE Element's product markets can be divided into two main customer groups:

- ◆ **OEM (Original Equipment Manufacturer):** NIBE Element's product is used as a component in the customer's product.
- ◆ **Industry:** The customer primarily uses the component in its own manufacturing process.

The Company has noted that its customers are being increasingly affected by developments in the energy and environmental fields and are therefore demonstrating great interest in making their products more energy-efficient and adapted to sustainability requirements. Market areas that are affected positively include wind power, heat pumps, rail transport and hybrid and electric vehicles.

The product markets in the NIBE Element business area tend to keep pace with national industrial development and growth in GDP.

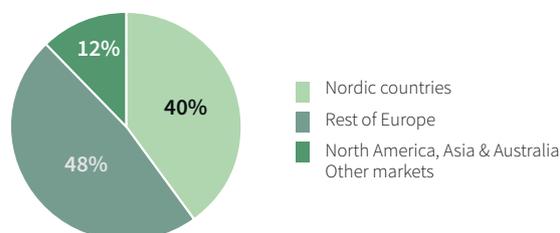
Market trends

The European market has generally grown sluggishly in recent years in line with individual countries' weak economic growth. However, the Company saw a positive change in 2015 and the first half of 2016, with Germany growing particularly well. Consumer products, components for the automotive industry and commercial products have shown positive growth, as has the market for rail transport in terms of both infrastructure and vehicles. On the other hand, the market for oil and gas industry products has seen a continued sharp fall in orders as a result of lower levels of investment due to low oil and gas prices.

The trend in the North American market has been stable in 2016 in all industries except the oil and gas industry. Growth in both the domestic appliances industry and for components for the automotive industry and commercial products has been stable. In the automotive industry, increased requirements for eco-friendly vehicles and growing interest in electric cars mean new business opportunities for NIBE Element.

In recent years, the Asian market has demonstrated higher growth than Europe and North America. However, due to increased cost

Sales by geographical region, 2015



levels, particularly in China, NIBE Element sees a clear trend towards returning production to Europe and North America from Asia.

Mass-market products, for the domestic appliances industry, for example, are exposed to global competition. For the medium-scale series for commercial users, the competition is primarily regional, while a significant part of the industrial products are exposed to local competition.

Market overview for the NIBE Stoves business area

NIBE Stoves manufactures, sells and markets stoves, chimney systems and other heat-retaining products. The products are sold to the end customer, usually a home owner, via a retailer network consist of specialist retailers and DIY stores. The products are also sold to house builders.

The Company estimates that the stove market in Europe and North America is worth more than SEK 30 billion.

Market overview

NIBE Stoves' main product market is the stove market in Europe. Demand for stove products is determined primarily by the economy, which affects disposable household income. Other important factors that affect demand are energy prices, construction of new single-family homes, energy policy decisions and regional restrictions on the use of wood-fired products. The weather also exerts some influence on demand, particularly during the autumn and winter. Historically, the major domestic manufacturers in each country left their mark on the product and different regions wanted very different things in terms of product appearance and features. With increased globalisation and growing interest in interior design among consumers, the Company is seeing greater demand for products with a more modern appearance, clean lines and a timeless design.

The major energy sources for stoves are wood, gas and pellets. Traditional wood firing is dominant in Europe, including Scandinavia. Wood-burning stove products are available on all markets and are the biggest product area. Demand on the Scandinavian market is dominated by freestanding stoves for wood firing, often in combination with a complete chimney system. There is a strong tradition of using gas in the UK, Ireland and the Netherlands because there are extensive gas supply networks, with the result that gas-fired stove products are popular. The Italian market is dominated by firing with pellets, and demand for pellet products has increased in France in recent years.

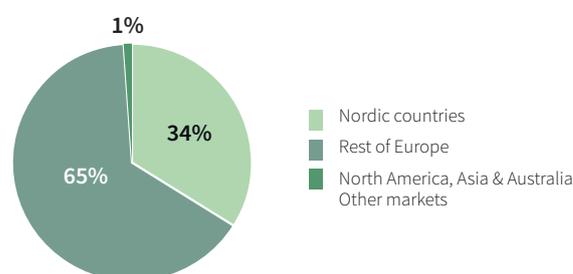
The design of chimney systems is affected by the regulations for flue gas ducts. The regulations usually vary from country to country, which means that chimney systems have to be adapted to the requirements in each country.

Market trends

The market as a whole declined slightly in 2015, primarily on account of the generally weak European economy, weak construction of new single-family homes and warm weather during the peak season. However, NIBE Stoves' single largest market, the UK, and the Scandinavian market enjoyed stable demand.

Demand for stove products grew in Scandinavia in 2016. The positive market trend in Sweden is being driven primarily by generally positive economic growth, low interest rates and increased construction of new single-family homes. Demand on the Danish market has increased sharply since subsidies were introduced at the end of 2015 to stimulate the phasing out of old stove products with poor combustion. The Company estimates that the total

Sales by geographical region, 2015



amount set aside for the subsidies will last for most of the present year. Demand for stove products has also grown in Norway so far in 2016 despite signals that the Norwegian economy was slowing. The Company sees genuine interest among Norwegian consumers to invest in stove products.

The 2015 trend in the UK, with a clear shift in demand from wood-fired to gas-fired stove products, has persisted in 2016. This is explained by the prevailing low gas and oil prices. Demand for electric products, primarily decorative fireplaces, has also increased. The total market for stove products in the UK is estimated to have declined slightly in 2016. Despite this, it is at a high, stable level, which is partly explained by the continued sound economy. The Company finds it difficult to assess how the result of the referendum will affect demand henceforth.

In both Germany and France, demand for stove products was weaker in the first half of 2016 than in the same period last year. In Germany, the decline is primarily due to lower energy prices, combined with the mild winter. In France, which has had even weaker growth, the generally weaker economic growth is having a negative effect on demand. However, the Company sees signs of recovery in both Germany and France.

The European stove market is very fragmented, with a very large number of small and medium-sized operators. The Company considers that there is potential for consolidation in the industry in the future.

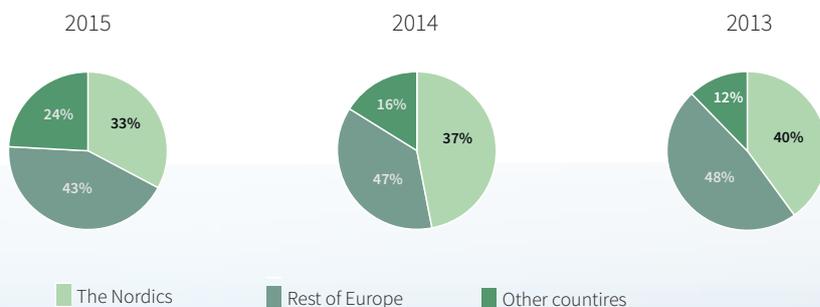
Business description

Overview

NIBE is an international company operating in the field of heating technology and energy efficiency enhancement. NIBE operates via its business areas NIBE Climate Solutions, NIBE Element and NIBE Stoves, which offer sustainable energy solutions to around 40 markets on five continents. Each business area has its own operational management team with overall responsibility for profits. The NIBE Group currently has about 12,000 employees in 21 countries in Europe, North America, Asia and Australia.

In 2015, the Group had sales of SEK 13,243 million, with an operating margin of 12.8%. NIBE Climate Solutions accounted for 60% of sales, NIBE Element for 28% and NIBE Stoves for the remaining 12%.

Sales by geographical region, The NIBE Group



Product overview and areas of application

In its NIBE Climate Solutions business area, NIBE offers a range of indoor climate comfort products, including heating, cooling, heat recovery and hot water heating. The NIBE Element product range comprises components and solutions for measurement, control and heating, while NIBE Stoves offers a range of stoves and chimney systems.



NIBE in the home

NIBE is always close at hand in the modern home. A heat pump can be used to ensure efficient, eco-friendly domestic heating, while a water heater ensures that hot water is available on tap. NIBE's stoves enhance the feelgood factor at home and are a secondary heat source. NIBE Element components can also be found in a number of domestic and household appliances.



NIBE in industry

Many companies across a broad spectrum of industries use NIBE as an industrial partner to develop and manufacture energy-efficient components and solutions. Heated windscreen wipers for the automotive industry and equipment for heating tracks and points for the rail industry are examples of where NIBE is represented in industry.

The diversity of products means there are a variety of areas of application and customers, all with sustainability and energy efficiency as the common denominators. The products' areas of application can be broadly divided into four:



NIBE in large properties

NIBE offers various products and concept solutions for large properties such as apartment blocks, industrial and agricultural premises, hotels, stately homes and churches. NIBE's heat pumps are customised for both heating and cooling and have central control and monitoring.



NIBE enhances energy efficiency

NIBE plays an active role in social development towards sustainability and energy efficiency. Among other things, NIBE Element supplies products for preheating batteries and resistors in hybrid vehicles and heating equipment for the wind power industry.

History

Organic growth forms the basis for expansion

The Group's growth is based on the continuous development of innovative products.

1949



With a resistance wire in the centre of an empty conduit filled with magnesium oxide, the tubular element is created, a new, easily applicable heating component for households and industry.

1952



The manufacture of NIBE's water heaters starts in the same year as the Act requiring farmers to have hot water in milking parlours enters into force.

1965



NIBE wins contract to manufacture stoves under the trademark Handöl. The entire company is subsequently acquired.

1981



The very first heat pump from NIBE, Fighter Twin, is premiered at the heating and plumbing show, and manufacture of heat pumps begins in Markaryd.

1997



To allow for further expansion and to broaden ownership, NIBE Industrier AB holds a new share issue and the Company is listed on the Stockholm stock exchange on 16 June 1997.

Continued market-oriented expansion through acquisitions

Good profits combined with stock exchange listing create the conditions for an intensive era of acquisitions and development into a global Group.

1998-2010



Some 40 acquisitions are made between 1998 and 2010 within all three business areas, both in the Nordic region and the rest of Europe. In parallel with the acquisitions, six companies are established in Europe during this period.

Some benefits of the acquisitions

- ▶ new technologies
- ▶ new products
- ▶ new markets
- ▶ new production capacity

2011-2013



NIBE carries out two business acquisitions in the USA between 2011 and 2013. A further six companies are acquired in Europe.

The largest acquisition in NIBE's history to date is made in 2011, when the Group takes over the Swiss listed Schulthess Group AG.

The acquisitions make us

- ▶ a major European heat pump operator
- ▶ a global element supplier
- ▶ the market leader for stoves in Europe

2014-2016



Five strategically important acquisitions are made on the North American market, including the listed company WaterFurnace, the US market leader in heat pumps, and the remaining 90% of its competitor Enertech. In 2016, the US company Climate Control Group is acquired, NIBE's biggest ever acquisition. The US element businesses Heatron and Marathon Heater are also acquired. North America now accounts for approximately 30% of Group sales.

Another four European acquisitions and seven minor additional acquisitions are made.

The acquisitions make us

- ▶ a major North American heat pump supplier



- 1949** Nils Bernerup establishes Backer Elektro-Värme in Sös-dala, based on Christian Backer's patent.
- 1952** Nils Bernerup creates NIBE-Verken in Markaryd through the acquisition of Ebeverken. The initials of his first name and surname form the company name, NIBE.
- 1980** NIBE acquires Handöl Täljstens AB.
- 1988** Gerteric Lindquist, the Company's current CEO, is employed as CEO of NIBE-Verken AB, now NIBE AB.
- 1989** NIBE Industrier AB is formed. The Bernerup family of owners sell Backer Elektro-Värme AB and NIBE-Verken AB to a number of employees, along with two external investors. Gerteric Lindquist is appointed MD and CEO.
- 1994** NIBE acquires Backer OBR (32%) and Contura, and establishes Backer Oy in Finland.
- 1995** NIBE acquires Vølund Varmeteknik and Loyal OY.
- 1996** NIBE acquires Pyrox and TMV-Pannan.
- 1997** NIBE is floated on the stock market. NIBE establishes a presence in Poland through NIBE Polska, and acquires the remaining 68% of Backer OBR and Energi-Produkter in Diö.
- 1998** NIBE acquires Br Håkansson Värme AB, Lodam Energi, JEVI A/S and Calesco Foil AB.
- 1999** NIBE acquires Haato Varaajat.
- 2000** NIBE acquires Cronspisen AB, Biawar, Backer F.E.R, Coates, Backer CZ and Eltop Praha.
- 2001** NIBE acquires Roslagsspisen, Norells Sweden AB, Svend A. Nielsen A/S and Heise Systemtechnik GmbH.
- 2002** NIBE acquires Jøtul ASA (22%) and REBA.
- 2003** NIBE expands to the Netherlands with the establishment of Energietechnik B.V, and acquires Danotherm Electric A/S (80%), Backer Facsa, METRO THERM A/S, Finohm, Sinus-Bobe and Termos.
- 2004** NIBE establishes Calesco Foil Inc. in the USA, acquires NETEK, Shel and Kaukora and sells Jøtul ASA (22%).
- 2005** NIBE acquires Northstar AS and K M Jensen.
- 2006** NIBE establishes NIBE Energy Systems Ltd in the UK and NIBE Foyers France S.A.S in France. In the same year, it acquires Varde Ovne A/S, Danotherm Electric A/S (20%), Naturenergi IWABO AB, DZ Drazice strojirna s.r.o and Heatrod Elements.
- 2007** NIBE acquires Lübcke Rail A/S and CJSC EVAN (25%).
- 2008** NIBE establishes NIBE Wärmetechnik AG (Switzerland) and acquires KNV Umweltgerechte Energietechnik GmbH, a further 26% of CJSC EVAN, TermaTech A/S and Alpe SA.
- 2009** NIBE acquires Sol- & Energiteknik SE AB, a further 24% of CJSC EVAN and Bencon.
- 2010** NIBE establishes NIBE Kamini LLC in Russia and acquires Lotus Heating Systems A/S, ABK AS (50%) and Lund & Sørensen A/S.
- 2011** NIBE acquires Emerson Heating Products, Thermtec Ltd, the element division of the Swiss company Electrolux Professional AG and CJSC EVAN (remaining 25%), the Swiss Schulthess Group AG (98.7%) and Enertech Global LLC (10%). Immediately after the acquisition of Schulthess Group AG, and the non-cash issue held, Schulthess' former shareholders control around 7% of the votes in NIBE. In conjunction with the non-cash issue, NIBE's class B shares are given secondary listing on the SIX Swiss Exchange.
- 2012** NIBE acquires 70% of the shares in Akvaterm Oy, the element business of Springfield Wire Inc and the remaining 1.3% of Schulthess Group AG.
- 2013** NIBE acquires Eltwin Group and 60% of the shares in Stovax Heating Group Ltd.
- 2014** NIBE acquires the business of Technibel SAS, Water-Furnace, Enertech Global LLC (remaining 90%) and Askoma AG.
- 2015** NIBE acquires Marathon Heather Inc., Lükon, Termorad and the remaining 30% of Akvaterm Oy.
- 2016** NIBE acquires Air-Site AB (50%), Heatron Inc., the remainder of Stovax Heating Group Ltd. (40%), Climate Control Group Inc. and ATE Electronics.

Mission, objectives and strategies

Vision

NIBE's vision is to create world-class solutions in sustainable energy.

Mission

NIBE's mission is to offer the market high-quality, innovative, energy-efficient products and system solutions in our three business areas: NIBE Climate Solutions, NIBE Element and NIBE Stoves. This work builds on the Group's wide-ranging capabilities in product development, production and marketing.

Objectives

The overriding objective is to combine strong, sustainable growth with healthy profitability, creating value for shareholders. NIBE also aims to be an interesting and stimulating workplace for employees and have satisfied customers. Operations will be characterised by openness and responsibility.

Strategy

NIBE's strategy is divided into seven different areas:

- ◆ **Profitability** will be maintained via a number of different factors: higher growth than that of competitors, optimisation of expenses and capital, a high level of refinement with minimum outsourcing, reduction in resource consumption and increase in recycling. The Company also intends to maintain profitability by both internal and external benchmarking, positioning on several continents, brand profiling and realisation of synergy effects from acquisitions implemented.
- ◆ **Growth** will occur via increased market shares on selected markets, constant development of new products and technologies and strategic acquisitions of strong brands and supplementary product ranges on selected markets.
- ◆ **Competitiveness** will be enhanced through investments in accelerating the rate of product development and products with a modern design, high performance and good quality. NIBE also has a clear objective to produce quality products with a focus on lower environmental impact. At operational level, production will be characterised by constant mechanisation, automation, standardisation, component coordination and modularisation. Economies of scale will be exploited in purchasing and production. Salary systems will be variable. Marketing will be businesslike, professional and international. By means of continued digitisation in all business areas, the Company will maintain a high level of competitiveness in the future.
- ◆ **Sustainability** will characterise product development and manufacturing, choice of materials, transport, product functionality and recycling at the end of a product's useful life.
- ◆ **Sound ethics and sincerity** will govern both internal and external relations with, for example, shareholders, customers, suppliers, public authorities and the general public.
- ◆ **The Company aims to have satisfied customers** by having a wide product range, optimum product solutions for each customer, a high level of service, customer support and quality, and competitive prices.
- ◆ **Employees' commitment** will be enhanced by means of training, organisational development, further development of key employees and co-ownership of the Group.

Acquisition strategy

In the early 1990s, NIBE adopted a growth strategy with a growth target of 20% per annum, half of which was to be through acquisitions. NIBE has acquired more than 80 companies since 1994. Since the stock market listing in 1997, acquired growth has amounted to an average of 11% annually.

The Company constantly analyses potential acquisitions. The decisive factor behind any acquisition is that it must add new technology, enable NIBE to establish a presence in new geographical markets and/or increase our market presence in existing markets. The basic operational requirements for an acquisition object are also that it should have:

- ◆ A strong position in terms of finances, the market and technology
- ◆ Competent management
- ◆ A real entrepreneurial spirit
- ◆ Further growth potential within the framework of NIBE's strategies

The Company applies an acquisition model based on three different phases:

- ◆ **Analysis phase:** Possible acquisitions are analysed in accordance with the criteria above.
- ◆ **Implementation phase:** During this part of the process, NIBE applies a policy of transparency in relation to the target company in terms of management philosophy and the intentions of the acquisition.
- ◆ **Integration phase:** In the integration phase, NIBE aims to retain the brand and skilled employees. The primary synergies are found on the purchasing side and in productivity improvements to the manufacturing process.

NIBE aims to have a decentralised organisation in which new companies in the Group retain a high level of independence but have the opportunity to exploit the benefits of belonging to a large Group. However, the Group's objectives and strategies must always be implemented.

NIBE works towards four financial targets³

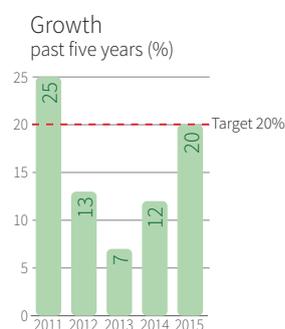
Operating margin

The operating margin for each business area must be at least 10% over a business cycle. The target is set to create stability, one of the cornerstones for ensuring long-term positive development and continuous growth. During the past five years, the average operating margin has been 14.8% for NIBE Climate Solutions, 8.0% for NIBE Element and 12.1% for NIBE Stoves.



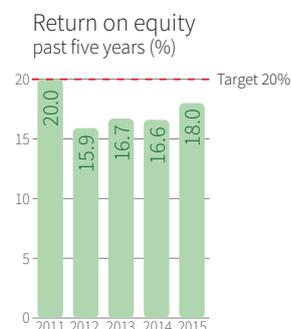
Growth

Average sales growth must be 20% per annum, half of which is to be organic and half acquired. Acquired growth is generally countercyclical. According to the Company, it is usually below 10% in good times and above 10% in difficult times, which balances the more cyclical organic growth. During the past five years, total average growth has been 15.3%.



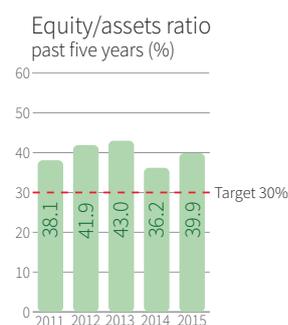
Return on equity

Return on equity over a business cycle must be at least 20%. During the past five years, the average return on equity has been 17.3%.



Equity ratio

The Group's equity ratio must not be less than 30%. The Company considers that this level provides a good financial position and that it is necessary for further acquisitions. During the past five years, the average equity ratio has been 39.6%.



³ For definitions, see *Financial overview of NIBE*.

Management philosophy

NIBE's management philosophy builds on eight fundamental principles that provide the basis for the Company's continued profitable growth.

Good profitability

Good profitability is and has always been a NIBE tradition and is considered to be the most fundamental and important factor behind long-term success and sustained growth. Good profitability ensures freedom of action and independence, offers existing employees well-being and security and attracts ambitious new employees to the Company. Good profitability is predicated on the effective and efficient use of energy and materials, and a holistic view of the environment and corporate social responsibility.

High productivity

NIBE adopts a production philosophy based on the belief that everything can always be improved and that, if you can't measure it, you can't improve it. Performance-based salary systems based on accurate methods time measurements (MTM) encourage optimisation of working time and promote high productivity and fair salaries. MTM data also provides a sound basis for efficient production planning, accurate costings and calculations, reliable investment data and opportunities to follow up business activities. NIBE considers high productivity to be essential to good competitiveness.

Aggressive product development

NIBE sees product development as essential to organic growth, expansion into new markets and good production economy. Within the framework of product development, NIBE focuses on energy-efficient, environmentally adapted products that help mitigate climate impact and promote sustainable development. The overall objective is for customer demands to be quickly converted into the best solutions in every market situation.

Quality in everything – focus on the customer

NIBE must be a secure, constructive partner on which customers can always rely. NIBE will be a pioneer in quality issues and have certified management systems for quality and the environment at production plants that have more than ten employees in the production department and have been part of the Group for more than two years. NIBE will also be available to help its customers when needed and deal with them in a professional manner. The Company's environmentally adapted products will contribute to reduced costs and reduced environmental impact for customers, and the Company's success will also benefit customers in the form of value-for-money products.

Market-oriented expansion

NIBE considers that continuous expansion is necessary for the Company's development and that the best way in which to energise the organisation is to combine good organic growth and well-balanced acquired growth. Expansion into new markets must be carefully considered and consistently implemented.

Focus on three core businesses

With its clear focus on three business areas, NIBE creates clarity both internally and externally. At the same time, the Company achieves risk spread and reasonable risk exposure, plus constant increase in in-depth expertise, providing a real analytical advantage, particularly when it comes to acquisitions. NIBE considers that there are good international expansion opportunities for all three of the Company's business areas.

Committed employees

Commitment is generated via uncomplicated organisational structures and straightforward operational management. Shared values and a clear code of conduct provide good guidance in day-to-day activities, while high expectations in terms of honesty, openness and clear communication create clarity. Managers must lead by example and all employees must have the opportunity to develop. The ideal qualifications for success at NIBE are initiative, combined with humility and common sense.

A long-term approach

NIBE's organisation must take a long-term approach in all areas, based on the idea that responsibility, endurance and continuity win in the end. Changes are only implemented after careful consideration and testing. Via its ambition to create long-term relationships, internally as well as with customers and suppliers, NIBE creates the platform for truly sustainable business activities. Continuity of ownership guarantees independence and enables the Company to focus fully on running and developing the business.

Values

NIBE's values are an important part of the Company's management philosophy and its corporate culture is deeply rooted in a long and proud tradition of responsible entrepreneurship.

Respect for human rights

The underlying principle here is that the Company shows respect for its employees and their human rights.

Good working conditions

The underlying principle is that NIBE will maintain a high standard in the working environment at all of the Group's manufacturing plants and contribute to the personal and professional development of employees.

Reduced environmental impact

A holistic approach to environmental issues must play a key role in everything from product development activities, manufacturing and choice of materials to transport, product functionality and the potential for recycling at the end of a product's useful life.

Sound business ethics

NIBE's fundamental attitude is honesty, decency, zero tolerance of corruption, avoidance of conflicts of interest, compliance with competition law and a striving to provide transparency.

Responsible purchasing

NIBE will work with suppliers that are prepared to comply with NIBE's Code of Conduct, quality criteria and business principles.

Product liability

The underlying principle is that NIBE will pay due regard to all factors which have a bearing on the quality, safety and environmental adaptation of products.

Community engagement

NIBE's underlying principle is to engage with the local communities in which the Company operates, where possible.

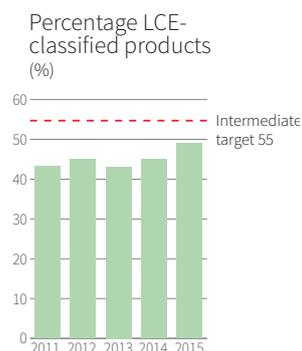
Transparency

The Company's underlying principle is to ensure that all communication is open and honest and to comply with the appropriate laws, rules and standards.

Sustainability strategy

NIBE's sustainability work is based on six strategic focus areas:

- ◆ Development of sustainable products
- ◆ Responsible purchasing
- ◆ Care for people
- ◆ An ethical approach to business
- ◆ Care for natural resources
- ◆ Care for the environment



Sustainability targets

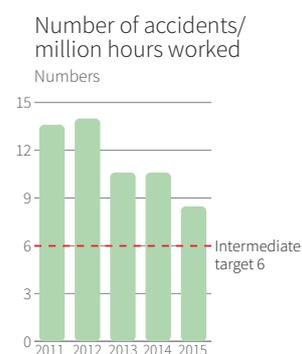
The Company regularly follows up on its sustainability work via sustainability targets linked to four of the strategic focus areas.

Development of sustainable products

Measured via the proportion of sales that consist of LCE⁴-classified products. NIBE aims to achieve a target of 55% in 2017. NIBE achieved 49% in 2015.

Care for people

Measured by the number of accidents per million hours worked, with a long-term target of zero and an interim target for 2018 of no more than six accidents. The result in 2015 was 8.5 accidents per million hours worked.



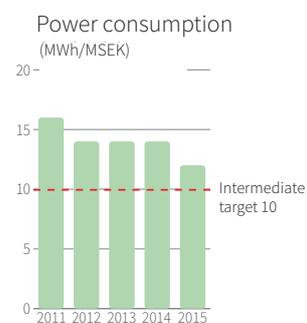
Care for natural resources

Measured via the number of production companies with certified management systems for ISO 9001 (quality) and 14001 (environment). The target is to achieve 100% before the end of 2016, with the exception of companies with fewer than 10 production employees and recently acquired companies, which must be certified within two years of acquisition. In 2015, 38 of the Group's production companies were certified under ISO 9001, and 21 under ISO 14001.



Care for the environment

Measured via energy consumption in MWh per SEK million in sales. NIBE's target is to reduce energy consumption by 30% by 2020 compared with the 2013 level, which means a reduction of 10 MWh per SEK million in sales. In 2015, NIBE used 12 MWh per SEK million in sales.



4 FTSE LCE™ (Financial Times Stock Exchange Low Carbon Economy) is a quantitative model that is specially designed to form the basis for investors in assessing companies' performance in the transition to a low carbon economy. Companies have to disclose the proportion of their sales that is from classified product groups, and comparisons are made over time for each sector. The index is still in the development stage.

Organisation and employees

Organisation

The NIBE Group is organised in three business areas: NIBE Climate Solutions, NIBE Element and NIBE Stoves. Each business area has its own operational management with responsibility for profits. The legal structure of the Group comprises a number of Swedish and foreign subsidiaries which run their own operations via their own companies or branch offices. The parent NIBE Industrier AB's activities consist of Group-wide functions, such as financing, currency transactions, corporate acquisitions, establishing new operations, financial control and other policy matters.

Employees

In 2015, NIBE had an average of 10,545 employees, 89% of whom worked in companies outside Sweden. Including the acquisitions to date this year, NIBE now has over 12,000 employees. During the period 2011-2015, the number of employees increased by 53%, partly on account of organic growth and partly on account of acquisitions of new companies.

The Company's operations are knowledge-intensive and its products subject to constant development, which requires a stable influx of new expertise and good working conditions so that employees thrive and want to stay. The Company considers it important for its employees to be committed and continuously

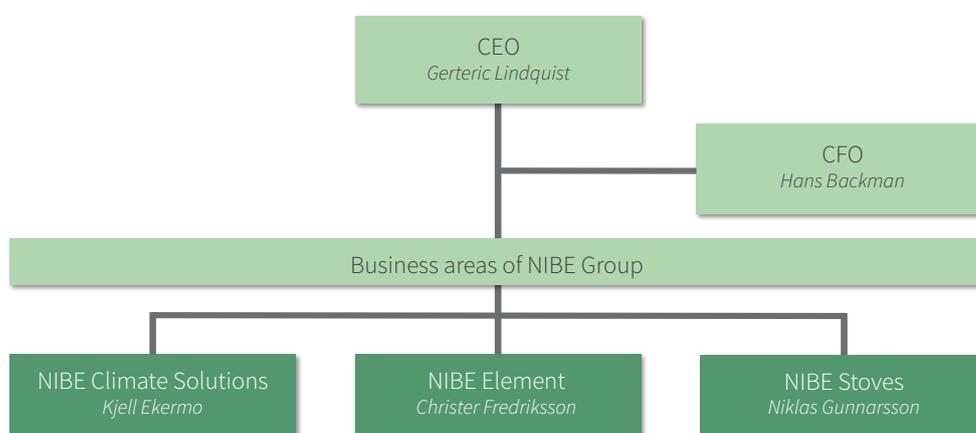
make use of the opportunity to develop their skills. In 2015, NIBE completed the training in 'Our Values' and 'Our Business Principles'. The Company also held training in business ethics and anti-corruption. A total of 212,000 hours of training (equivalent to an average of 20 hours per employee) were implemented in 2015, an increase of over 70% on the previous year.

The Company finds that positions that require particular expertise can often be filled by internal applicants as a result of well-planned skills development and career planning. Staff turnover in 2015 was 7.1%.

Human rights and working conditions

The Company constantly monitors its operations for child labour, forced labour or substandard working conditions. No cases or obvious risks in these areas were identified in our own operations in 2015. A new diversity and gender equality policy will be introduced in 2016.

NIBE works constantly to improve the safety culture in the Group. In 2015, the accident rate fell to 8.5 accidents per million hours worked. This means that the 2016 target has already been achieved by a good margin. Consequently, NIBE has defined a stricter target of maximum six accidents per million hours worked by the end of 2018. The most common causes of accidents are related to machinery, tools and manual handling.



Key figures	2015	2014	2013	2012	2011
Average number of employees	10,545	9,726	8,963	8,006	6,895
Average age	40	40	40	40	39
Percentage of women	40	38	36	32	33
Staff turnover	7.1	7.8	7.4	7.0	5.9
Number of graduates	1,339	1,209	966	801	753
Total sickness absence	4.2	3.9	5.0	4.9	5.0

Business description for the NIBE Climate Solutions business area

Overview

NIBE Climate Solutions offers sustainable energy solutions for indoor climate comfort with a wide range of products for heating, cooling, ventilation, heat recovery and hot water heating for single-family homes, apartment blocks and other large properties, including commercial properties.

Strategy

NIBE Climate Solutions' strategy is to consolidate its market-leading position in Europe and North America. The number of domestic markets will gradually be increased by acquisitions, the establishment of subsidiaries or the use of other established sales channels.

Products and customers

The range consists of both individual products and entire concepts for heating, cooling, ventilation, heat recovery and hot water heating for various types of property. The product range comprises eight product groups: heat pumps, water heaters and accumulator tanks, ventilation products, district heating products, solar cells, domestic boilers, cooling equipment and commercial washing machines and tumble dryers, i.e. a large segment of the HVAC industry. NIBE Climate Solutions' single largest product groups are heat pumps, water heaters and commercial washing machines and tumble dryers.

NIBE strives to ensure that its products are environmentally sound and sustainable. They must combine high technical performance, a high degree of innovation and excellent quality with modern design and a competitive price. A large number of the



products can be used in system solutions with both existing and new systems. NIBE Climate Solutions' customers include wholesalers, installers and house builders.

Product development

Product development is a decisive success factor for NIBE Climate Solutions. The business area has a strategic focus on product development and continues to increase its product development resources. In 2015, an example of this was the official opening of the Group's most advanced modern development laboratory at the Germany subsidiary AIT in Kasendorf. Product development takes place locally but with global partnerships in the form of international exchange between the product development departments of the various businesses.

Product groups

- ◆ Heat pumps
- ◆ Water heaters and accumulator tanks
- ◆ Ventilation products
- ◆ District heating products
- ◆ Solar panels
- ◆ Domestic boilers
- ◆ Cooling equipment
- ◆ Commercial washing machines and tumble dryers

Brands and trademarks



NIBE's product development focus is on developing resource-efficient solutions for indoor climate comfort such as heating, cooling, ventilation and energy recovery. The products are developed according to a number of main criteria, including their ability to contribute to better energy efficiency and use renewable energy. The product development process can be divided into four key stages:

- ◆ Identification of market needs
- ◆ Project implementation
- ◆ Market introduction
- ◆ Follow-up

Production

Production takes place at 21 plants in eleven countries in Europe, North America and Australia. The production plants in Markaryd (Sweden), Kasendorf (Germany), Fort Wayne (USA) and Oklahoma City (USA) are NIBE Climate Solutions' four largest plants. Heat pumps are manufactured at all four plants. In addition to heat pumps, water heaters are also manufactured in Markaryd, and cooling equipment is also manufactured in Kasendorf and in Oklahoma City. NIBE Climate Solutions' strategy is to build up production plants with different specialist expertise and to constantly enhance their efficiency by means of robotisation and mechanisation. Manufacturing methods in the NIBE Group are evaluated continuously in order to improve production processes and reduce environmental impact.

Increased competition in a number of product groups, and the pressure on prices that follows in its wake, have led many companies in the industry to move manufacturing operations to low-cost regions. In the Company's assessment, thanks to its modernised, highly rational production facilities, NIBE Climate Solutions is well placed to assert itself in tomorrow's international HVAC market.

Activities, new products and acquisitions in 2015 and 2016.

In 2015, NIBE Climate Solutions launched new products in most of the business area's existing product groups. Several locally developed products were introduced in product areas including heat pumps, water heaters and accumulator tanks. One example is NIBE Aria, the Company's first air/air heat pump. NIBE Climate Solutions also launched a number of new products at the Nordbygg HVAC fair in April 2016. The most important was a new generation of air heat pumps.

In 2015, NIBE also acquired the remaining 30% of the shares in the Finnish company Akvaterm Oy, after having acquired 70% in 2012. The company was founded in 1993 in the Finnish province of Österbotten, and the product range consists primarily of accumulator tanks as well as cold-storage tanks and special tanks for the Nordic and British markets.

In 2016, the NIBE Energy Systems business area changed its name to NIBE Climate Solutions in order to facilitate further internationalisation and expansion.

In early April 2016, 50% of the shares in the Swedish company Air-Site AB were acquired as a move to broaden the product range in the commercial ventilation area and enhance NIBE's position on the ventilation market. Air-Site AB, which was founded in 2007 by its current management, develops ventilation products with the focus on energy saving. Annual sales in 2015 were approximately SEK 26 million with an operating margin of around 10%. Air-Site had 13 employees at the end of 2015. In NIBE's opinion, the company is characterised by innovative strength and high-quality product development. Entirely in line with NIBE's acquisition philosophy, Air-Site's current management will continue to manage the company. Joint development work has already started and



The NIBE Aria air/air heat pump has been developed for the Nordic climate. It is able to heat floor areas of up to 180 m², even in our slightly colder climate. The NIBE Aria app allows users to control the heating remotely so the temperature is comfortable when they come home.

WaterFurnace was awarded a Silver Dealer Design Award for its unique control platform, which is called Symphony. Symphony is a cloud solution that allows users to control their heat pumps from their smartphone, tablet or PC over WiFi.



AIT in Kasendorf, Germany, has enjoyed great success with the Alterra product range. The products stand out by being noticeably quiet and having outstanding performance and design.

will result in optimised concept solutions for ventilation and heat pumps in large properties.

The acquisition of Climate Control Group

In July 2016, NIBE completed the acquisition of Climate Control Group Inc. ("CCG"), a US manufacturer of HVAC solutions for commercial buildings and detached homes on the North American market, from LSB Industries. CCG is a holding company for the operating companies ClimateMaster Inc., International Environmental Corp., ClimateCraft Inc., ClimaCool Corp., Koax Corp. and ThermaClime Technologies Inc. The acquisition means expansion of the business area in the following key areas:

- ◆ Stronger presence on the North American market for indoor climate comfort
- ◆ Access to the commercial property segment in North America
- ◆ Top-level technical expertise and new HVAC products

Introduction to Climate Control Group

CCG has its origin in one of the companies, ClimateMaster, which was founded in the late 1950s in Florida, USA. In 2015, net sales were approximately SEK 2,312 million (at the exchange rate then applicable), and the company had 1,259 employees at the end of the year.

CCG develops, manufactures and markets air-conditioning, ventilation, heating and heat pump systems and products for cooling applications, principally for commercial properties but also for single-family homes. The products are mainly sold under its own brands, but are also available as OEM products for other HVAC producers. Approximately 70% of sales are via independent representatives/agents, while OEM customers and wholesalers together account for the remaining 30% of sales. CCG's product portfolio comprises the following products per company:

ClimateMaster Inc.	Heat pumps
International Environmental Corp.	Fan convectors
ClimateCraft Inc.	Ventilation units
ClimaCool Corp.	Refrigeration systems
ThermaClime Technologies Inc.	Air heat exchangers
Koax Corp.	Coaxial heat exchangers

CCG has seven production plants in Oklahoma City, covering a total of over 90,000 square metres. The plants include modern production equipment, quality assurance systems, product design and test laboratories.

Synergies from and operational effects of the acquisition

NIBE intends to run CCG as an independent unit but also sees opportunities for close collaboration with NIBE Climate Solutions' existing operations in North America: WaterFurnace, Enertech Global and KKT Chillers.

NIBE expects to realise cost synergies by coordinating purchasing and materials supply for the three businesses. In terms of revenue, NIBE sees the potential for synergies in product exchanges, thus expanding the sales channels.

Transactions and financial effects

The price paid for CCG was SEK 2,964 million (at the exchange rate then applicable). During the 2015 financial year, the net sales of the entire CCG business area were USD 274 million (approximately SEK 2,312 million) and the operating profit was USD 20 million (approximately SEK 169 million) according to the published annual report. The acquired part of the business area CCG is presented in the Pro forma accounts.



ClimateMaster's HVAC system solutions are well suited to restaurants, among other things. Diners expect comfort in terms of temperature and air quality. Large quantities of ventilation air are required for both customers and the staff in the kitchen, which necessitates good quality control of both air humidity and air pressure to prevent humid air from affecting the temperature or creating damp problems.

Financial overview

NIBE Climate Solutions, key figures

		January-June		Full year		
		2016	2015	2015	2014	2013
Net sales	MSEK	3,756	3,670	8,031	6,507	5,740
Growth ¹⁾	%	2.4	33.1	23.4	13.4	-2.7
of which acquired ¹⁾	%	0.2	22.9	13.9	8.2	0.7
Operating profit	MSEK	487	458	1,209	984	844
Operating margin ¹⁾	%	13.0	12.5	15.1	15.1	14.7
Assets	MSEK	16,721	13,269	13,107	12,512	8,099
Liabilities	MSEK	1,470	1,356	1,468	1,361	1,068
Investments in non-current assets ¹⁾	MSEK	92	104	232	208	186
Depreciation/amortisation	MSEK	155	154	311	249	240

1) Key figure not defined as per IFRS

For definitions of key figures, see the *Finansiell overview of NIBE* section.

Business description for the NIBE Element business area

Overview

NIBE Element offers components and solutions for measurement, control and heating designed for producers and users of industrial and consumer products.

Strategy

NIBE Element will be one of the leading suppliers in the world and its local presence and full range will be marketed on a growing number of domestic markets by means of suitable acquisitions. Medium-sized series are marketed by country or industry, while unique special products and large bulk products are marketed globally.

Products and customers

NIBE Element's product range comprises mainly components and solutions for measurement, control and heating within a large number of application areas. The Company is able to supply everything from individual components to fully-assembled system products. Measurement and control are available as individual components or as options for various products. NIBE Element's range comprises the product groups tubular elements, aluminium elements, foil elements, thick film elements, PTC elements, high-power elements, open spirals and tape, heating cables, ceramic elements, vacuum brazing, heat pump technology, control and regulation. The single largest product area is elements for heating, of which the most important is tubular elements.

NIBE Element also offers tests and simulations and participates actively in customers' product development processes. These include tests with customers to increase the service life of com-



ponents. The objective is meet customer requirements for energy optimisation and heating in a range of applications. NIBE Element's products and solutions can be found, for example, in domestic appliances, commercial products, HVAC, the energy sector, the transport and automotive industries and advanced technology in medicine and aviation. Large customer segments for NIBE Element include the rail, wind power and heat pump industries.

Product development

Product development at NIBE Element focuses on creating high-quality, high-performance products. Customers' various industries have different standards and requirements, for which reason NIBE has invested in modern laboratories with well-developed test facilities in which we work closely with our customers to ensure that the products meet all standards and requirements.

Product groups

- ◆ Tubular elements
- ◆ Aluminium elements
- ◆ Foil elements
- ◆ Thick film elements
- ◆ PTC elements
- ◆ High-power elements
- ◆ Open spirals and tapes
- ◆ Heating cables
- ◆ Ceramic elements
- ◆ Vacuum brazing
- ◆ Heat pump technology
- ◆ Control equipment

Brands and trademarks



NIBE Element's development process can be divided into four parts:

- ◆ Product development focuses on developing entirely new products and on adding new functions or improved features to existing products.
- ◆ Product adaptation is usually conducted in close collaboration with customers to develop solutions adapted to their specific needs.
- ◆ Process development is carried out with the aim of optimising the products in terms of choice of materials, quality and technical performance.
- ◆ Production engineering development develops methods and machinery that will rationalise the manufacturing process and reduce environmental impact.

Production

Production takes place at 42 plants in Europe, North America and Asia. The largest production plants are in Poland and Mexico and mainly produce tubular elements in large series. NIBE Element's strategy is to have production plants in different parts of the world and different currency regions to achieve flexibility by relocating production based on cost and currency trends. This also makes it possible to deliver products with shorter delivery times. For larger series and special products, production is based at specialist production plants. The Company continuously applies measures to enhance productivity and quality to boost competitiveness. Frequent investments in, for example, robotisation, automation and action programmes such as time and motion studies and production engineering improvements ensure improved productivity with the aim of achieving the operating margin target of 10% on a stable basis.

Activities, new products and acquisitions in 2015 and 2016.

In 2015, the production plant in Poland was extended to create

increased, coordinated production capacity for control products. The plant entered service in the first quarter of 2016.

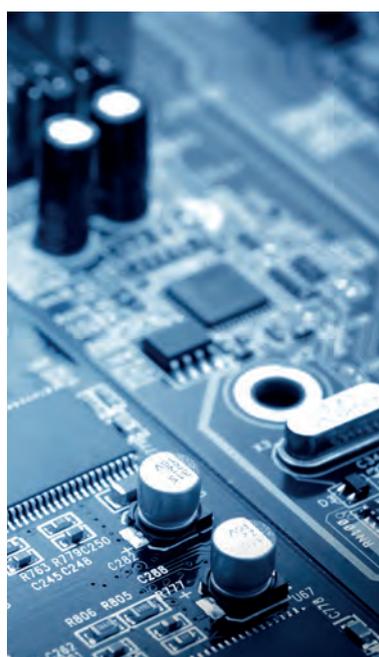
The Texas-based element company Marathon Heater Inc. was acquired in 2015. Marathon Heater Inc.'s products include special elements for the US plastics industry and the growing 3D printer market. Other acquisitions in 2015 included the Swiss industrial company Lükon and the Polish industrial company Termorad.

March 2016 saw the acquisition of 100% of the remaining shares in the special element manufacturer Heatron Inc., with its headquarters in Leavenworth, Kansas, USA. The acquisition is another step in the strategy to make NIBE Element the leading element company in North America and is expected to grant NIBE access to new market segments, supplementary product groups and new technology. Heatron, which was founded by its current management in 1986, develops, manufactures and markets complete special element solutions based on the technologies for foil elements, thick film elements and high-power elements. The primary customers operate in high-tech market segments such as medical devices, the aviation and aerospace industries, 3D printers and the food industry. At the beginning of March 2016, the company had 240 employees and a turnover of USD 30 million (approximately SEK 253 million) with a profit margin of over 10%. Operations will continue to be based in the current plants in Leavenworth and Erie with the same management.

In June 2016, the Italian resistor company ATE Electronics was acquired. The company manufactures electrical resistors for many different market segments. These include in particular the rail industry, power electronics and new sustainable energy solutions. The company has annual sales of approximately SEK 30 million and an operating margin in excess of 10%. NIBE Element also completed a few small supplementary acquisitions in the commercial sector during the quarter, usefully enhancing existing units.



Industry/Projects – We offer a wide standard range for industry and we also take overall responsibility for large projects.



Advanced technology – Medical technology is a growing market for our products.



HVAC – We are dramatically increasing sales of control equipment to the HVAC industry.

Financial overview

NIBE Element, key figures

		January-June		Full year		
		2016	2015	2015	2014	2013
Net sales	MSEK	2,024	1,883	3,758	3,193	2,822
Growth ¹⁾	%	7.5	20.5	17.7	13.2	20.8
of which acquired ¹⁾	%	6.2	3.9	4.4	2.0	18.2
Operating profit	MSEK	225	168	342	280	217
Operating margin ¹⁾	%	11.1	8.9	9.1	8.8	7.7
Assets	MSEK	3,930	3,402	3,360	3,122	2,758
Liabilities	MSEK	850	734	738	632	548
Investments in non-current assets ¹⁾	MSEK	48	48	118	87	83
Depreciation/amortisation	MSEK	59	57	114	98	92

1) Key figure not defined as per IFRS

For definitions of key figures, see the *Finansiell overview of NIBE* section.

Business description for the NIBE Stoves business area

Overview

NIBE Stoves offers stove products and chimney systems for different types of single-family house and commercial properties.

Strategy

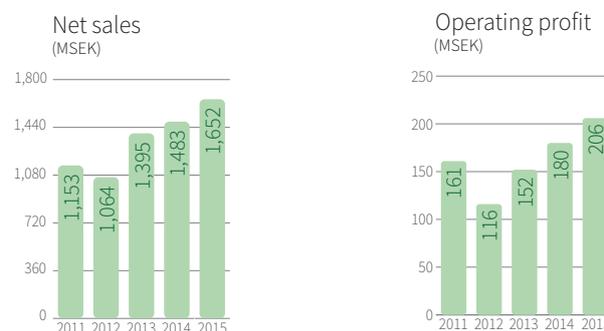
NIBE Stoves' strategy is to supply a wide and complete range of value-for-money, attractively designed stove products in order to confirm and consolidate its position as the market leader. Sales will be increased by the continuous development of new products tailored to new markets, combined with acquisitions, the establishment of new subsidiaries or the use of existing sales channels.

Products and customers

The product range comprises stoves for various energy sources (for example wood and gas) in various sizes and designs, chimneys and other accessories. The range includes six product groups: independent stoves made of steel or cast iron, inserts with different surrounds, wood-burning inserts for fireplaces, heat-retaining products, accessories for stove products and chimney systems. NIBE Stoves aims to have products that are carefully designed and have been developed and produced with consideration for the environment. NIBE Stoves also considers that it has the biggest range in the biggest product segment on the European market, free-standing stoves and inserts with surrounds, designed for both wood and gas. NIBE Stoves' customers are mainly independent retailers but also include house builders in Scandinavia. The end customers are typically private consumers looking for stoves and chimney systems for both existing homes and new homes.

New EU rules

All products that are sold in Europe must satisfy the new requirements for environmental impact and efficiency in the Ecodesign Directive by 2022. Energy labelling will also be introduced. NIBE Stoves' products already meet these requirements, with a few exceptions.



Product development

NIBE Stoves' various brands have independent product development departments that are governed by shared guidelines on the environment and sustainability. This allows NIBE Stoves to retain the necessary flexibility, while responding to regional product requirements and trends.

Product development at NIBE Stoves focuses on three key areas: design, combustion technology and function. Design affects overall perception and may often be what determines whether a customer chooses one product over another. The stove should match a home's style and it should be possible to see the fire through large glazed areas from as many angles as possible. Combustion technology is an important area as all combustion entails some level of emissions with an impact on the environment and health. NIBE sees efficient combustion as an important part of its responsibility to produce sustainable products. Function is considered to be very important as stove products play a part in heating homes. They have to be reliable, safe, easy to install and easy to use. This is why the Company has both the components and the complete product thoroughly tested before a new product is released onto the market.

Product groups

- ◆ Free-standing stoves, in steel or cast iron
- ◆ Inserts with a choice of surrounds
- ◆ Wood-burning inserts for fireplaces
- ◆ Heat-retaining products
- ◆ Accessories for stove products
- ◆ Chimney systems

Brands and trademarks



Production

The Stoves business area has three production plants in Sweden, the UK and Poland. The majority of the sheet steel products are made in Sweden, where production is largely robotised and flow is optimised. Concrete surrounds, fireplace materials and heat-retaining products are made in the Polish plant, where various stone materials are also processed. All gas-fired products are manufactured in the business area's own plant in the UK. All production units that have been part of the Group for more than two years and have more than ten production employees are certified under ISO 9001 (quality) and ISO 14001 (environment), except for the unit in the UK, which is expected to have environmental certification at around the 2016/2017 year-end.

Activities, new products and acquisitions in 2015 and 2016.

Following increased sales in spring 2016 and to guarantee good delivery capacity and high delivery reliability in the coming autumn season, production capacity has been considerably increased in the Company's Swedish production unit.

The biggest product launch of 2015 was an upgrade of the free-standing Contura 500 stove series, one of the best-selling models in Europe, according to the Company. A new series of electric stove models was launched by Gazco during the year as well.

During the first quarter of 2016, NIBE acquired the remaining 40% of Stovax Heating Group Ltd. The initial acquisition of the 60% stake was completed in early 2013. The acquisition helped make NIBE Stoves the market leader for stove products in Europe. Stovax was founded in 1981 and is now the clear market leader in the UK with a complete range of products for wood, gas and electricity. Stovax was consolidated in the NIBE Group from 1 February 2013.



Relaunch of the Contura 500 series

The new Contura 500 incorporates careful changes. The simple, timeless basic design has been combined with new details and functions.



Gazco has electric products

For end customers who are unable to install a traditional stove product, we have a large selection of electric products under the Gazco brand. They are attractive products that make any home cosy. Without invasive installation work, they can be placed in a flat and will produce beautiful flames and heat the room.



Easy to position near the wall

Nordpeis Lisboa is a narrow stove that takes up very little floor area and has an integrated firewall. As a result, the masonry stove can be placed directly against a flammable wall without any protection behind it or a large safety distance.

Financial overview

NIBE Stoves, key figures

		January-June		Full year		
		2016	2015	2015	2014	2013
Net sales	MSEK	694	650	1,652	1,483	1,395
Growth ¹⁾	%	6.8	11.3	11.4	6.3	31.1
of which acquired ¹⁾	%	0.0	0.0	0.0	2.9	36.9
Operating profit	MSEK	50	30	206	180	152
Operating margin ¹⁾	%	7.2	4.7	12.5	12.1	10.9
Assets	MSEK	1,781	1,777	1,814	1,768	1,592
Liabilities	MSEK	253	236	265	249	206
Investments in non-current assets ¹⁾	MSEK	15	15	34	18	27
Depreciation/amortisation	MSEK	27	28	56	55	53

1) Key figure not defined as per IFRS

For definitions of key figures, see the *Finansiell overview of NIBE* section.

Financial overview of NIBE

Below is a summary of the financial information for the financial years 2013-2015, taken from NIBE's annual reports for these years. The information was prepared in accordance with IFRS and audited by NIBE's auditors. The information concerning the first six months of 2015 and 2016 is based on NIBE's interim report for the period 1 January–30 June 2016, which was prepared in accordance with IFRS but has not been audited by NIBE's auditors. The cash flow statements for the periods 1 January–30 June 2016 and 1 January–30 June 2015 are prepared for the Prospectus and are not derived from the interim report.

This section contains certain key figures that, according to IFRS, are not defined as measures of financial performance but are used by NIBE's management to monitor the underlying performance of operations. The Company is also of the opinion that these key figures are widely used by investors, securities analysts

and other stakeholders as supplementary measures of earnings performance.

The summary below should be read with the annual reports for 2013-2015 and NIBE's interim report for the first six months of 2016, which is included in the Prospectus by reference and constitutes part of this Prospectus. All reports are available on NIBE's website at www.nibe.com.

The financial impact of the 2016 acquisitions of Climate Control Group Inc. and Heatron Inc. is excluded from all financial information in this section. Readers should note that NIBE's future financial information will differ greatly from the situation given in this section as a result of the acquisitions of Climate Control Group and Heatron. Pro forma accounts for NIBE including Climate Control Group and Heatron for 2015 can be found under the *Pro forma accounts* section.

Consolidated income statement

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Net sales	6,343	6,115	13,243	11,033	9,834
Cost of goods sold	-4,092	-3,966	-8,461	-7,106	-6,462
Gross profit	2,251	2,149	4,782	3,927	3,372
Selling expenses	-1,156	-1,158	-2,371	-1,977	-1,739
Administrative expenses	-455	-423	-838	-707	-580
Other operating revenue	63	61	127	142	126
Operating profit	703	629	1,700	1,385	1,179
Net financial items	-58	-57	-86	-93	-62
Profit after net financial items	645	572	1,614	1,292	1,117
Tax	-165	-133	-377	-310	-259
Net profit	480	439	1,237	982	858
Includes depreciation according to plan as follows	242	239	480	402	385
Net earnings per share before/after dilution of shares (SEK) ¹⁾	1.09	1.00	2.80	2.23	1.95

1) Adjusted for 4:1 share split, 2016.

Consolidated balance sheet

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Intangible assets	10,579	10,463	10,209	9,731	6,154
Property, plant and equipment	2,166	2,117	2,117	2,078	1,889
Financial assets	503	482	467	367	155
Total non-current assets	13,248	13,062	12,793	12,176	8,198
Inventories	2,548	2,346	2,115	2,109	1,760
Current receivables	2,126	2,026	1,901	1,844	1,415
Current investments	40	208	347	154	3
Cash and bank balances	4,613	1,387	1,448	1,827	1,591
Total current assets	9,327	5,967	5,811	5,934	4,769
Total assets	22,575	19,029	18,604	18,110	12,967
Equity	7,799	6,928	7,428	6,560	5,575
Non-current liabilities and provisions, non-interest-bearing	1,647	2,003	1,605	1,849	1,267
Non-current liabilities and provisions, interest-bearing	7,757	7,841	7,118	7,558	4,391
Current liabilities and provisions, non-interest-bearing	2,150	1,981	2,289	1,849	1,533
Current liabilities and provisions, interest-bearing	3,222	276	164	294	201
Total equity and liabilities	22,575	19,029	18,604	18,110	12,967

Consolidated cash flow statement

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Cash flow before changes in working capital	698	665	1,717	1,327	1,255
Change in working capital	-330	-271	222	77	-183
Cash flow from operating activities	368	394	1,939	1,404	1,072
Investments in existing operations	-145	-146	-384	-308	-309
Operating cash flow	223	248	1,555	1,096	763
Acquisition of businesses	-620	-86	-171	-2,648	-166
Cash flow after investments	-397	162	1,384	-1,552	597
Financing	3,568	-308	-1,302	2,095	271
Shareholders' dividends	-369	-298	-298	-259	-220
Cash flow for the year	2,802	-444	-216	284	648
Cash and cash equivalents at the beginning of the period	1,795	1,981	1,981	1,594	934
Exchange difference in cash and cash equivalents	56	58	30	103	12
Cash and cash equivalents at the end of the period	4,653	1,595	1,795	1,981	1,594

Key figures for the Group

		January-June		Full year		
		2016	2015	2015	2014	2013
Key figures from accounts						
Net sales	MSEK	6,343	6,115	13,243	11,033	9,834
Operating profit	MSEK	703	629	1,700	1,385	1,179
Profit after net financial items	MSEK	645	572	1,614	1,292	1,117
EPS (after full tax) ¹⁾	SEK	1.09	1.00	2.80	2.23	1.95
Equity	MSEK	7,799	6,928	7,428	6,560	5,575
Operating cash flow	MSEK	223	248	1,555	1,096	763

Alternative key figures

Growth	%	+3.7	+26.4	+20.0	+12.2	+7.0
Net investments in fixed assets	MSEK	516	263	531	3,098	912
EBITDA margin	%	14.9	14.2	16.5	16.2	15.9
Operating margin	%	11.1	10.3	12.8	12.6	12.0
Profit margin	%	10.2	9.4	12.2	11.7	11.4
Capital employed	MSEK	18,778	15,045	14,710	14,411	10,167
Return on capital employed ²⁾	%	11.3	11.0	12.1	12.1	12.4
Return on equity ²⁾	%	17.3	16.6	18.0	16.6	16.7
Return on total assets ²⁾	%	9.2	8.7	9.6	9.6	9.9
Capital turnover rate ²⁾	times	0.65	0.66	0.72	0.71	0.80
Equity ratio	%	34.5	36.4	39.9	36.2	43.0
Proportion of risk-bearing capital	%	38.3	41.0	44.5	40.8	47.2
Net debt/EBITDA ²⁾	times	2.8	3.3	2.5	3.3	1.9
Interest coverage ratio	times	5.6	9.1	12.3	7.6	12.4
Interest-bearing liabilities/Equity	%	140.8	117.2	98.0	119.7	82.3
Average number of employees ³⁾		-	-	10,545	9,726	8,983

1) Adjusted for 4:1 share split, 2016

2) Rolling twelve months

3) Recognised only for full twelve month periods

Definitions

Proportion of risk-bearing capital	Equity, including deferred tax liabilities, as a percentage of the balance sheet total. The Company considers that this key figure gives investors a better understanding of the Company's capital structure.
Return on capital employed (ROCE)¹⁾	Profit after net financial items plus financial expenses as a percentage of average capital employed ²⁾ . The Company considers that this key figure gives investors a better understanding of NIBE's ability to yield a return on the capital that its shareholders and lenders have placed at its disposal.
Return on equity (ROE)¹⁾	Profit after net financial items minus tax at standard rate 22.0% as a percentage of average equity ²⁾ . The Company considers that this key figure gives investors a better understanding of NIBE's ability to yield a return on the capital that its shareholders have placed at its disposal and the Company's ability to achieve its financial target of a return on equity of at least 20%.
Return on total assets¹⁾	Profit after net financial items plus financial expenses as a percentage of average balance sheet total ²⁾ . The Company considers that this key figure gives investors a better understanding of NIBE's ability to yield a return on the total assets at the disposal of the Company.
EBITDA margin	Operating profit before depreciation and impairment as a percentage of net sales. The EBITDA margin is a central measure of profitability for the Company that the Company considers gives investors the opportunity to assess the Company's potential to achieve a profitability level in line with the industry.
Equity	Taxed equity plus untaxed reserves minus tax.
Capital turnover rate¹⁾	Net sales divided by the average balance sheet total ²⁾ . Capital turnover rate is a key figure that the Company considers relevant for investors who want to assess the Company's capital intensity.
Net investments in fixed assets	Acquisitions of fixed assets minus disposals of fixed assets. The Company considers that this key figure gives investors the opportunity to assess operational investment requirements.
Net debt/EBITDA¹⁾	Interest-bearing net debt (interest-bearing financial liabilities minus interest-bearing financial assets) divided by operating profit before depreciation and impairment. Net debt/EBITDA is a key figure that the Company considers relevant for investors who want to assess the Company's potential to meet its financial commitments.
Operating cash flow	Cash flow after investments but before the acquisition of companies/businesses.
Interest coverage ratio	Profit after net financial items plus financial expenses divided by financial expenses. Interest coverage ratio is a key figure that the Company considers relevant for investors who want to assess the Company's potential to meet its financial commitments.
Interest-bearing liabilities/Equity	Interest-bearing liabilities as a percentage of equity. The Company considers that this key figure gives investors a better understanding of the Company's capital structure.
Operating margin	Operating profit as a percentage of net sales. Operating margin is a key figure that the Company considers relevant for investors who want to assess the Company's potential to achieve a profitability level in line with the industry and the Company's ability to achieve its financial target of an operating margin of at least 10%.
Equity ratio	Equity as a percentage of balance sheet total. Equity ratio is a key figure that the Company considers relevant for investors who want to assess the Company's potential to meet its financial commitments and the Company's ability to achieve its financial target of an equity ratio of at least 30%.
Capital employed	Total assets minus non-interest-bearing liabilities (including deferred tax). Capital employed is a measure of the total capital that the Company borrows from its shareholders and credit institutions, which often receive payment in the form of dividend or interest.
Growth	Percentage change in net sales compared with previous year. This key figure gives investors a better understanding of how the Company's growth strategy is succeeding and whether the Company's financial target of growth of at least 20% over a business cycle is being achieved.
Earnings per share (after full tax)	Earnings after full tax divided by the average number of shares in issue.
Profit margin	Profit after net financial items as a percentage of net sales. Profit margin is a key figure that the Company considers relevant for investors who want to assess the Company's potential to achieve a profitability level in line with the industry.

1) Rolling twelve months

2) Opening balance and closing balance divided by 2

Derivation of certain alternative key figures

Those key figure components not included in *Derivation of certain alternative key figures* are included in the annual reports for 2013-2015 and NIBE's interim report for the first six months of 2016, which are included in this Prospectus through reference and constitute part of this Prospectus.

Proportion of risk-bearing capital

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Equity	7,799	6,928	7,428	6,560	5,575
Provision for taxes	851	873	849	830	551
Balance sheet total	22,575	19,029	18,604	18,110	12,967
Proportion of risk-bearing capital, %	38.3	41.0	44.5	40.8	47.2

Return on capital employed

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Profit after net financial items	1,687	1,432	1,614	1,292	1,117
Financial expenses	214	187	143	194	98
Average capital employed ¹⁾	16,744	14,729	14,561	12,290	9,771
Return on capital employed, %	11.3	11.0	12.1	12.1	12.4

1) Opening balance and closing balance divided by 2

Note: Rolling twelve months

Return on equity

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Profit after net financial items	1,687	1,432	1,614	1,292	1,117
Tax at standard rate, %	22.0	22.0	22.0	22.0	22.0
Result after net financial items and taxes	1,315	1,117	1,259	1,008	871
Average equity ¹⁾	7,614	6,744	6,994	6,068	5,217
Return on equity, %	17.3	16.6	18.0	16.6	16.7

1) Opening balance and closing balance divided by 2

Note: Rolling twelve months

Return on total assets

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Profit after net financial items	1,687	1,432	1,614	1,292	1,117
Financial expenses	214	187	143	194	98
Average balance sheet total ¹⁾	20,590	18,570	18,357	15,539	12,278
Return on total assets, %	9.2	8.7	9.6	9.6	9.9

1) Opening balance and closing balance divided by 2

Note: Rolling twelve months

EBITDA margin

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Operating profit	703	629	1,700	1,385	1,179
Depreciation and impairment	242	239	480	406	387
Net sales	6,343	6,115	13,243	11,033	9,834
EBITDA margin, %	14.9	14.2	16.5	16.2	15.9

Equity

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Taxed equity	7,799	6,928	7,428	6,560	5,575
Untaxed reserves minus taxes	0	0	0	0	0
Equity	7,799	6,928	7,428	6,560	5,575

Net investments in fixed assets

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Acquisitions of fixed assets	531	268	539	3,136	921
Disposal of fixed assets	15	5	8	38	9
Net investments in fixed assets	516	263	531	3,098	912

Net debt/EBITDA

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Interest-bearing financial liabilities	10,979	8,117	7,282	7,852	4,592
Interest-bearing financial assets	4,653	1,595	1,795	1,981	1,594
Operating profit	1,774	1,545	1,700	1,385	1,179
Depreciation and impairment	483	447	480	406	387
Net debt/EBITDA, times	2.8	3.3	2.5	3.3	1.9

Note: Rolling twelve months

Interest coverage ratio

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Profit after net financial items	645	572	1,614	1,292	1,117
Financial expenses	141	70	143	194	98
Interest coverage ratio, times	5.6	9.1	12.3	7.6	12.4

Comments on the financial overview of NIBE

Comparison

January-June 2016 with January-June 2015

The figures within parentheses represent the corresponding period of the preceding year.

Net sales

In the first half of 2016, Group net sales were SEK 6,343 million (6,115), which corresponds to growth of 3.7%, 1.7% of which was organic. Organic growth weakened as the Swedish krona strengthened, the reverse of the situation in the first six months of 2015. Acquired operations accounted for SEK 125 million of the total SEK 228 million increase in sales.

Operating profit

Operating profit increased by 11.8% to SEK 703 million (629) in the first half of 2016. The operating margin was consequently 11.1%, against 10.3% for the corresponding period of the previous year. Operating profit for the period was charged with acquisition expenses of SEK 28 million, compared with SEK 4 million last year, which were recognised as administrative expenses in the consolidated income statement. The stronger Swedish krona had a weakening effect on the operating profit.

NIBE Climate Solutions

Net sales for the period were SEK 3,756 million, compared with SEK 3,670 million in the corresponding period of the previous year. Of growth of SEK 86 million (corresponding to 2.4%), SEK 7 million, corresponding to growth of 0.2%, was attributable to acquisitions, which means that organic growth amounted to SEK 79 million (corresponding to 2.2%).

Operating profit increased from SEK 458 million in the first half of 2015 to SEK 487 million in the first half of 2016, an increase in profit of 6.3% and an operating margin for the period of 13.0% (12.5).

NIBE Element

Net sales for the first half of the year were SEK 2,024 million, compared with SEK 1,883 million in the corresponding period of the previous year. Of growth of SEK 141 million (corresponding to 7.5%), SEK 117 million, corresponding to growth of 6.2%, was attributable to acquisitions, which means that organic growth amounted to SEK 24 million (corresponding to 1.3%).

Operating profit increased from SEK 168 million in the first half of 2015 to SEK 225 million in the first half of 2016, an increase in profit of 33.9% and an operating margin for the period of 11.1% (8.9).

NIBE Stoves

Net sales for the first half of the year were SEK 694 million, compared with SEK 650 million in the corresponding period of the previous year. Since the comparison is not affected by any acquisitions, this means organic growth of SEK 44 million, or 6.8%. Last year's extensive product launches, which were received very positively by the market, were a contributing factor to the organic growth during the first half of 2016.

Operating profit increased from SEK 30 million in the first half of 2015 to SEK 50 million in the first half of 2016, an increase in profit of 66.7% and an operating margin for the period of 7.2% (4.7).

Profit after financial items

Profit after financial items increased during the period by 12.8% to SEK 645 million (572), compared with the first half of 2015, corresponding to a profit margin of 10.2% (9.4). Net financial items for the Group was SEK -58 million (-57).

Equity ratio and returns

At the end of the period the Group's equity ratio was 34.5% (36.4). Equity totalled SEK 7,799 million (6,928).

The return on equity in the first half of 2016 was 17.3% (16.6). The return on capital employed was 11.3% (11.0).

Investments

Investment in Group acquisitions of subsidiary companies/lines of business totalled SEK 371 million (117) during the period. The remaining SEK 145 million (146) relates mainly to investments in machinery and equipment in existing operations.

Cash flow from operating activities and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 698 million (665). Cash flow after changes in working capital amounted to SEK 368 million (394). The Group's available cash and cash equivalents were SEK 5,030 million at the end of the period, compared to SEK 2,195 million at the start of the period.

The Group's interest-bearing liabilities were SEK 10,979 million at the end of the period, compared to SEK 8,117 million at the end of the corresponding period of the previous year. At the end of June, a bank credit of SEK 3,000 million was raised, under the existing credit agreement, to finance the acquisition of CCG. The credit was recognised as a current interest-bearing liability in the consolidated balance sheet.

Comparison between 2015 and 2014

The figures within parentheses represent the corresponding period of the preceding year.

Net sales

Group net sales totalled SEK 13,243 million (11,033). This corresponds to growth of 20.0%, of which 10.5% was organic. Organic growth was significantly affected by the weaker Swedish krona, because most of the Group's foreign operations were translated at higher average rates in 2015 than in 2014. Real organic growth was relatively weak at the start of the year, but subsequently recovered during the period. Acquired operations accounted for SEK 1,043 million of the total SEK 2,210 million increase in sales.

Operating profit

Group operating profit totalled SEK 1,700 million, an increase of 22.7% on the figure of SEK 1,385 million reported for the preceding year. The operating margin was consequently 12.8%, against 12.6% for the the previous year. Operating profit for the year was charged with acquisition expenses of SEK 10 million, compared with SEK 29 million in 2014, which were recognised as administrative expenses in the consolidated income statement.

NIBE Climate Solutions

Net sales for 2015 were SEK 8,031 million, compared with SEK 6,507 million in the previous year. Of growth of SEK 1,524 million (corresponding to 23.4%), SEK 903 million, corresponding to growth of 13.9%, was attributable to acquisitions, which means that organic growth amounted to SEK 621 million (corresponding to 9.5%).

Operating profit increased from SEK 984 million to SEK 1,209 million, which represents growth in profits of 22.9% and an operating margin of 15.1% (15.1) for the year.

Several of NIBE Climate Solutions' most important markets for heat pumps in Europe experienced no actual growth during the year. The organic growth was largely driven by intensified marketing efforts and a number of successful product launches.

NIBE Element

Net sales for 2015 were SEK 3,758 million, compared with SEK 3,193 million in the previous year. Of growth of SEK 565 million (corresponding to 17.7%), SEK 141 million, corresponding to growth of 4.4%, was attributable to acquisitions, which means that organic growth amounted to SEK 424 million (corresponding to 13.3%).

Operating profit increased from SEK 280 million to SEK 342 million, which represents growth in profits of 22.1% and an operating margin of 9.1% (8.8) for the year.

Demand for NIBE Element's products was good during the year in the majority of the business area's markets in North America, Europe and Asia, which is the principal reason for the satisfactory level of organic growth.

NIBE Stoves

Net sales for 2015 were SEK 1,652 million, compared with SEK 1,483 million in the previous year. Since the comparison is not affected by any acquisitions, this means organic growth of SEK 169 million, or 11.4%.

Operating profit increased from SEK 180 million to SEK 206 million, which represents growth in profits of 14.4% and an operating margin of 12.5% (12.1) for the year. Operating profit for the previous year included non-recurring items that had a positive effect of SEK 14 million on profit. Excluding the non-recurring items, the operating margin for the previous year would have been 11.1%.

The organic growth must be seen against the background of weakening demand on the market within most product segments, which means that NIBE Stoves increased its market share.

Profit after financial items

Profit after financial items increased by 24.9% to SEK 1,614 million (1,292), corresponding to a profit margin of 12.2% (11.7). Net financial items for the Group was SEK -86 million (-93). The Group's interest-bearing liabilities at the end of 2015 amounted to SEK 7,282 million, against SEK 7,852 million at the beginning of 2015. The average interest rate during the year was 1.4% (1.4). Net financial items include exchange gains and exchange losses.

Tax

The tax expense was SEK 377 million (310), which gives an effective tax rate of 23.4% (24.0). The decrease is primarily due to decisions to reduce income taxes in some of the European countries in which the Company has significant operations.

Equity ratio and returns

The Group's equity ratio at the end of the year was 39.9% (36.2). Equity totalled SEK 7,428 million (6,560).

The return on equity in 2015 was 18.0% (16.6). The return on capital employed was 12.1% (12.1).

Investments

Investment in Group acquisitions of subsidiary companies/lines of business totalled SEK 171 million (2,648). Other investments totalled SEK 384 million (308), divided into machinery and equipment, SEK 185 million, properties, SEK 24 million, construction in progress, SEK 88 million and other fixed assets, SEK 87 million.

Cash flow from operating activities and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 1,717 million (1,327). Cash flow after changes in working capital amounted to SEK 1,939 million (1,404). The Group's available cash and cash equivalents, including unused overdrafts, were SEK 2,195 million at the end of the year, compared to SEK 2,735 million at the start of the year. The Group's overdraft was reduced during the year by SEK 398 million.

Comparison between 2014 and 2013

The figures within parentheses represent the corresponding period of the preceding year.

Net sales

In 2014, Group net sales were SEK 11,033 million (9,834), which corresponds to growth of 12.2%, 6.5% of which was organic. The growth occurred mainly on the North American market. Acquired operations accounted for SEK 564 million of the total SEK 1,199 million increase in sales.

Operating profit

Group operating profit in 2014 totalled SEK 1,385 million, an increase of 17.5% on the figure of SEK 1,179 million reported for the preceding year. The operating margin was therefore 12.6% (12.0). Operating profit includes non-recurring items, among them capital gains from the sale of property, which had a net positive effect on operating profit of SEK 14 million. Operating profit for the year was charged with acquisition expenses of SEK 29 million, compared with SEK 9 million in 2013, which were recognised as administrative expenses in the consolidated income statement.

NIBE Climate Solutions

Net sales for 2014 were SEK 6,507 million, compared with SEK 5,740 million in the previous year. Of growth of SEK 767 million (corresponding to 13.4%), SEK 468 million, corresponding to growth of 8.2%, was attributable to acquisitions, which means that organic growth amounted to SEK 299 million (corresponding to 5.2%).

Operating profit increased from SEK 844 million to SEK 984 million in 2014, which represents growth in profits of 16.6% and an operating margin of 15.1% (14.7) for the year.

Several of NIBE Climate Solutions' most important markets for heat pumps in Europe experienced no actual growth during the year. The organic growth was largely driven by intensified marketing efforts and a number of successful product launches.

NIBE Element

Net sales for 2014 were SEK 3,193 million, compared with SEK 2,822 million in the previous year. Of growth of SEK 371 million (corresponding to 13.2%), SEK 56 million, corresponding to growth of 2.0%, was attributable to acquisitions, which means that organic growth amounted to SEK 315 million (corresponding to 11.2%).

Operating profit increased from SEK 217 million to SEK 280 million in 2014, which represents growth in profits of 29.3% and an operating margin of 8.8% (7.7) for the year.

Demand for NIBE Element's products was good during the year in the majority of the business area's markets in North America, Europe and Asia, which is the principal reason for the satisfactory level of organic growth.

NIBE Stoves

Net sales for 2014 were SEK 1,483 million, compared with SEK 1,395 million in the previous year. Of growth of SEK 88 million (corresponding to 6.3%), SEK 40 million, corresponding to growth of 2.9%, was attributable to acquisitions, which means that organic growth amounted to SEK 48 million (corresponding to 3.4%).

Operating profit increased from SEK 152 million to SEK 180 million in 2014, which represents growth in profits of 18.4% and an operating margin of 12.1% (10.9) for the year. Without non-recurring items with a positive effect on profit of SEK 14 million, including a capital gain from the sale of property, the operating margin for the year would have been 11.1%.

The organic growth must be seen against the background of weakening demand on the market within most product segments, which means that NIBE Stoves increased its market share.

Profit after financial items

Profit after financial items increased by 15.6% to SEK 1,292 million (1,117) in 2014, corresponding to a profit margin of 11.7% (11.4). Net financial items for the Group was SEK -93 million (-62). The Group's interest-bearing liabilities at the end of 2014 amounted to SEK 7,852 million, against SEK 4,591 million at the beginning of 2014. The average interest rate during the year was 1.4% (1.6). Net financial items include exchange gains and exchange losses.

Tax

The tax expense in 2014 was SEK 310 million (259), which gives an effective tax rate of 24.0% (23.2). The increase was due to a larger proportion of the Group's operations than previously being based in North America, where tax rates are generally higher than in Europe.

Equity ratio and returns

The Group's equity ratio at the end of 2014 was 36.2% (43.0). Equity totalled SEK 6,560 million (5,575).

The return on equity in 2014 was 16.6% (16.7). The return on capital employed was 12.1% (12.4).

Investments

Investment in Group acquisitions of subsidiary companies/lines of business totalled SEK 2,648 million (166) in 2014. Other investments totalled SEK 308 million (309), divided into machinery and equipment, SEK 167 million, properties, SEK 11 million, construction in progress, SEK 52 million and other fixed assets, SEK 78 million.

Cash flow from operating activities and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 1,327 million (1,255) during the year. Cash flow after changes in working capital amounted to SEK 1,404 million (1,072). The Group's available cash and cash equivalents, including unused overdrafts, were SEK 2,735 million at the end of 2014, compared to SEK 2,372 million at the start of the year. The Group's overdraft was reduced during the year by SEK 13 million.

Pro forma accounts

Background and objective

In 2016, NIBE implemented acquisitions that will have a direct impact on future earnings and cash flow for NIBE. The consolidated pro forma accounts have been prepared to provide information about the impact the acquisitions which may be regarded as being of significant size would have had on NIBE if they had been part of NIBE from the start of the 2015 financial year. The acquisitions of the two North American companies Heatron Inc. and Climate Control Group Inc. have been regarded as being of significant size. Consequently, smaller acquisitions implemented during the year have not been included in the pro forma accounts. The acquisition, at the start of 2016, of the remaining 40% of UK company Stovax Heating Group Ltd. has not had any impact on the pro forma accounts as the company was consolidated as a wholly-owned subsidiary in NIBE's accounts for 2015.

The pro forma accounts are only designed to describe a hypothetical situation and have been prepared solely for purposes of illustration. They do not show the profit that the operations would actually have produced. Nor do the pro forma accounts show the NIBE Group's profit for any future period. Investors should not attach too much importance to the pro forma accounts in their investment decision. No synergy effects or integration costs have been taken into consideration.

Basis of the pro forma accounts

The pro forma accounts are based on NIBE's audited accounts for 2015. NIBE applies IFRS in its financial statements and the pro forma accounts have therefore been prepared in accordance with these accounting policies, and the other accounting policies described in NIBE's 2015 Annual Report.

Heatron Inc.

In the first quarter of 2016, NIBE acquired Heatron Inc. for USD 34 million (SEK 290 million at the exchange rate then applicable) after parts of the former operations were moved to a new company, a so-called carve out. The Company previously also had a financial year that ended on 30 September. Heatron Inc. has therefore been included in the pro forma accounts with an unaudited income statement and balance sheet for the 2015 calendar year for only those parts of the company that NIBE acquired.

The amortisation of surplus value and depreciation applied in the pro forma accounts in connection with the acquisition are based on a preliminary valuation by an independent valuer.

Climate Control Group Inc.

NIBE acquired Climate Control Group Inc. and six of its wholly-owned subsidiaries for a preliminary consideration of USD 364 million (SEK 2,964 million at the exchange rate then applicable) at the end of the first half of 2016. Before the acquisition, the Company, with its eight subsidiaries, was a segment of the listed US Group LSB Industries Inc. Consequently, NIBE has not acquired two of the subsidiaries included in the segment. Climate Control Group has therefore been included in the pro forma accounts in such a way that the parts of the segment NIBE did not acquire have been excluded from the segment's audited income statement and balance sheet for the 2015 calendar year.

The company has not yet been valued by an independent valuer. The preliminary amortisation of surplus value and depreciation applied in the pro forma accounts in connection with the acquisition are based on empirical estimates by NIBE's company management.

Pro forma adjustments

Pro forma adjustments have been made to illustrate the impact of the acquisitions of Heatron and Climate Control Group. The following assumptions have been made:

- ◆ USD has been translated to SEK at Riksbank rates for 2015, i.e. at an average rate of 8.435 SEK/USD and a closing day rate as at 31 December of 8.3524 SEK/USD.
- ◆ Both acquisitions have been assumed to have been fully financed with bank loans. The interest expense for the bank loans has been calculated as the average rate for NIBE in 2015, i.e. 1.4%. Interest expenses have been regarded as deductible at a tax rate of 22% as the financing is considered to have taken place in Sweden.
- ◆ Adjustments for deferred tax in connection with the surplus values and amortisation/depreciation the acquisitions are expected to give rise to have been calculated based on a tax rate of 37%.
- ◆ No synergies and/or expenses for integration of the acquired entities have been included.
- ◆ In connection with amortisation of surplus value for Climate Control Group, USD 63 million has been allocated to assets with a definable useful life, of which USD 23 million has been calculated to have a useful life of 10 years and the remaining USD 40 million a useful life of 14 years, with the result that the operating profit in the pro forma accounts has been charged with amortisation/depreciation of USD 5 million= SEK 42 million. USD 40 million has been allocated to trademarks that are estimated to have an indefinable useful life, and the remaining USD 240 million has been allocated to goodwill.

Income statement

(MSEK)	NIBE 2015	Heatron 2015	CCG 2015	Pro forma adjustments	Note	Pro forma 2015
Net sales	13,243	245	2 262	0		15,750
Cost of goods sold	-8,460	-182	-1 572	-22	1)	-10,236
Gross profit	4,782	63	691	-22		5,514
Selling expenses	-2,371	-24	-362	-27	1)	-2,784
Administrative expenses	-838	-30	-155	0		-1,023
Other revenue	127	0	0	0		127
Operating profit	1,700	9	174	-49		1,834
Net financial items	-86	0	0	-47	2)	-133
Profit after net financial items	1,614	9	174	-96		1,701
Appropriations	0	0	0	0		0
Tax	-377	-3	0	28	3)	-352
Profit for the period	1,237	6	174	-68		1,349

Balance Sheet in summary

(MSEK)	NIBE 2015	Heatron 2015	CCG 2015	Pro forma adjustments	Note	Pro forma 2015
Intangible assets	10,209	0	16	2,960	4)	13,185
Property, plant and equipment	2,117	53	222	24	5)	2,416
Financial assets	467	0	0	0		467
Total non-current assets	12,793	54	238	2,983		16,068
Inventories	2,115	59	239	0		2,413
Current receivables	1,901	45	363	0		2,309
Current investments	346	0	0	0		346
Cash and bank balances	1,448	39	151	-37	6)	1,601
Total current assets	5,811	144	752	-37		6,670
Total assets	18,604	198	990	2,946		22,738
Equity	7,428	181	625	-695	7)	7,539
Non-current liabilities and provisions, non-interest-bearing	1,605	1	0	321	8)	1,927
Non-current liabilities and provisions, interest-bearing	7,118	0	101	3,321	9)	10,540
Current liabilities and provisions, non-interest-bearing	2,289	15	265	0		2,569
Current liabilities and provisions, interest-bearing	163	0	0	0		163
Total equity and liabilities	18,604	198	990	2,946		22,738

Key figures

	NIBE 2015	Pro forma 2015
Operating margin	12.8%	11.6%
Profit margin	12.2%	10.8%
Equity ratio	39.9%	33.2%
Return on equity	18.0%	18.8%
Net debt/EBITDA	2.5	3.6

Notes

- 1) Calculated amortisation of intangible assets that arose in connection with the acquisitions whereby amortisation of customer relationships is recognised as Selling expenses and amortisation of other intangible assets, primarily capitalised development costs, is recognised as Cost of goods sold
- 2) Calculated interest expenses for the financing of the acquisitions
- 3) Tax attributable to the profit adjustments in points 1 and 2
- 4) Calculated surplus values in intangible assets according to allocation, reduced by amortisation for the year
- 5) Allocated surplus values in property, machinery and equipment at Heatron Inc.
- 6) Payment of calculated interest expenses under point 2, minus income tax at 22%
- 7) Elimination of equity in acquired entities and profit for the year
- 8) Deferred tax liability attributable to allocated surplus values, excluding goodwill
- 9) Calculated liability to credit institutions as a result of the acquisitions

Auditor's report on pro forma accounts

To the Board of Directors of NIBE Industrier AB (publ), Corporate ID no. 556374-8309

We have audited the pro forma accounts shown on pages 59-60 of NIBE Industrier AB's prospectus dated 3 October 2016.

The pro forma accounts have been prepared solely to provide information on how the acquisitions of Heatron Inc. and Climate Control Group Inc. could have affected the consolidated balance sheet for NIBE Industrier AB as at 31/12/2015 and the consolidated income statement for NIBE Industrier AB for the period 1/1/2015–31/12/2015.

Responsibility of the Board of Directors

It is the responsibility of the Board of Directors to prepare pro forma accounts in accordance with the requirements of Prospectus Regulation 809/2004/EC.

Auditor's responsibility

It is our responsibility to submit an opinion in accordance with Annex II p. 7 of Prospectus Regulation 809/2004/EC. We have no obligation to submit any other opinion about the pro forma accounts or any of its components. We accept no liability for the financial information used in the compilation of the pro forma accounts apart from the liability we have for the auditor's reports concerning historical financial information that we submitted previously.

Work performed

We performed our work in accordance with FAR recommendation RevR 5 'Review of financial information in prospectuses'. This means that we follow FAR's ethical rules and planned and conducted the audit to reach a reasonable level of assurance that the financial statements do not contain material errors. The audit firm applies ISQC 1 (International Standard on Quality Control) and therefore has a comprehensive system for quality control which includes documented guidelines and procedures for compliance with ethical requirements, standards for professional conduct and applicable requirements in laws and other statutes.

Our work, which did not include an independent review of underlying financial information, mainly consisted in comparing the non-adjusted financial information with the source documentation, assessing the documentation for the pro forma adjustments and discussing the pro forma accounts with the company management.

We planned and performed our work to obtain the information and the explanations we deemed necessary to reach a reasonable level of assurance that the pro forma accounts were compiled according to the principles indicated on page 59 and that these principles match the accounting policies applied by the company.

Other information

This report is only intended to be used in connection with the offering in Sweden and admission to trading of shares on the Nasdaq Stockholm and other regulated markets within the European Union or the European Economic Area, in the manner specified in the prospectus approved by the Swedish Financial Supervisory Authority. We have not performed our work in accordance with any standards or practices for audit or attestation generally accepted in the United States and it should accordingly not be regarded as if our work has been performed in accordance with any of these standards or practices. For this reason, our report does not apply in jurisdictions other than what is stated above and should not be used or relied upon by anyone other than in connection with the offer described above. We accept no responsibility for, and deny all liability to, any party with respect to any use of, or reliance on, this report in connection with any transaction, including the sale of securities, in other respects than the offer to the public in Sweden, the EU or the European Economic Area to subscribe for shares and the admission to trading of these shares on Nasdaq Stockholm and other regulated markets within the European Union or the European Economic Area, in the manner specified in the prospectus approved by the Swedish Financial Supervisory Authority.

Opinion

In our opinion, the pro forma accounts were compiled correctly according to the principles indicated on page 59 and these principles match the accounting policies applied by the company.

Malmö, 3 October 2016

KPMG AB

Dan Kjellqvist
Authorised public accountant

Capital structure and other financial information for NIBE

Capital structure

The tables in this section show NIBE's capital structure at Group level as at 31 July 2016. See the section *Share capital and ownership structure* for further information on the Company's share capital and shares, among other things. The tables in this section should be read with the section *Comments on the financial overview of NIBE* and NIBE's financial information, with accompanying notes.

Equity and liabilities

NIBE is financed with equity and liabilities. The majority of the liabilities consist of bank loans. NIBE's capitalisation as at 31 July 2016 is presented below.

(MSEK)	31 July 2016
Total current interest-bearing liabilities	3,224
Guaranteed	0
Secured	2
Unguaranteed/unsecured	3,222
Total non-current interest-bearing liabilities	7,836
Guaranteed	0
Secured	6
Unguaranteed/unsecured	7,830
Equity¹⁾	7,946
Share capital	69
Other contributed capital	1,820
Reserves/exchange differences	250
Retained profits, including the profit for the year ¹⁾	5,807
Non-controlling interest	0

1) The Equity item refers to conditions as at 31 July 2016, apart from the Retained profits including profit for the year item, which refers to conditions as at 30 June 2016, that is, excluding impact on profit for the month of July 2016.

As at 31 July 2016, the Group's contingent liabilities attributable to pension obligations that have not been recognised as liabilities or provisions amounted to SEK 2 million.

Net incurrence of liabilities

NIBE's net incurrence of liabilities as at 31 July 2016 is presented below.

(MSEK)	31 July 2016
(A) Cash	1,724
(B) Other cash and cash equivalents	0
(C) Investments in securities	41
(D) Liquidity (A)+(B)+(C)	1,765
(E) Current financial receivables	0
(F) Current bank loans	3,000
(G) Current portion of non-current liabilities	224
(H) Other current financial liabilities	0
(I) Current financial liabilities (F)+(G)+(H)	3,224
(J) Current financial net incurrence of liabilities (I)-(E)-(D)	1,459
(K) Non-current financial receivables	0
(L) Non-current bank loans	5,572
(M) Outstanding bond loans	1,913
(N) Other non-current liabilities	351
(O) Non-current financial liabilities (L)+(M)+(N)	7,836
(P) Non-current financial net incurrence of liabilities (O)-(K)	7,836
(Q) Financial net incurrence of liabilities (J)+(P)	9,295

As at 31 July 2016, NIBE's financial net incurrence of liabilities amounted to SEK 9,295 million.

Of NIBE's non-current financing, SEK 3,224 million falls due for payment within twelve months, calculated as at 31 July 2016. This represents NIBE's current financial incurrence of liabilities.

As at 31 July 2016, NIBE's non-current financial liabilities amounted to SEK 7,836 million.

As at 31 July 2016, NIBE's secured loans amounted to SEK 8 million, consisting of property mortgages.

The reduction in liquidity as at 31 July 2016 compared with the most recent quarterly report issued by NIBE ending 30 June 2016 is mostly due to the amount paid for Climate Control Group Inc. See also the section *Pro forma accounts* for an illustration of how the balance sheet as at 31 December 2015, including financial liabilities, would have been affected by the acquisition and its financing. For more information on the financing of the acquisition, see *Financial contracts* in the section *Legal considerations and supplementary information*.

Since 1 January 2016, NIBE's non-current interest-bearing liabilities increased by SEK 718 million, above all as a result of the financing of the acquisitions of Heatron Inc. and the remaining 40% of Stovax Heating Group Ltd. with bank loans.

Since the end of the first half of 2016, NIBE's equity has been affected in part by the profit for the period and since 31 July 2016 by exchange differences that arise when the Group's foreign net assets are translated to SEK. Apart from the above, there have been no material changes to NIBE's equity or incurrence of liabilities since 31 July 2016.

Information about working capital

- ◆ During the most recent five-year period, NIBE's working capital, measured as current assets less current liabilities in relation to sales, was approximately 17.0%. The trend was for working capital requirements to fall slightly during the most recent five-year period.
- ◆ NIBE experiences seasonal variations in demand in certain product areas, above all for the NIBE Stoves business area but also for the NIBE Climate Solutions business area. This means that NIBE's working capital requirements vary over the year as many products are manufactured and stored during the low season to meet demand during the autumn, which is NIBE's high season. Working capital requirements are therefore normally highest at the end of the first half of the year.

Statement regarding working capital

NIBE considers that the existing working capital is sufficient for existing requirements for the coming 12 months.

Research and development

Expenditure on research activities is written off as it arises. The NIBE Group incurs expenditure for product development within every business area. During the development phase, a number of criteria are used for recognising development projects as intangible assets. The expenditure is capitalised where it is technically possible and the intention is to complete the asset either for use or sale, where the asset is expected to generate future economic benefits, where it is financially possible to complete the asset, and the cost of the asset can be measured reliably. The expenditure is capitalised from the date on which all the above criteria are met.

Other development expenditure which does not meet these conditions is recognised as an expense as it arises. Development expenditure which has previously been expensed is not recognised as an asset in a subsequent period.

Amortisation according to plan is based on cost and is apportioned over the estimated useful life of the assets. NIBE's expenditure for research amounted to SEK 350 million in 2015, compared with SEK 278 million in 2014 and SEK 224 million in 2013.

Investments

The table below summarises NIBE's total investments in 2013–2015 and for the periods 1 January 2015 to 30 June 2015 and 1 January 2016 to 30 June 2016. The ordinary investments primarily consist of investments in production plants, production equipment and intangible assets.

Acquisitions are an integral part of NIBE's growth strategy. During the period from 1 January 2013 to 30 June 2016 a total of 11 businesses were acquired. Total investments in acquisitions of businesses amounted to SEK 602 million in 2013, SEK 2,790 million in 2014, SEK 147 million in 2015 and SEK 371 million in the period 1 January – 30 June 2016. For more detailed information on significant acquisitions, see the section *Legal considerations and supplementary information* in this Prospectus.

NIBE's investments excluding company acquisitions amounted to SEK 145 million (SEK 146 million) in the first two quarters of 2016 and mainly concerned machinery and equipment located primarily in Sweden. Investments in progress are located primarily in Europe, with the emphasis on Sweden. No decisions have been made on any major future investment projects. Investments have been financed through cash flows from operating activities and within the limits of existing credit facilities.

Investments

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Investments in property, plant and equipment	129	119	305	268	233
Sales of property, plant and equipment	15	5	8	38	8
Investments in intangible assets	45	37	83	69	75

Non-current intangible assets

NIBE's intangible assets consist of goodwill, tenancy rights, patents, R&D costs, licences, trademarks and market positions. As at 30 June 2016, intangible assets amounted to SEK 10,579 million (SEK 10,463 million). For further information about intangible assets, see Notes 16-18 in NIBE's 2015 Annual Report.

Intangible assets

(MSEK)	January-June		Full year		
	2016	2015	2015	2014	2013
Goodwill	7,924	7,690	7,539	7,095	4,454
Other intangible assets	2,655	2,773	2,670	2,636	1,700

Property, plant and equipment

NIBE's property, plant and equipment consists mainly of buildings, land, machinery and equipment. Property, plant and equipment amounted to SEK 2,166 million as at 30 June 2016 (SEK 2,117 million).

Sensitivity analysis

NIBE is exposed to a number of risk factors that affect earnings trends. Several of these risks are beyond the Company's control. The table below sets out several changes and illustrates their effect on consolidated profit. The changes are calculated based on the balance sheet and income statement for 2015.

Approximate effects on profit before tax

Variable	Change	Effect, MSEK
Net sales (margin constant)	+/- 1.0%	54
Operating margin (volume constant)	+/- 1.0%	132
Material costs	+/- 1.0%	55
Payroll expenses	+/- 1.0%	32
Interest-bearing liabilities (interest constant)	+/- 10.0%	10
Interest rate	+/-1.0 percentage point	73

Financial exposure and risk management

NIBE is exposed to such financial risks such as market risks, credit risks and liquidity and financing risks. Risk management at NIBE is governed by fixed policies and procedures, which are reviewed regularly by the Board of Directors. For more information about financial risk management, see the section 'Risk management' on page 64 of NIBE's 2015 Annual Report, and the section *Risk factors* in this Prospectus.

The Group's principal financial activity comprises management of the following risks:

- ◆ Currency risk
- ◆ Interest rate risk
- ◆ Credit risk
- ◆ Financing risk
- ◆ Capital risk

General information

Each business area has its own operational management with profit responsibility. Each business area has business area management and a Business Area Board. Matters concerning credit risks are managed by business area. Operating cash flows in foreign currencies are also hedged by area, which means that matters concerning currency risks are also managed by the business areas to some extent. Other financial risks that NIBE faces are managed by the Group management.

Currency risk

The term 'currency risks' refers to the risk that exchange rate fluctuations may have a negative effect on the Group's performance and position. NIBE is exposed to currency risks both through operating business transactions in various currencies and through the fact that the Group has operations in different currency zones. These risks can be divided into transaction risks and translation risks.

Transaction risks

The term 'transaction risks' refers to the risk of exchange losses on operating business transactions in foreign currency through, for example, an account receivable in a foreign currency falling in value as a result of fluctuations in the exchange rate in that currency. As part of the Group's currency hedging policy, operating sales and purchases which take place in foreign currencies or are linked to changes in foreign currencies must be hedged under a rolling twelve-month plan within the range 60–100% of the estimated flow. The degree of hedging of future flows determines where in the range the figure is to lie. During 2015, the Group's flows in foreign currencies were as shown below. The term 'flow' refers to flows in currencies other than local currency. The term 'weakening' refers to an unhedged fall in the value of the Swedish krona.

Currency	Net flow in (+)/out (-)	Weakening by 1%
CHF	24	-
CNY	-1	-
CZK	-5	-
DKK	22	-
EUR	140	1
GBP	145	1
HKD	-10	-
JPY	-13	-
MXN	-216	-2
NOK	136	1
PLN	-98	-1
RUB	6	-
USD	115	1
Total	245	

At the end of 2015, the Group had currency forward contracts for a total net value, translated into SEK at the closing day rate, of SEK 258 million.

The difference between the total amounts of the contracts translated into SEK using the contract rate and the total amounts of

the contracts translated into SEK using the closing day rate at the end of 2015 represents an unrealised exchange loss of SEK 12 million.

The item 'Other receivables' in the consolidated balance sheet includes derivatives with positive fair values of SEK 8 million. The item 'Other liabilities' in the consolidated balance sheet includes derivatives with negative fair values of SEK 21 million.

Translation risks

The term 'translation risks' refers to the risk of exchange losses on the translation of the income statements and balance sheets of foreign subsidiaries into the Swedish krona, the Group's presentation currency. To minimise translation risks, assets are financed, where possible, in the same currency; this means that changes in exchange rates on the borrowings are recognised in other comprehensive income. At the end of 2015, the Group held net assets in foreign currencies of a total of SEK 8,777 million with financing taken into account. Net assets also include assets other than those classed as financial instruments.

If the Swedish krona falls in value by 1% against the named currencies, this means that the Group's equity is strengthened by SEK 88 million. If the Swedish krona rises in value by 1% against the named currencies, the reverse pertains. Without currency hedging through financing in the same currency, the corresponding amount would have been SEK 110 million.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will have a negative impact on cash flow or the fair value of financial assets and liabilities. Some of the Group's bond loans are at fixed rate, but as these have been swapped for variable rate, all borrowing in the NIBE Group is, in practice, at variable rate, which means that the Group is exposed only to cash flow risk in respect of financial borrowing.

The Group's interest-bearing liabilities at the end of 2015 amounted to SEK 7,282 million. The average interest rate was 1.4%. A change in the interest rate of 1% on constant liabilities would have an impact on Group profit of SEK 73 million.

The NIBE Group's policy is that the fixed interest period for loans must, as far as possible, balance the commitment period of the incoming cash flows.

The Company's interest-bearing liabilities at the end of June 2016 amounted to SEK 10,979 million. A change in the interest rate of 1% on constant liabilities would have an impact on profit of SEK 101 million for the Company.

Credit risk

The term 'credit risk' refers to the risk that a counterparty may not fulfil its obligations. In operations where goods or services are supplied against later payment, client credit losses cannot be wholly avoided. To minimise these risks, annual credit assessments are carried out on major creditors. The normal credit period is 30 days. There are regional variations with both shorter and longer credit periods. Security is not normally held for receivables.

NIBE is of the opinion that the Group has an effective credit monitoring process which has meant that the Group has not so far been adversely affected by bad debt losses of any significance. Provisions have been made after individual assessment of overdue receivables.

Financing risk

The term 'financing risk' refers to the risk that difficulties may arise in financing the Group's operations, thus leading to an increase in costs in the short and long terms.

The Group's consolidated cash flow is good, and is expected to remain so in the future. This is of material significance in enabling necessary investments to be made and other obligations to be fulfilled. The Group also has an aggressive policy in relation to the acquisition of other companies' business operations. The policy is for annual growth of 20%. In the long term, at least half of this growth should be organic.

In individual years, the total capital requirement may exceed internal cash flow. It is anticipated that there will be no difficulty in financing this capital requirement and that this will not give rise to abnormal expense: this can be achieved partly through the traditional banking system and partly through the stock market.

Capital risk

The term 'capital risk' refers to the risk that the Group's ability to continue its business operations may be inhibited due to a shortage of capital. The Group assesses the day-to-day risk on the basis of the equity ratio, calculated as recognised equity as a percentage of total assets. The target is that the equity ratio should not fall below 30%. Over the most recent five-year period, the equity ratio has averaged 39.6%. The Group has the ability to counteract any shortage of capital through new issues or reductions in dividends. Capital is defined in the NIBE Group as total equity as recognised in the balance sheet (see pages 58 and 63 of NIBE's 2015 Annual Report). The covenants set by the Group's external creditors are met by good margins.

Trends in 2016

NIBE Climate Solutions

The heat pump markets in France, Germany, Sweden, Switzerland and the UK generally enjoyed relatively stable growth in the first half of 2016, with the Swedish market growing considerably despite the reduced home improvement subsidy. For traditional electric water heaters, performance in the Nordic and European markets is stable, while sales of conventional domestic boilers remain sluggish.

The Company considers that its production capacity and delivery capability fully satisfy market expectations and notes that its internal quality management work, which has been a top priority, continues to result in improved product quality.

NIBE Element

The Company saw a positive change in NIBE Element's market in the first half of 2016, with Germany growing particularly well. Both consumer products and products for the automotive industry and commercial equipment grew. The trend in the North

American market has been stable in 2016 in all industries except the oil and gas industry. The Asian market has also experienced healthy growth.

The Company's work to change its profit centres' focus and activities to ensure that they remain competitive in their respective market segments has continued during the year.

Raw material prices and exchange rates have remained volatile, which is having a considerable effect on pricing and competitiveness. Raw material prices are historically low.

NIBE Stoves

The market situation in Scandinavia for stove products improved during the first half of 2016, while growth weakened on several major European markets such as Germany and France on account of low gas and oil prices and uncertain economic growth. In the UK, the trend from last year continues, with a clear shift in demand from wood-fired to gas-fired products as a result of the current low price of gas.

Following increased sales in the spring and to guarantee good delivery capacity and high delivery reliability in the coming autumn

season, production capacity has been considerably increased in NIBE Stoves' Swedish production unit, which primarily manufactures sheet steel stove products and complete chimney systems. In NIBE Stoves' other production units, capacity utilisation was also much higher during the first half of the year. Productivity was also improved as a result of rationalisation.

Significant changes since 30 June 2016

On 1 July 2016, NIBE completed the acquisition of Climate Control Group Inc. See the section *Pro forma accounts* for an illustration of the consolidated balance sheet as at 31 December 2015, including net incurrence of liabilities. See the sections *Description of operations* and *Legal considerations and supplementary information* for further information.

During the third quarter of 2016, NIBE is expected to recognise operational transaction costs of approximately SEK 3 million in the income statement following the acquisition of Climate Control Group.

There have been no other significant changes in NIBE's financial position or position on the market.

Interim report for the second quarter of 2016

NIBE

– world-class solutions in sustainable energy



- **SALES** totalled SEK 6,343 million (SEK 6,115 million)
- **PROFIT AFTER NET FINANCIAL ITEMS** was SEK 645 million (SEK 572 million)
- **PROFIT AFTER TAX** was SEK 480 million (SEK 439 million)
- **EARNINGS** per share before and after dilution were SEK 1.09 (SEK 1.00)
- **ACQUISITION OF**
 - North American company Heatron Inc.
 - remaining 40% of shares in British company Stovax Heating Group Ltd.
 - 50% of shares in Air Site AB
 - operations of the Italian company ATE Electronics
 - North American company Climate Control Group Inc. (July)

Interim report 2 · 2016



CEO Gerteric Lindquist's report

A positive first six months for all three business areas

Group sales grew by 3.7% in the first half of the year, including organic growth of 1.7%. Organic sales growth weakened as the Swedish krona strengthened, the reverse of the situation in the first six months of 2015.

The general demand situation in Europe has varied from industry to industry and country to country. However, cautious optimism has been noted overall. Developments continued to be slightly more favourable in North America and Asia. The general exception is the oil and gas industry, which continues to be plagued by low commodity prices, which in turn affect the market segments directly related to these industries.

We are pleased to report that all three of our business areas continued to succeed in both taking market share and improving their margins. This proof of our strength is the result of our tireless work to constantly strive for improvements, to never rest on our laurels and to work inquisitively to reveal the requirements that may be relevant in the future.

In the NIBE Climate Solutions business area, the acquisition of the US Climate Control Group is without doubt the biggest event as well as being the biggest acquisition ever, in terms of sales, for both the business area and the Group. In terms of products, the acquisition adds heat pumps, fan convectors, ventilation units and refrigeration systems/chillers. The acquisition means that we now offer a serious range of sustainable energy solutions in the commercial property segment in North America too. Our objective is to work with other companies in the business area, primarily on purchasing, production and administration, to further accelerate the margin improvement work already started in the Climate Control Group.

The NIBE Element business area continues to meet its target of having a stable, long-term operating margin of at least 10%. On a rolling 12-month basis, the operating margin is now 10.2% although deliveries to the oil and gas industry are extremely low. Entirely in accordance with our strategy, our products range is, in principle, comprehensive. We have an appropriate production-based presence on all major industrialised continents and our sustainability profile is being continuously enhanced.

The success at NIBE Stoves is a good illustration of how important it is to always strive to maintain good, lasting profitability and combine this with always leading the way in terms of proactive product development, rational production and professional marketing. No compromise is possible in any of these areas if operations are to develop positively. Our customers must always be offered reasonably priced products that combine the highest quality, timeless design and optimum environmental performance and efficiency.

Our ambitions in terms of acquisitions remain

high. So far this year, four new company acquisitions were completed, with total sales of just over SEK 2,600 million. Two small supplementary businesses and the remaining 40% of the shares in the British company Stovax were also acquired.

The acquisition of the Climate Control Group has limited our immediate financial capacity for further large acquisitions, and that is why the preferential rights issue announced in May is being planned for this autumn.

The level of investment in our existing businesses amounted to SEK 145 million in the first half of the year, compared with SEK 146 million last year, and a depreciation rate of SEK 242 million.

Operating profit for the first half-year improved by 11.8% compared with the corresponding period last year and the operating margin rose from 10.3% to 11.1%. The stronger krona had a weakening effect on the operating profit as well.

Profit after financial items improved by 12.8% in the first half-year compared with the corresponding period last year, leading to a profit margin of 10.2% versus 9.4% for the same period last year.

Outlook for 2016

- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times in which we are living.
- We are well-prepared to be proactive on acquisitions.
- Our internal efforts to enhance efficiency, combined with our rigorous cost control measures, will guarantee persistently healthy margins.

Previous wording

- As with previous years, it is hard to predict how economic trends, currency concerns and the currently low energy prices will affect the Group, but we remain cautiously positive about the year overall.

New wording

As with previous years, it is hard to predict how economic trends, currency concerns, the currently low energy prices and the political turbulence in several parts of the world which has been increasing will affect the Group, but we remain cautiously positive about the year overall.

Markaryd, 19 August 2016

Gerteric Lindquist
Managing Director and CEO

Sales

Group net sales totalled SEK 6,343 million (SEK 6,115 million). This corresponds to growth of 3.7%, of which 1.7% was organic. Acquired operations accounted for SEK 125 million of the total SEK 228 million increase in sales.

Earnings

Profit for the period after net financial items was SEK 645 million. This equates to a 12.8% increase in earnings compared with the same period in 2015. Back then, profit after net financial items amounted to SEK 572 million. Profit for the period was charged with acquisition expenses of SEK 28 million versus SEK 4 million for the previous year. Return on equity was 17.3% (16.6%).

Acquisitions

North American company Heatron Inc. was acquired in the first quarter. It mainly produces foil elements, high power elements and thick film elements for high-tech industries in the North American market. The company has sales of approximately SEK 250 million and employs around 240 people. The company's operations were consolidated under the NIBE Element business area as of March 2016. The acquisition value is still provisional.

During the first quarter, the remaining 40% of shares in the British company Stovax Heating Group Ltd. were acquired. The company has a market-leading position on the British stove market.

A 50% stake in Swedish company Air-Site AB was acquired in April. The company, which has sales of SEK 26 million, is a ventilation knowledge company and was consolidated under the NIBE Climate Solutions business area as of April 2016. The acquisition value is still provisional.

The operations of the Italian resistor manufacturer ATE Electronics were acquired in June. The company has sales of SEK 30 million and was consolidated under the NIBE Element business area as of June 2016. The acquisition value is still provisional.

Significant events after the end of the period

The North American company Climate Control Group Inc. was acquired at the beginning of July. The company has sales of approximately SEK 2,300 million, an operating margin of approximately 7.3% and around 1,250 employees. Climate Control Group Inc. is one of North America's leading manufacturers in the field of heating, ventilation and air conditioning of commercial buildings and

detached homes and will be consolidated under the NIBE Climate Solutions business area as of July 2016.

Investments

During the period, the Group made investments totalling SEK 516 million (SEK 263 million). A total of SEK 371 million (SEK 117 million) of the investments relate to acquisitions of operations. The remaining SEK 145 million (SEK 146 million) is mainly investments in machinery and equipment in existing operations. The investment amount with regard to acquisitions is based on initial purchase prices as well as an estimate of additional consideration to be paid.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 698 million (SEK 665 million). Cash flow after changes in working capital amounted to SEK 368 million (SEK 394 million).

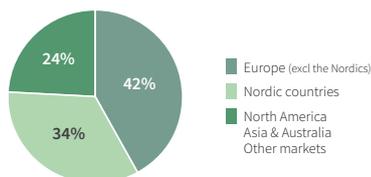
Interest-bearing liabilities at the end of the period amounted to SEK 10,979 million, compared with SEK 7,282 million at the start of the year. At the end of June, a bank credit of SEK 3,000 million was raised, under the existing credit agreement, to finance the acquisition of Climate Control Group Inc. The credit was recognised as a current interest-bearing liability in the consolidated balance sheet. The financial scope for further future acquisitions is therefore limited, for which reason a rights issue is planned for the autumn as announced last May. At the end of June the Group had cash and cash equivalents of SEK 5,030 million as against SEK 2,195 million at the start of the year. The equity/assets ratio at the end of the period was 34.5%, compared with 39.9% at the start of the year and 36.4% at the corresponding point last year.

Parent

Parent activities comprise Group executive management functions, certain shared Group functions and the financing of corporate acquisitions. Sales for the period totalled SEK 6 million (SEK 6 million) and profit after financial items was SEK 658 million (SEK 792 million). At the beginning of the year, the parent transferred all its receivables from subsidiaries and all of its liabilities to credit institutions to the wholly owned subsidiary NIBE Treasury AB. The parent's bank balances were also transferred, so at the end of the reporting period available cash and cash equivalents totalled SEK 1 million compared with SEK 266 million at the start of the year. The parent's non-current interest-bearing liabilities now consist of bond loans and liabilities to NIBE Treasury AB.

NIBE Group Key figures		2016 Q1-2	2015 Q1-2	Past 12 mths	2015 Full year
Net sales	SEK m	6,343	6,115	13,471	13,243
Growth	%	3.7	26.4	9.4	20.0
of which acquired	%	2.0	14.3	3.9	9.5
Operating profit	SEK m	703	629	1,774	1,700
Operating margin	%	11.1	10.3	13.2	12.8
Profit after net financial items	SEK m	645	572	1,687	1,614
Profit margin	%	10.2	9.4	12.5	12.2
Equity/assets ratio	%	34.5	36.4	34.5	39.9
Return on equity	%	17.3	16.6	17.9	18.0

Group sales by geographical region



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3

Business area NIBE Climate Solutions

Sales and profit

Sales for the period totalled SEK 3,756 million, compared with SEK 3,670 million for the corresponding period last year. The increase in sales was SEK 86 million with acquired sales accounting for SEK 7 million of this sum, which means that organic growth was 2.2%. Operating profit for the period totalled SEK 487 million, compared with SEK 458 million the previous year. This equates to an operating margin of 13.0% compared with 12.5% for the previous year. This means that the operating margin for the past 12 months is 15.3%.

Market

After several years of halting development on the European heat pump market, we are experiencing a change on a number of important markets. Fortunately, the first quarter growth on the German market continued during the second quarter and we also increased our market share. The potential for heat pump technology remains high in Germany, but high taxes on electricity combined with record low oil and gas prices are preventing faster conversion. In Finland, which also constitutes a major European market for heat pumps, last year's sharp decline has now bottomed out. The market remains dominated by ground-source/geothermal heat pumps but increased demand for air/water heat pumps is contributing to stable growth in our Finnish heat pump operations. The weaker economic conditions in Eastern Europe are contributing to cautious market growth and a lower rate of expansion in our local operations. However, with our wide product range we have been able to compensate for market downturns in some of the countries.

The heat pump market continued to grow in Sweden in the first half of 2016 despite the reduced home improvement subsidy. Increased construction of detached homes is contributing to organic growth, while our market share continues to increase. There is stable growth on the other Scandinavian markets and we have also enhanced our market position there.

On the North American market, there is marked interest in increased use of renewable energy, but the use of fossil fuels continues to dominate. Historically low prices for gas and oil are counteracting rapid conversion to more eco-friendly alternatives. During the first half of the year, the heat pump market for detached homes declined but this is estimated to be a short-term phenomenon. The market for large properties has developed more positively, meaning that our greater focus on new products in this area is timely. We are maintaining our position as the market leader for heat pumps for detached homes and, with the acquisition of the North American

market leader in heat pumps for large properties, Climate Master (part of the Climate Control Group), we are considerably enhancing our presence in heat pumps for the commercial property sector. Our North American operations in cooling applications continue to be strong with both good growth and profitability.

For traditional electric water-heaters, performance in the Nordic and other European markets is stable, while sales of conventional domestic boilers remain sluggish. Tougher energy efficiency requirements are also driving demand for heat pump installations for hot water only.

Operations

The acquisition of the North American Climate Control Group (CCG), as announced in conjunction with the previous interim report, was completed in early July following approval by the North American competition authorities. CCG is the leading manufacturer of HVAC solutions* for commercial buildings and detached homes on the North American market and well known for its brands ClimateMaster, IEC, ClimateCraft and ClimaCool. Its operations, with annual sales of approximately SEK 2,300 million and 1,259 employees, are a good match for our existing operations in the USA and enhance NIBE's position on the market. CCG, our biggest acquisition to date in terms of sales, will add important know-how and new products and provide considerably greater access to the commercial properties segment.

Through the partial acquisition of the Swedish ventilation company Air-Site AB, which was completed in April, NIBE has taken another strategically important step towards integrating heating and refrigeration with ventilation. Joint development work has already started and will result in optimised concept solutions for ventilation and heat pumps in large properties.

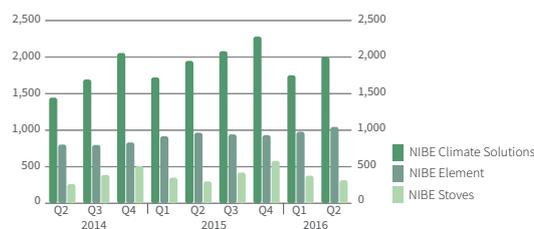
An international seminar titled 'Step Forward' was held at the end of May. The seminar focused on the need for NIBE Climate Solutions to assume a clear position on climate issues and show the world that we have the tools to create a more sustainable future, with product solutions that enhance energy efficiency, use renewable energy and thus contribute to reducing environmental impact.

Our production capacity and delivery capability fully satisfy market expectations and we are pleased to note that our internal quality management work, which has been a top priority, continues to result in improved product quality. We continue to prioritise maintaining our operating margin, which involves introducing cost-saving measures in both production and other areas of the business.

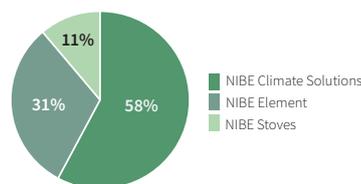
Business area trends

*HVAC stands for 'heating, ventilation and air conditioning'

Sales per business area, last nine quarters (SEK million)



Each business area's share of total sales (Q1-2 2016)





Museum Tower is the tallest residential building in Dallas. With its modern architecture, it is a unique and attractive residential property. The construction consortium chose ClimateMaster to supply the heat pump system for the entire building. ClimateMaster is the best known brand of the recently acquired Climate Control Group, the leading manufacturer of HVAC solutions for commercial buildings and detached homes on the North American market.

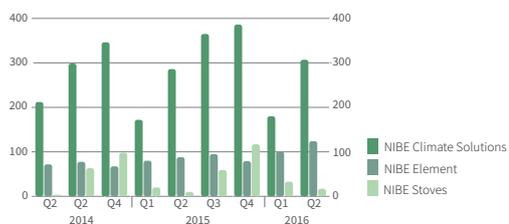


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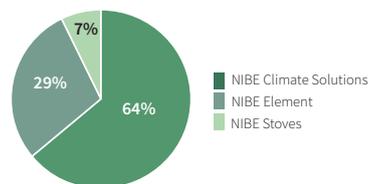
NIBE Climate Solutions

Key figures		2016 Q1-2	2015 Q1-2	Past 12 mths	2015 Full year
Net sales	SEK m	3,756	3,670	8,118	8,031
Growth	%	2.4	33.1	9.4	23.4
of which acquired	%	0.2	22.9	3.8	13.9
Operating profit	SEK m	487	458	1,238	1,209
Operating margin	%	13.0	12.5	15.3	15.1
Assets	SEK m	16,721	13,269	16,721	13,107
Liabilities	SEK m	1,470	1,356	1,470	1,468
Investments in non-current assets	SEK m	92	104	221	232
Depreciation	SEK m	155	154	312	311

Operating profit per business area, last nine quarters (SEK million)



Each business area's share of total profit (Q1-2 2016)



Business area NIBE Element

Sales and profit

Sales for the period totalled SEK 2,024 million, compared with SEK 1,883 million for the corresponding period last year. The increase in sales was SEK 141 million with acquired sales accounting for SEK 117 million of this sum, which means that organic growth was 1.3%.

Operating profit for the period totalled SEK 225 million, compared with SEK 168 million the previous year. This equates to an operating margin of 11.1% compared with 8.9% for the previous year. This means that the operating margin for the past 12 months is 10.2%.

Market

Overall, demand on the international element market grew during the first half of the year.

The European element market grew slightly, with the German market enjoying good growth over an extended period of time. Both consumer products and products for the automotive industry and commercial equipment grew. On the other hand, the market for oil and gas industry products continued to see a sharp fall in orders as a result of considerably lower levels of investment in this industry due to very low oil and gas prices. The market for rail-based traffic displayed healthy growth within both infrastructure and vehicles.

Our control and measurement investments have produced good results, particularly in relation to inverter control of electric motors, which contributes to increased energy efficiency. The resistor range has been expanded with innovative solutions for the growing energy sector.

The North American market displayed stable growth in a number of product segments. This applies to the domestic appliance and comfort segment as well as products for the automotive industry and commercial applications. In the automotive industry, increased requirements for eco-friendly vehicles and growing interest in electric cars mean new business opportunities. The oil and gas industry grew slowly in North America as well. The acquisition of the North American element company Heatron, which was completed during the first quarter, has opened up a number of interesting new business opportunities in several high-tech market segments.

The Asian market has also experienced healthy growth. As we can see a trend towards relocating production from Asia to Europe

NIBE Element

Key figures		2016 Q1-2	2015 Q1-2	Past 12 mths	2015 Full year
Net sales	SEK m	2,024	1,883	3,900	3,758
Growth	%	7.5	20.5	11.0	17.7
of which acquired	%	6.2	3.9	5.6	4.4
Operating profit	SEK m	225	168	399	342
Operating margin	%	11.1	8.9	10.2	9.1
Assets	SEK m	3,930	3,402	3,930	3,360
Liabilities	SEK m	850	734	850	738
Investments in non-current assets	SEK m	48	48	117	118
Depreciation	SEK m	59	57	116	114

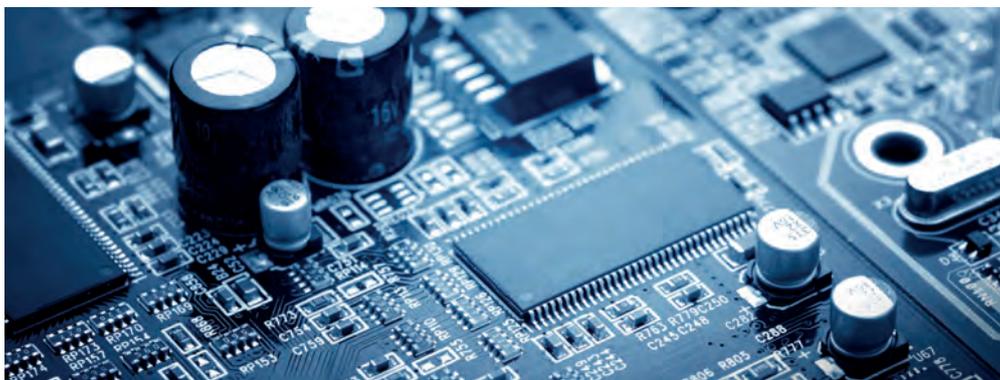
and North America, particularly due to rising costs in China, we are gradually focusing our Asian production units more on the domestic market in Asia.

Operations

We are continuing our work to change our profit centres' focus and activities to ensure that they remain competitive in their respective market segments. To ensure stable achievement of our operating margin target of 10%, further investments are also being made in robotisation and automation, as well as productivity enhancement measures.

The operations of the Italian resistor company ATE Electronics were acquired in June. The company manufactures electrical resistors for a number of different market segments, including in particular power electronics, the rail industry and new sustainable energy solutions. The company has annual sales of approximately SEK 30 million and an operating margin in excess of 10%. A few small supplementary acquisitions were also completed in the commercial sector during the second quarter, usefully enhancing existing units.

Raw material prices and exchange rates remain turbulent, with a considerable effect on pricing and competitiveness. Raw material prices are historically low. In this business climate, having a globalised organisation with production units in different currency zones gives us a clear advantage.



The recently acquired Italian company ATE Electronics specialises in manufacturing electrical resistors for a number of different market segments, including power electronics, the rail industry and new sustainable energy solutions. One example is loadbanks for testing battery backup for data centres.

Business area NIBE Stoves

Sales and profit

Sales for the period totalled SEK 694 million, compared with SEK 650 million for the corresponding period last year. Since the comparison is not affected by any acquisitions, this means organic growth of SEK 44 million, or 6.8%.

Operating profit for the period totalled SEK 50 million, compared with SEK 30 million the previous year. This equates to an operating margin of 7.2% compared with 4.7% for the previous year. This means that the operating margin for the past 12 months is 13.4%.

Market

The market situation in Scandinavia for stove products improved during the first half of the year, while growth weakened on several major European markets such as Germany and France. Total demand also fell slightly in the UK, although from a high level.

Our assessment is that we enhanced our position on all markets covered during the first half of the year. This is the result of the previous year's successful product launches and continued marketing initiatives.

Demand for stove products continues to grow in Sweden, although the rate of growth was slightly lower at the end of the period. Good economic growth, low interest rates and increased construction of single-family homes are positive factors driving demand. Market growth was also strong in Norway despite signals that the Norwegian economy was slowing.

Demand in Denmark has increased sharply since the authorities decided, at the end of last year, to introduce subsidies to phase out old stove products with inefficient combustion. The assessment is that the total amount set aside for the subsidies will last for most of the present year.

In the UK, the trend from last year continues, with a clear shift in demand from wood-fired to gas-fired products as a result of the current low price of gas. Demand for electric products, primarily decorative fireplaces, also increased. The overall assessment is that the market as a whole has declined slightly so far this year and it is currently difficult to assess how the referendum result will affect growth in demand during the autumn season.

The market situation in Germany and France remains weak as a result of low gas and oil prices and uncertain economic growth, but there are now some signs of recovery.

NIBE Stoves

Key figures		2016 Q1-2	2015 Q1-2	Past 12 mths	2015 Full year
Net sales	SEK m	694	650	1,695	1,652
Growth	%	6.8	11.3	9.4	11.4
of which acquired	%	0.0	0.0	0.0	0.0
Operating profit	SEK m	50	30	227	206
Operating margin	%	7.2	4.7	13.4	12.5
Assets	SEK m	1,781	1,777	1,781	1,814
Liabilities	SEK m	253	236	253	265
Investments in non-current assets	SEK m	15	15	34	34
Depreciation	SEK m	27	28	55	56

Operations

Following increased sales in the spring and to guarantee good delivery capacity and high delivery reliability in the coming autumn season, production capacity has been considerably increased in our Swedish production unit, where we primarily manufacture sheet steel stove products and complete chimney systems. In our other production units, capacity utilisation was also much higher during the first half of the year. Productivity was also improved as a result of rationalisation.

Last year's extensive product launches, which were received very positively by the market, were a contributing factor to the organic growth during the first half of the year. So far this year, we have launched slightly fewer products, but the rate of product development remains high and is an essential part of our ambitions to increase market share and grow organically on both existing and new markets.



The production plant in Markaryd, Sweden, primarily manufactures sheet steel stove products and complete chimney systems for the brands Contura and Premodul by Contura. The rate of production was increased considerably during the first half of the year to meet an expected increase in demand and guarantee both good delivery capacity and high delivery reliability for the coming peak season during autumn and winter 2016.

Income Statement summaries

(SEK m)	Group						Parent	
	Q2 2016	Q2 2015	Jan-June 2016	Jan-June 2015	Past 12 mths	Full year 2015	Jan-June 2016	Jan-June 2015
Net sales	3,301	3,165	6,343	6,115	13,471	13,243	6	6
Cost of goods sold	-2,110	-2,026	-4,092	-3,966	-8,587	-8,461	0	0
Gross profit	1,191	1,139	2,251	2,149	4,884	4,782	6	6
Selling expenses	-571	-582	-1,156	-1,158	-2,369	-2,371	0	0
Administrative expenses	-241	-215	-455	-423	-870	-838	-33	-39
Other operating revenue	26	24	63	61	129	127	0	0
Operating profit	405	366	703	629	1,774	1,700	-27	-33
Net financial items	-28	-22	-58	-57	-87	-86	685	825
Profit after net financial items	377	344	645	572	1,687	1,614	658	792
Tax	-98	-75	-165	-133	-409	-377	0	0
Net profit	279	269	480	439	1,278	1,237	658	792
Net profit attributable to Parent shareholders	279	269	480	439	1,278	1,237	658	792
Includes depreciation according to plan as follows	122	121	242	239	483	480	0	0
Net profit per share before and after dilution in SEK	0.63	0.61	1.09	1.00	2.90	2.80		

Statement of comprehensive income

Net profit	279	269	480	439	1,278	1,237	658	792
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Actuarial gains and losses in retirement benefit plans	0	0	0	0	-8	-8	0	0
Tax	0	0	0	0	2	2	0	0
	0	0	0	0	-6	-6	0	0
Items that may be reclassified to profit or loss								
Cash flow hedges	-5	7	14	3	9	-2	9	0
Hedge of net investment	-42	49	-24	-443	46	-373	-22	-433
Exchange differences	336	-134	267	570	-74	229	0	0
Tax	10	-13	3	97	-13	81	3	95
	299	-91	260	227	-32	-65	-10	-338
Total other comprehensive income	299	-91	260	227	-38	-71	-10	-338
Total comprehensive income	578	178	740	666	1,240	1,166	648	454
Total comprehensive income attributable to Parent shareholders	578	178	740	666	1,240	1,166	648	454

Balance Sheet summaries

(SEK m)	Group			Parent		
	30/06/2016	30/06/2015	31/12/2015	30/06/2016	30/06/2015	31/12/2015
Non-current intangible assets	10,579	10,463	10,209	0	0	0
Property, plant and equipment	2,166	2,117	2,117	0	0	0
Financial assets	503	482	467	8,640	9,698	9,755
Total non-current assets	13,248	13,062	12,793	8,640	9,698	9,755
Inventories	2,548	2,346	2,115	0	0	0
Current receivables	2,126	2,026	1,901	87	104	269
Current investments	40	208	347	0	0	0
Cash and bank balances	4,613	1,387	1,448	1	504	266
Total current assets	9,327	5,967	5,811	88	608	535
Total assets	22,575	19,029	18,604	8,728	10,306	10,290
Equity	7,799	6,928	7,428	4,233	3,841	3,954
Untaxed reserves	0	0	0	1	1	1
Non-current liabilities and provisions, non-interest-bearing	1,647	2,003	1,605	250	512	204
Non-current liabilities and provisions, interest-bearing	7,757	7,841	7,118	4,216	5,696	5,657
Current liabilities and provisions, non-interest-bearing	2,150	1,981	2,289	28	39	376
Current liabilities and provisions, interest-bearing	3,222	276	164	0	217	98
Total equity and liabilities	22,575	19,029	18,604	8,728	10,306	10,290

Key figures

		Jan-June 2016	Jan-June 2015	Full year 2015
Growth	%	3.7	26.4	20.0
Operating margin	%	11.1	10.3	12.8
Profit margin	%	10.2	9.4	12.2
Investments in non-current assets	SEK m	516	263	531
Cash and cash equivalents	SEK m	5,030	2,064	2,195
Working capital, incl. cash and bank balances as share of net sales	SEK m %	7,177 53.3	3,986 32.4	3,522 26.6
Working capital, excl. cash and bank balances as share of net sales	SEK m %	2,523 18.7	2,391 19.4	1,727 13.0
Interest-bearing liabilities/Equity	%	140.8	117.2	98.0
Equity/assets ratio	%	34.5	36.4	39.9
Return on capital employed	%	11.3	11.0	12.1
Return on equity	%	17.3	16.6	18.0
Net debt/EBITDA	times	2.8	3.3	2.5
Interest coverage ratio	times	5.6	9.1	12.3

Data per share

		Jan-June 2016	Jan-June 2015	Full year 2015
Net profit per share (total 441,014,552 shares)	SEK	1.09	1.00	2.80
Equity per share	SEK	17.68	15.71	16.84
Closing day share price	SEK	69.80	56.23	71.13

All key figures per share were recalculated following the 4:1 split implemented in May 2016

Statement of cash flow – summaries

(SEK m)	Jan-June 2016	Jan-June 2015	Full year 2015
Cash flow from operating activities	698	665	1,717
Change in working capital	- 330	- 271	222
Investment activities	- 765	- 232	- 555
Financing activities	3,199	- 606	- 1,600
Exchange difference in cash and cash equivalents	56	58	30
Change in cash and cash equivalents	2,858	- 386	- 186

Change in equity – summaries

(SEK m)	Jan-June 2016	Jan-June 2015	Full year 2015
Equity brought forward	7,428	6,560	6,560
Shareholders' dividend	- 369	- 298	- 298
Comprehensive income for the period	740	666	1,166
Equity carried forward	7,799	6,928	7,428

Financial instruments recognised at fair value

(SEK m)	30 June 2016	30 June 2015	31 Dec. 2015
Current receivables			
Currency futures	1	1	2
Commodity futures	1	0	0
Total	2	1	2
Financial assets			
Interest rate derivatives	21	0	6
Current liabilities and provisions, non-interest-bearing			
Currency futures	5	10	14
Commodity futures	2	5	7
Total	7	15	21
Non-current liabilities and provisions, interest-bearing			
Interest rate derivatives	0	3	0

No instruments have been offset in the statement of financial position, therefore all instruments are recognised at their gross value. For a detailed account of the measurement process, see Note 2 in the Annual Report for 2015. In respect of other financial assets and liabilities in the Group, the carrying amounts represent a reasonable approximation of their fair value. A specification of the financial assets and liabilities involved is given in Note 7 in the Annual Report for 2015.

Quarterly data

Consolidated income statements (SEK m)	2016		2015				2014		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
Net sales	3,042	3,301	2,950	3,165	3,396	3,732	2,477	2,839	3,356
Operating expenses	-2,744	-2,896	-2,687	-2,799	-2,892	-3,165	-2,204	-2,423	-2,856
Operating profit	298	405	263	366	504	567	273	416	500
Net financial items	-30	-28	-35	-22	-18	-11	-21	-24	-32
Profit after net financial items	268	377	228	344	486	556	252	392	468
Tax	-67	-98	-58	-75	-112	-132	-59	-88	-121
Net profit	201	279	170	269	374	424	193	304	347
Net sales, business areas									
NIBE Climate Solutions	1,752	2,004	1,722	1,948	2,081	2,280	1,445	1,693	2,056
NIBE Element	979	1,045	917	966	943	932	803	799	832
NIBE Stoves	378	316	351	299	421	581	264	388	511
Elimination of Group transactions	-67	-64	-40	-48	-49	-61	-35	-41	-43
Group total	3,042	3,301	2,950	3,165	3,396	3,732	2,477	2,839	3,356
Operating profit, business areas									
NIBE Climate Solutions	180	307	172	286	365	386	212	299	346
NIBE Element	101	124	80	88	95	79	72	78	67
NIBE Stoves	33	17	20	10	59	117	3	64	98
Elimination of Group transactions	-16	-43	-9	-18	-15	-15	-14	-25	-11
Group total	298	405	263	366	504	567	273	416	500

NIBE shares

NIBE's class B shares are listed on the NASDAQ OMX Stockholm Exchange, Large Cap list, with a secondary listing on the SIX Swiss Exchange in Zürich. The NIBE share's closing price on 30 June 2016 was SEK 69.80.

A 4:1 split was implemented on 31 May

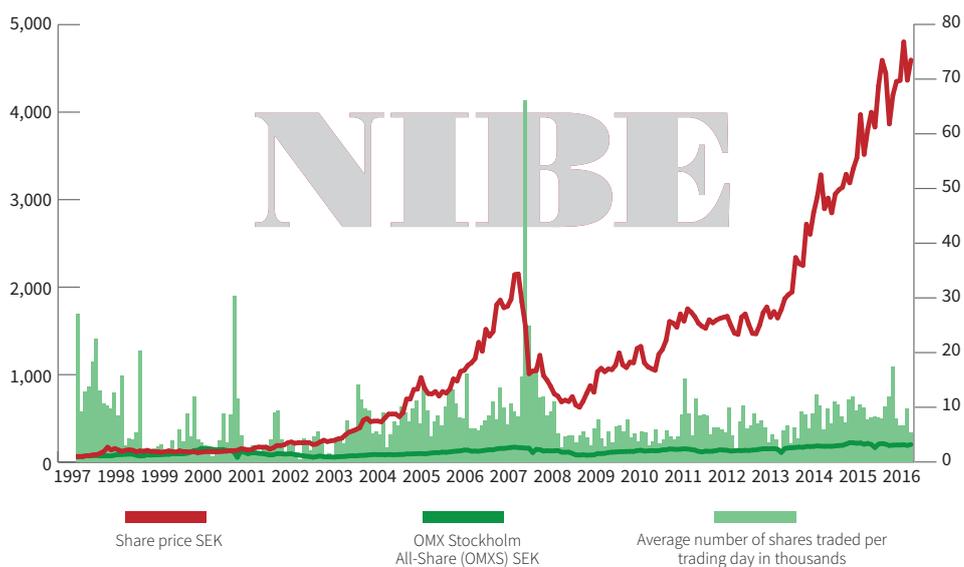
2016. In the first half of 2016, NIBE's share price declined by 1.9%, from SEK 71.13 to SEK 69.80. During the same period, the OMX Stockholm All-share (OMXS) decreased by **6.8%**.

At the end of June 2016, the market capitalisation of NIBE, based on the latest price paid, amounted to SEK 30,783 million.

A total of 77,015,841 NIBE shares were traded, which corresponds to a share turnover of 34.9% in the first half of 2016. All figures were recalculated taking into account the 4:1 split in May 2016.

Number of shares traded per trading day in thousands

Share price in SEK



Accounting policies

NIBE Industrier's consolidated accounts are drawn up in accordance with the International Financial Reporting Standards (IFRS). NIBE Industrier's interim report for the second quarter of 2016 has been drawn up in accordance with IAS 34 'Interim Financial Reporting'. The same accounting policies have been applied as those described on pages 66-68 of the company's Annual Report for 2015. Reporting for the Parent follows the Swedish Annual Accounts Act and recommendation RFR 2 of the Swedish Financial Accounting Standards Council ('Reporting for Legal Entities'). In the case of transactions with associates, these have taken place to the same extent as in the previous year and the same accounting policies apply as those described on page 66 of the company's Annual Report for 2015.

This interim report provides an accurate picture of the business activities, financial position and earnings of the Parent and the Group, and describes any significant risks and uncertainties faced by the Parent and the companies that comprise the Group.

Markaryd, 19 August 2016



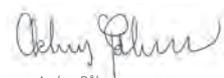
Hans Linnarson
Chairman of the Board



Georg Brunstam
Director



Eva-Lotta Kraft
Director



Anders Pålsson
Director



Helene Richmond
Director



Gerteric Lindqvist
Managing Director and CEO

The information in this report has not been subjected to scrutiny by the company's auditors.
For other information on definitions, please refer to the company's Annual Report for 2015.

Calendar

19 August 2016

11:00 (C.E.T) Teleconference (in English);

Presentation of Interim Report 2 2016 and opportunity to ask questions.

Registration on our website www.nibe.com is required in order to access the presentation images during the conference.

To listen to the presentation by phone, call +46 8 566 426 97.

17 November 2016

Interim Report 3, Jan – Sept 2016

16 February 2017

Year-end report 2016

April 2017

Annual Report 2016

11 May 2017

Interim Report 1, Jan – March 2017

Annual General Meeting 2017

Financial targets

- Average annual sales growth of 20%
- An operating margin of at least 10% of sales over a business cycle in each business area
- Average annual return on equity of at least 20% after standard deductions for tax over a business cycle
- Equity/assets ratio of at least 30%.

Board of Directors, senior executives and auditor

Board of Directors and Group management team

NIBE's Articles of Association specify that the Board of Directors must consist of minimum five and maximum seven members appointed by the Annual General Meeting, and maximum five deputy members. The Board currently has six members, who were elected by the 2016 Annual General Meeting for the period up to the end of the 2017 Annual General Meeting. The Board of Directors of NIBE has appointed a CEO. The table below indicates the Board members and gives their year of birth, year elected to the Board, position, independence in relation to NIBE, the Group management team and major shareholders as defined in the Swedish Code of Corporate Governance ('the Code') and their shareholding in NIBE on the date of this Prospectus.

Members of the Board



HANS LINNARSON

Chairman of the Board since 2015,
Board member since 2006
Born: 1952.

Education: B.Sc. (Electrical Engineering).

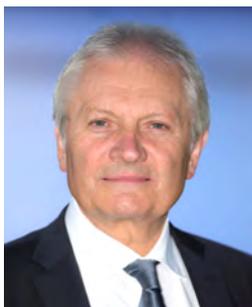
Experience: Executive positions in the Electrolux Group and MD and CEO of Husqvarna AB.

Other current appointments: Chairman of the Board of K. Hartwall OY. Director of Zinkteknik i Bredaryd Aktiebolag, Plastinject Aktiebolag, Plastinject Watersystem AB and Nordiska Plast AB.

Previous appointments (past five years): Chairman of the Board of Pahlén AB and Pahlén Intressenter AB. Director and MD of Husqvarna Aktiebolag.

Independent in relation to NIBE and its senior executives: Yes.

Independent in relation to major shareholders: Yes.
Shareholding in NIBE: 800 class B shares.



GERTERIC LINDQUIST

Director since 1989, CEO since 1989
Born: 1951.

Education: M.Sc. in Engineering and M.Sc. in Business & Economics.

Experience: Long experience of international industrial operations, including as Exports Director of ASSA Stenman AB (now ASSA Abloy).

Other current appointments: Chairman of the Board of LVI Low Vision Aktiebolag. Chairman of the Board and CEO of C&G i Ryd AB. Director of Incudes AB, Ekebacken Konferenscenter AB and Idre Himmelfjäll AB (and a number of subsidiaries).

Previous appointments (past five years): Chairman of the Board of Russian boilers holding AB.

Independent in relation to NIBE and its senior executives: No.

Independent in relation to major shareholders: No.
Shareholding in NIBE: 6,018,240 class A shares and 14,253,760 class B shares.



GEORG BRUNSTAM

Board member since 2003

Born: 1957.

Education: M.Sc. in Engineering.

Experience: CEO of Nolato

AB, business area manager and member of the Group management team of Trelleborg AB, MD of Trioplast AB and various appointments within the Perstorp Group.

Other current appointments: Chairman of the Board of Stellana Aktiebolag and GISLAVED GUMMI Aktiebolag. Director and MD of HEXPOL AB. Director of Becker Industrial Coatings Holding AB and Elasto Sweden AB.

Previous appointments (past five years): Director of Aktiebolaget Wilh. Becker, Båstadtennis & Hotell AB and DIAB Group AB.

Independent in relation to NIBE and its senior executives: Yes.

Independent in relation to major shareholders: Yes.
Shareholding in NIBE: 1,600 class B shares.



EVA-LOTTA KRAFT

Board member since 2010

Born: 1951.

Education: M.Sc. in Engineering and MBA.

Experience: Senior positions at companies in the manufacturing industry and medical technology, as well as research institutes, including Regional Manager at Alfa Laval and head of division and Vice-President at Siemens Elema.

Other current appointments: Director of Advenica AB (publ), XANO Industri AB, Eva-Lotta Kraft Affärskonsult AB and Försvarshögskolan (the Swedish Defence University).

Previous appointments (past five years): Chairman of the Board of HeatCore AB. Director of Siemens Aktiebolag, FM Mattsson Mora Group AB, ÅF AB, Opus Group AB (publ), Samhall Aktiebolag, Boule Diagnostics AB, Biotage AB and Bostadsrättsföreningen Fågelbro 6.

Independent in relation to NIBE and its senior executives: Yes.

Independent in relation to major shareholders: Yes.

Shareholding in NIBE: 4,000 class B shares.



ANDERS PÅLSSON

Board member since 2010

Born: 1958.

Education: M.Sc. in Business & Economics

Experience: MD and CEO of Hilding Anders and divisional manager at Trelleborg AB and in PLM/Rexam. Worked at Gambro and the E.on Group.

Other current appointments: Chairman of the Board of GARO Aktiebolag and Lammhults Design Group AB. Director of Midway Holding Aktiebolag, Trioplast Industrier AB and Malmö fotbollsförening.

Previous appointments (past five years): Chairman of the Board of Starco A/S. Director of Ingenjörfirman Allan Persson Handelsaktiebolag and Bergendahl Food Holding AB.

Independent in relation to NIBE and its senior executives: Yes.

Independent in relation to major shareholders: Yes.

Shareholding in NIBE: 20,000 class B shares.



HELENE RICHMOND

Board member since 2015

Born: 1960.

Education: M.Sc. in Business & Economics

Experience: Considerable experience of international sales and solid industrial experience from a number of different positions at SKF.

Other current appointments: Sales and Marketing Director, Cooper Roller Bearings Co. Ltd, a company in the SKF Group.

Previous appointments (past five years): Director of VBG GROUP AB (publ).

Independent in relation to NIBE and its senior executives: Yes.

Independent in relation to major shareholders: Yes.

Shareholding in NIBE: 8,000 class B shares.

Senior Executives



GERTERIC LINDQUIST
MD, CEO and Board member

See information above.



HANS BACKMAN

Financial Director of NIBE Industrier AB (publ) since 2011
Born: 1966.

Education: M.Sc. in Business & Economics and MBA.
Experience: Many years of international experience from executive positions in Sweden and abroad in companies including SKF and Alstom, for example as Financial Director of Alstom Transport GmbH.

Other current appointments: –
Previous appointments (past five years): –
Shareholding in NIBE: 15,200 class B shares.



KJELL EKERMO

Business Area Manager at NIBE Climate Solutions since 1998
Born: 1956.

Education: M.Sc. in Engineering.
Experience: Leading positions in international industrial operations, including The Sandvik Group. Senior executive at NIBE since 1998.

Other current appointments: –
Previous appointments (past five years): Director of GFAB Sweden AB (and a number of subsidiaries).
Shareholding in NIBE: 445,380 class B shares.



CHRISTER FREDRIKSSON

Business Area Manager at NIBE Element since 1993 and MD of Backer BHV AB since 1992
Born: 1955.

Education: M.Sc. in Engineering.
Experience: Many years of experience in international industrial operations, including MD of Backer since 1992. Senior executive at NIBE since 1993.

Other current appointments: –
Previous appointments (past five years): –
Shareholding in NIBE: 1,503,360 class A shares and 2,867,840 class B shares.

Auditor

At the 2016 Annual General Meeting, the registered public accounting firm KPMG AB (Box 16106, SE-103 23, Stockholm, Sweden) was re-elected auditor until the end of the 2017 Annual General Meeting. The auditor in charge is Dan Kjellqvist (authorised public accountant and member of FAR – the professional institute for authorised public accountants, approved public accountants and other highly qualified professionals in the accountancy sector in Sweden). KPMG AB has been NIBE's auditor since May 2013, and Dan Kjellqvist has been auditor in charge for NIBE since May 2016. KPMG AB has been auditor throughout the period covered by the historical financial information in this Prospectus.



NIKLAS GUNNARSSON

Business Area Manager at NIBE Stoves since 1994
Born: 1965.

Education: Engineer.
Experience: Extensive experience in sales and industrial operations. Senior executive at NIBE since 1995.

Other current appointments: –
Previous appointments (past five years): –
Shareholding in NIBE: 442,000 class B shares.

Other information regarding the Board of Directors and Group management

The office address for all members of the Company's Board of Directors and management is Hannabadsvägen 5, 285 21 Markaryd, Sweden. None of the above Board members or senior executives has any family ties to any other Board member or senior executive of the Company. Nor are there any conflicts of interest or potential conflicts of interest as a result of which Board members' or senior executives' private interests would conflict with the Company's interests (although several Board members and senior executives have certain financial interests in the Company as a consequence of their shareholding in the Company). Apart from the information in the section *Salaries and remuneration to the Board of Directors and senior executives*, no company in the NIBE Group has made a contract with a Board member or senior executive on benefits after the appointment has been concluded.

No Board member or senior executive has been convicted in any fraud-related lawsuit during the past five years. No Board member or senior executive has been charged and/or sanctioned by any public authorities authorised by law or ordinance (including approved professional bodies) in the past five years. Nor has any Board member or senior executive been prohibited by a court of law from becoming a member of a company's administrative, management or control function or of holding a leading or overall position in a company during the past five years. Moreover, no Board member or senior executive has been involved in any bankruptcy, liquidation or administration in bankruptcy in the past five years. As far as the Board of Directors is aware, there have been no special agreements with major shareholders, customers, suppliers or other parties under which Board members, senior executives or the auditor have been elected or appointed.

Under the Code, more than half of the Board members elected by the Annual General Meeting must be independent in relation to the Company and the Group management. This rule does not apply to employee representatives. There is no recognised definition of the term 'independent' but a Board member's independence may, for example, be questioned if they have extensive business relations or other extensive financial dealings with the Company, whether directly or indirectly. A Board member's relationship with the Company must be fully assessed in each case. Gerteric Lindquist is MD of the Company. Against this background, Gerteric Lindquist has been assessed as being dependent in relation to the Company and the Group management. All other Board members have been assessed as being independent in relation to the Company and the Group management.

The Code also requires that at least two of the Board members elected by the Annual General Meeting who have been assessed as being independent in relation to the Company and the Group management are also independent in relation to the Company's major shareholders. According to the definition in the Code, major shareholders are shareholders who, directly or indirectly, control 10% or more of the shares or votes in the Company. A

Board member is regarded as not being independent in relation to the Company's major shareholders if he or she is employed by or a Board member of a company that is a major shareholder. When assessing whether a Board member is independent in relation to a major shareholder, the extent of the Board member's direct and indirect relations with the major shareholder must be taken into consideration. Gerteric Lindquist has been assessed as being dependent in relation to the Company's major shareholders. Other members elected by the Annual General Meeting have been assessed as being independent in relation to both the Company's major shareholders and the Company and the Group management. More than two of the Board members elected by the Annual General Meeting who are independent in relation to the Company and the Group management are consequently also independent in relation to the Company's major shareholders. The Company therefore complies with the rules in the Code concerning the Board of Directors' independence in relation to the Company, the Group management and the Company's major shareholders.

Salaries and remuneration to the Board of Directors and senior executives

Remuneration to the Board of Directors

The Chairman of the Board and the Board members elected by the Annual General Meeting who are not employees of NIBE receive the fee decided by the Annual General Meeting. Remuneration to NIBE's current Board of Directors was decided at the Annual General Meeting on 12 May 2016. The annual fee was fixed at SEK 550,000 for the Chairman and SEK 275,000 for each member who is not employed by NIBE. The members are appointed for the period until the end of the 2017 Annual General Meeting, and the fee relates to the period until then.

General principles for remuneration to the Group management of NIBE

A decision on guidelines for salary and other remuneration to the MD and other senior executives is made by the Annual General Meeting following a proposal by the Board of Directors. At the Annual General Meeting on 12 May 2016, a decision was made to adopt the current guidelines in accordance with the Board's proposal. Remuneration to the Company's MD and the rest of the Group management consists of fixed salary, variable salary and other benefits such as a company car. Variable remuneration is paid if targets are met.

For senior executives, variable remuneration is limited to three months' salary. The possibility also exists to receive an additional month's salary on condition that this additional payment plus another monthly salary paid as a variable bonus is used to purchase NIBE shares. A further condition for entitlement to receive this additional month's remuneration is that the shares thus purchased are retained for at least three years. Under normal circumstances shares acquired in this way are purchased on one occasion each year in February/March and the purchase must follow

the restrictions specified by relevant insider trading regulations. No incentive programme is offered to the Company's MD.

The period of notice for the MD is six months by either party. In the case of termination by NIBE, the Company's MD is entitled to a severance payment equivalent to twelve months' salary in addition to salary during the period of notice. The period of notice for other members of the Group management varies between six and twelve months, during which period the senior executive continues to receive salary. No special agreements must be reached that entitle senior executives to retire before the official retirement age while still retaining part of their salary in the interim. All senior executives must have pension benefits corresponding to the ITP occupational pension plan, section 2, up to 30 income base amounts. For portions of salary above this, a premium of a fixed 30% is payable in accordance with the principles in the defined-contribution ITP plan, section 1.

For information on the remuneration paid to the current Board of Directors and Group management during the 2015 financial year, see the table below.

Incentive programme

In addition to the information above about the Group management, certain other key employees of the Company are entitled to a variable bonus that is paid if targets are met. The variable bonus is limited to a maximum of three months' salary. It is also possible for an additional month's salary to be paid on condition that this additional payment plus another monthly salary paid as a variable bonus or part of a variable bonus is used to purchase NIBE shares on the stock market. A further condition for entitlement to receive this additional month's remuneration is that the NIBE shares purchased are retained for at least three years. Under normal circumstances shares acquired in this way are purchased on one occasion each year in February/March and the purchase must follow the restrictions specified by relevant insider trading regulations. Certain key individuals in the foreign companies acquired during recent years have incentive programmes that, in certain respects, deviate from the principles for remuneration that are otherwise applied in the NIBE Group.

Agreements on remuneration after an appointment has been concluded

In addition to the information above, the Company has not made any agreements with members of the Company's administrative, management or control bodies that entitle such members to pension or similar benefits after they have left their posts. There are, at the time of publication of this Prospectus, pension liabilities amounting to SEK 11 million to the members of the management, which corresponds to assets relating to paid premiums to company-owned endowment insurances. For other members of the Board than Gerteric Lindquist, no expenses have been set aside or accrued for pensions and similar benefits after an employee has left their post.

Board and senior executives

TSEK	2015		2014	
	Salaries and other remuneration	Retirement benefit contributions	Salaries and other remuneration	Retirement benefit contributions
Hans Linnarson, Chair	450	–	225	–
Arvid Gierow	–	–	450	–
Helene Richmond	225	–	–	–
Georg Brunstam	225	–	225	–
Eva-Lotta Kraft	225	–	225	–
Anders Pålsson	225	–	225	–
Gerteric Lindquist, CEO	4,100	959	3,794	950
Other senior executives 4 (4) individuals	12,987	3,769	11,252	3,478
Group total	18,437	4,728	16,396	4,428

Salaries and other remuneration paid during the period 1 January 2015 to 31 December 2015

The table below shows the amounts paid in remuneration to Board members and senior executives (including any conditional or deferred remuneration, etc.) in the period 1 January 2015 to 31 December 2015, and any benefits in kind that the Company or its subsidiaries have granted them for services performed for the Group, regardless of the capacity in which the services were performed and regardless of who performed the service.

Corporate governance

Legislation, the Swedish Code of Corporate Governance and the Articles of Association

NIBE is a public limited liability company governed by Swedish legislation, primarily via the Swedish Companies Act. The Company's class B shares are traded on Nasdaq Stockholm, for which reason the Company also applies Nasdaq Stockholm's regulations. NIBE's class B shares also have a secondary listing on the SIX Swiss Exchange, and the Company consequently also applies SIX Swiss Exchange's regulations. The Company finally also applies the Code. The Code must be applied by companies with shares admitted for trading on a regulated market. The Code is part of self-regulation in Swedish industry and is based on the 'comply or explain' principle. This means that a company that applies the Code may deviate from certain rules, but if so, must provide an explanation and reason for each deviation.

In addition to legislation and rules and recommendations, the Articles of Association form the basis of the governance of the Company's operations. Among other things, the Articles of Association specify where the Board of Directors has its registered office, the scope of business activity, limits for share capital and the number of shares and conditions for participation at general meetings. The Articles of Association most recently registered were adopted at the Extraordinary General Meeting on 3 October 2016. The Articles of Association are included in their entirety in this Prospectus. See the section *Articles of Association*.

Annual General Meeting

The Annual General Meeting (AGM) is NIBE's highest decision-making body. The Annual General Meeting makes decisions on the annual report, dividend, election of the Board (and auditor where applicable), remuneration to Board members and the auditor and other issues as per the Swedish Companies Act and the Articles of Association. More information about the Annual General Meeting and the minutes are available on the Company's website. No special arrangements in relation to the function of the Annual General Meeting, on the basis of a provision in the Articles of Association or, as far as the Company is aware, on the basis of a shareholder agreement, are applied by the Company.

There are no limitations in the Articles of Association as to the number of votes a shareholder may hold at an Annual General Meeting, the appointment or dismissal of Board members or amendments to the Company's Articles of Association. Class A shares carry ten (10) votes and class B shares carry one (1) vote at the Annual General Meeting.

The Company's Articles of Association stipulate that notice to attend an Annual General Meeting must be announced in *Post och Inrikes Tidningar*, the Swedish Official Gazette, and on the Company's website. The fact that notice to attend has been given must be announced in *Svenska Dagbladet*. Prior to each Annual General Meeting, a press release is published in Swedish, English and German containing the notice in its entirety on NIBE's website.

Right to attend an Annual General Meeting and shareholders' right to propose business

Shareholders who, five working days before the Annual General Meeting, are registered in the share register held by Euroclear and who, no later than the date specified in the notice convening the Annual General Meeting, notified the Company of their intention to attend, are entitled to attend the Annual General Meeting and vote for the number of shares they hold. Shareholders may attend the Annual General Meeting in person or by proxy and may be accompanied by no more than two assistants. An assistant to a shareholder may attend the Annual General Meeting if the shareholder gives notice of this in accordance with the procedure for notification by shareholders.

Shareholders whose shares are nominee-registered with a bank or other nominee must, in addition to notifying NIBE, request that their shares be temporarily registered in their own name in the share register held by Euroclear to be entitled to attend the Annual General Meeting. Shareholders should notify their nominees in good time before the record date.

Shareholders who want to have business discussed at the Annual General Meeting must request this in writing from the Board of Directors. The request must normally reach the Board of Directors no later than one week before notice of the Annual General Meeting may be issued at the earliest under the Swedish Companies Act. Each shareholder who gives sufficient notice of business is entitled to have the business discussed at the Annual General Meeting.

Nomination committee

Under the Code, listed companies must have a nomination committee. However, NIBE has decided not to establish a nomination committee. This is a deviation from the Code, which is noted in NIBE's Corporate Governance Report. The Company does not comply with the Code in respect of the nomination committee because of the clear ownership structure of the Company with two principal shareholder constellations (current and former Board members and management, and Melker Schörling), which together hold approximately 70% of the Company's votes, and which also enjoy mutually cordial relations.

Board of Directors

NIBE's Articles of Association specify that the Board of Directors must consist of minimum five and maximum seven members, and maximum five deputy members. The Board members are elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting. There is no limit on how long a member may remain on the Board of Directors. NIBE's Board of Directors currently comprises the members Hans Linnarson, Georg Brunstam, Eva-Lotta Kraft, Gerteric Lindquist, Anders Pålsson and Helene Richmond, who were elected at the Annual General Meeting on 12 May 2016. Information about the Board members is available under the section *Board of Directors, senior executives and auditor*. With the exception of the CEO, none of the Board members is employed by the Company or has any operational responsibilities in NIBE. Company employees participate in Board meetings as required to submit reports or to contribute expert knowledge on individual matters.

The work of the Board of Directors

The work of the Board is governed by formal rules of procedure adopted annually to regulate the decision-making processes within the Company, authority to sign for the company, meetings of the Board and the duties of the Chairman of the Board. The Board of Directors has not otherwise distributed responsibilities among its members. However, some Board members are more familiar with certain matters than others on account of their particular expertise and experience. The Board has also adopted various policies for the Group's operations such as a communication policy, an environmental policy and an insider policy.

The Board oversees the work of the MD through continuous monitoring of operations during the year and is also responsible for ensuring that the organisation, the management and the guidelines for managing Company's affairs are appropriate and that the Company has good internal control and effective systems for monitoring and controlling the Company's operations and compliance with laws and rules applicable to the Company's operations. The Board is also responsible for developing and monitoring the Company's strategies through plans and objectives, decisions on acquisitions, major investments and appointments to managerial positions. In addition, the Board sets the budget and is responsible for the annual report.

The Chairman leads the work of the Board and ensures that it is carried out in accordance with the Swedish Companies Act and other relevant legislation. The Chairman follows the progress of operations through consultations with the MD, and is responsible for ensuring that other members of the Board receive the necessary information to enable them to hold discussions of a high quality and make the best possible decisions.

The Board's procedures

The Board's procedures must be evaluated, updated and adopted annually. If the Board establishes committees internally, the Board's rules of procedure must specify the tasks and decision-making rights the Board has delegated to the committees and how the committees are to report to the Board. The Board must regularly hold meetings according to a programme adopted in the rules of procedure that includes set decision-making items and items to be used where required. In the current financial year, the Board has held ten minuted meetings as of 31 August 2016. At its ordinary meetings, the Board must discuss the business scheduled for the meetings in accordance with the Board's rules of procedure (such as the MD's report on operations, financial reporting and investments and projects).

The Board of Directors evaluates its work every year. The evaluation is carried out by means of a survey of the directors. The results of the survey are then presented to the full Board, which uses them to make specific proposals on how its work can be developed, improved and made more efficient, where necessary. The Board survey for 2015 revealed an open, constructive climate with well-functioning control and decision-making processes. The areas covered by the evaluation included the composition, working methods, communication and internal control of the Board, the Board's evaluation of the MD and other company management, and the need for committees.

Audit and remuneration committees

Provisions on the establishment of audit committees are contained in the Swedish Companies Act and the Code, and provisions on the establishment of remuneration committees are contained in the Code. As a listed company, NIBE applies the provisions in the Swedish Companies Act and the Code.

The Board of Directors has decided not to establish a remuneration committee. The duties of the remuneration committee are performed by the entire Board instead. This is a deviation from the Code, which is noted in NIBE's Corporate Governance Report.

The Board of Directors has also decided not to establish an audit committee. The duties of the audit committee are performed by the entire Board instead. This is a deviation from the Code, which is noted in NIBE's Corporate Governance Report. The committee's tasks are integrated with Board work at the Board's ordinary meetings. All members, apart from Gerteric Lindquist, are independent in relation to the Company and the Group management and in relation to the Company's major shareholders, and Anders Pålsson has accounting or audit expertise. The Board consequently meets the requirements of the Swedish Companies Act.

The audit committee must, without affecting the Board's other responsibilities and tasks, oversee the Company's financial reporting, oversee the efficiency of the Company's internal control and risk management in respect of financial reporting, keep itself informed about the audit of the annual report and consolidated financial statements, check and oversee the auditor's impartiality and independence and, in this connection, pay particular attention to whether the auditor provides the Company with services other than audit services and assist with the preparation of a proposal for the decision by the Annual General Meeting on the choice of auditor. In connection with the meeting at which the Board adopts the annual financial statements, the Board should have a review with and receive a report from the Company's external auditors. At this meeting, the Board must also have a review with the auditors without the MD and other members of Group management being present.

Decision-making processes

The Company's Board of Directors deals with all matters of significance. General issues such as the composition of the Board and directors' fees are dealt with once a year prior to the Annual General Meeting, when the Chairman of the Board contacts the major shareholders in the Company.

Remuneration to the MD is a matter decided by the Board, but the preparatory work for this decision is undertaken by the Chairman of the Board after discussions with the MD. The remuneration of other senior executives is determined by the Company's MD in consultation with the Chairman of the Board. Decisions in this regard are reported to the Board of Directors.

Governance of business areas

The Company consists of the three business areas NIBE Climate Solutions, NIBE Element and NIBE Stoves. Each business area has its own operational management with profit responsibility. Each

business area has a Business Area Board chaired by the Group's CEO. These Business Area Boards also include external members with expertise within the respective areas. Each Business Area Board, in addition to responsibility for day-to-day operations, is also responsible to the Company's Board of Directors for the strategic development of its respective business area. Each Business Area Board meets once a quarter.

The Managing Director

The Managing Director is Gerteric Lindquist. There is a presentation of Gerteric Lindquist in the section *Board of Directors, senior executives and auditor* and on the Company's website. The MD's task is to lead the operations of the Group in pursuance of the Swedish Companies Act and within the framework set by the Board. The work and role of the MD and the division of responsibilities between the Board of Directors and the MD are set out in the MD Instructions adopted by the Board.

The Board must continuously evaluate the work of the MD. In consultation with the Chairman of the Board, the MD prepares the necessary documentation for Board meetings, makes presentations and explains proposals for decisions. The MD leads the work of Group management and makes decisions in consultation with other members of Group management.

In addition to Gerteric Lindquist, Group management consists of Hans Backman (Financial Director), Kjell Ekermo (Business Area Manager at NIBE Climate Solutions), Christer Fredriksson (Business Area Manager at NIBE Element and MD of Backer BHV AB) and Niklas Gunnarsson (Business Area Manager at NIBE Stoves). Group management regularly reviews operations at meetings chaired by the MD. Group management are presented in more detail in the section *Board of Directors, senior executives and auditor* and on the Company's website.

Internal control and auditing

Internal control

The responsibility of the Board of Directors and the MD for internal control is governed by the Swedish Companies Act. The responsibility of the Board is also governed by the Code and by the Swedish Annual Accounts Act. The Board of Directors has the overall responsibility for ensuring that the Group has an effective system for management and internal control. This responsibility includes annually evaluating the financial reports it receives and stipulating the content and format of these reports to ensure their quality. This requirement means that the financial reporting must fulfil its purpose and comply with applicable accounting rules and regulations and other requirements incumbent on listed companies.

NIBE is characterised by simplicity in its legal and operational structure, transparency in its organisation, clear divisions of responsibility and an efficient management and control system. NIBE complies not only with external laws and regulations in respect of financial reporting, but also with internal instructions and policies set out in the Group's Finance Handbook. These are applied by all companies in the Group, along with systems aimed at ensuring effective internal controls in financial reporting. Con-

solidated financial reports containing comprehensive analyses and comments are drawn up each quarter for the Group and its business areas. Results are also monitored every month. There are finance functions and controllers with responsibility for accounting, reporting and the analysis of financial trends at Group level, business area level and unit level.

In addition to the statutory audits of the annual report and statutory audits of the parent and all subsidiaries, the auditors carry out an annual review of how the companies are organised, of existing routines and of compliance with the instructions issued, based on guidelines drawn up by corporate management and approved by the Board of Directors. A summary of internal control procedures is presented each year as part of the Board meeting that deals with the year-end financial statements. The Board also has the option of requesting a special audit of a selected business or operations during the year if this is deemed necessary.

Internal audit

During 2015, the project aimed at reviewing and further reinforcing internal controls was continued. It is our opinion that this review increases insight and awareness, provides explicit instructions and proposes a clear organisation in respect of internal controls. It is therefore the opinion of the Board that, because of the implementation of this review, there is no need for any separate internal control (internal audit) (item 7.3 in the Code).

External auditors

The Company's auditor KPMG AB was re-elected by the 2016 Annual General Meeting for a period of one year. The auditor in charge is Dan Kjellqvist. KPMG AB has been NIBE's auditor since May 2013.

The Company's auditor works according to an audit plan that includes comments from the Board and reports his or her findings to company managements, Group management and NIBE's Board. This takes place during the audit and when the annual financial statements are adopted. The Company's auditor also takes part in the Annual General Meeting, describing and commenting on his or her audit work.

KPMG continually assesses its independence in relation to the Company and submits written affirmation to the Board each year stating that the auditing firm is independent in relation to NIBE. During the current financial year, KPMG has performed consultancy assignments primarily concerning accounting issues and acquisition issues and in connection with the Issue and the Offer.

The total fee for KPMG's non-auditing services totalled SEK 5 million during the 2015 financial year.

Remuneration

The 2016 Annual General Meeting resolved that remuneration to the auditor should be paid in accordance with approved accounts. The Annual General Meeting also resolved that remuneration to senior executives should be paid according to the following principles.

The company must offer competitive remuneration on market terms in order to attract and retain personnel. Remuneration must be payable as fixed salary, variable salary, retirement benefit contributions or other benefits, such as a company car. Directors' fees must not be payable to members of the Board who are employed in the Group. The period of notice from the Company for the MD will be six months. The Company's MD will have the right to severance pay equivalent to twelve months' salary. Other senior executives will receive salary during a period of notice which varies from 6–12 months. No special agreements must be reached that entitle senior executives to retire before the official retirement age while still retaining part of their salary in the interim. All senior executives must have pension benefits corresponding to the ITP occupational pension plan, section 2, up to 30 income base amounts. For portions of salary above this, a premium of a fixed 30% is payable in accordance with the principles in the defined-contribution ITP plan, section 1.

As an incentive, senior executives will be entitled to a variable salary component that is payable if set targets are achieved. The variable component will be restricted to three months' salary. The possibility also exists to receive an additional month's salary on condition that this additional payment plus another monthly salary paid as a variable bonus is used to purchase NIBE shares. A further condition for entitlement to receive this additional month's remuneration is that the shares thus purchased are retained for at least three years. Under normal circumstances shares acquired in this way will be purchased on one occasion each year in February/March and the purchase must follow the restrictions specified by relevant insider trading regulations. No incentive programme is offered to the MD. The Board may depart from the above guidelines, if there are reasons for doing so in an individual case.

Fees for the Board of Directors for 2015 amounted to SEK 1,350,000 in accordance with a resolution by the Annual General Meeting. Of this amount, the Chairman of the Board received SEK 450,000 and other members elected by the Annual General Meeting who are not employed by the Group received SEK 225,000 each. The fees for the Board for 2016 amount to SEK 1,650,000, of which the Chairman of the Board receives SEK 550,000 and other members elected by the Annual General Meeting who are not employed by the Group receive SEK 275,000 each.

No severance pay or other benefits apply to the Chairman of the Board or to the Board members, apart from the Company's MD. There is a mutual period of notice of six months between the MD and the Company. In addition to salary during the period of notice, the Company's MD is entitled to severance pay equal to twelve months' salary.

Incentive programme

In addition to the information above about the Group management, certain other key employees of the Company are entitled to a variable salary component that is paid if targets are met. The variable salary component is limited to a maximum of three months' salary. It is also possible for an additional month's salary to be paid on condition that this additional payment plus an-

other monthly salary paid as a variable salary component or part of a variable salary component is used to purchase NIBE shares on the stock market. A further condition for entitlement to receive this additional month's remuneration is that the NIBE shares purchased are retained for at least three years. Under normal circumstances shares acquired in this way are purchased on one occasion each year in February/March and the purchase must follow the restrictions specified by relevant insider trading regulations. No incentive programme is offered to the MD. Certain key individuals in the foreign companies acquired during recent years have incentive programmes that, in certain respects, deviate from the principles for remuneration that are otherwise applied in the NIBE Group.

Amendment of shareholders' rights

The Annual General Meeting is able to resolve to amend the Articles of Association, which may entail amendments of shareholders' rights. The Swedish Companies Act makes the validity of such resolutions by the Annual General Meeting subject to certain majority requirements. If a resolution to amend the Articles of Association results in deterioration of shareholders' rights to the Company's profit or other assets by the full or partial object of the Company's operations being other than that of providing profit to shareholders or results in restriction to the right to transfer or acquire shares in the Company by means of consent, right of first refusal or pre-emption clauses or otherwise results in the legal relations between shares being disturbed, the resolution must be endorsed by all shareholders present and they must together represent more than nine-tenths of all shares in the Company.

If a resolution to amend the Articles of Association results in the number of shares for which shareholders may vote at the Annual General Meeting being restricted, in a certain portion of net profit after deductions to cover loss brought forward having to be allocated to a restricted fund or the use of the Company's profit or its retained assets being restricted in the event of the dissolution of the Company in a manner other than by changing the object of the Company to be fully or partially other than that of providing profit to shareholders or by a certain portion of net profit after deductions to cover loss brought forward having to be allocated to a restricted fund, the resolution must be endorsed by at least two-thirds of the votes cast and nine-tenths of the shares represented by the meeting.

However, the above majority requirements do not apply if a resolution is endorsed by shareholders with at least two-thirds of both the votes cast and the shares represented at the Annual General Meeting, if the amendment only results in the deterioration of a certain right or the rights of certain shares and consent is given by all holders of such shares present at the Annual General Meeting and these shareholders together represent at least nine-tenths of all shares for which rights deteriorate or if the amendment results in the deterioration of the rights of only one entire share class and the holders of half of all shares in this class and nine-tenths of the shares of this class represented at the Annual General Meeting consent to the amendment.

Share capital and ownership structure

Shares and share capital

Under NIBE's Articles of Association, the share capital must be minimum SEK 62,500,000 and maximum SEK 125,000,000, divided into minimum 400,000,000 shares and maximum 800,000,000 shares. Shares may be issued in two classes: class A and class B. Before the present Issue, NIBE's share capital amounts to SEK 68,908,523.75, divided into 51,741,024 class A shares and 389,273,528 class B shares. The quota value is SEK 0.15625 per share. Class A shares carry ten (10) votes and class B shares carry one (1) vote at the Annual General Meeting. Class A shares are subject to a share conversion clause under the Articles of Association. The shares in NIBE are issued in pursuance of Swedish law, are fully paid up and are denominated in SEK. The shares' rights may only be changed as stipulated in the Swedish Companies Act (2005:551).

The imminent Issue of New Shares in classes A and B will, if fully subscribed for, result in the number of class A and B shares in the Company increasing from 441,014,552 shares to 504,016,630 shares, equivalent to an increase of approximately 14.3%. For the shareholders who refrain from subscribing for New Shares in the Issue, there will be a dilutive effect equivalent to maximum approximately 12.5% of the share capital and approximately 12.5% of the votes in NIBE after the Issue. The dilutive effect has been calculated as the maximum number of shares and votes that may be issued, divided by the maximum total number of shares and votes in the Company after the Issue.

Certain rights attached to the shares

Voting rights

Each class A share entitles the holder to ten (10) votes and each class B share entitles the holder to one (1) vote at the Annual General Meeting. At the Annual General Meeting, each qualified voter is entitled to vote for the full number of shares that such shareholder holds, or represents, without any restriction in voting

rights. Class A shares are subject to pre-emption under the Articles of Association. Class B shares are not subject to any restrictions in the right to transfer them.

Preferential rights to New Shares, etc.

In connection with an increase in share capital by means of a cash issue or offset issue, an old share entails a preferential right to a New Share in the same class, and shares that are not subscribed for by the shareholders with preferential rights must be offered to all shareholders. If such shares offered are insufficient to cover the number of shares subscribed for on the basis of the latter offer, the shares must be distributed between the subscribers in proportion to the number of shares they already hold and, where this is not feasible, by drawing lots. If NIBE issues warrants or convertible instruments by a cash issue or offset issue, the shareholders have the same preferential right to subscribe for warrants or convertible instruments as if the New Shares to which the warrants or convertible instruments related were issued. If NIBE's share capital is increased by a bonus issue, new class A and class B shares must be issued in proportion to the number of shares of each class already issued. In such cases, old shares of a certain share class will entitle holders to New Shares in the same class.

Right to dividend and surplus in connection with liquidation

All shares carry equal rights to the Company's assets and potential surplus in the event of liquidation.

Ownership

As at 31 August 2016, the number of shareholders in NIBE was 27,218. The table shows NIBE's largest shareholders and shareholder structure according to information from Euroclear as at 31 August 2016. The ten largest shareholders held 63.1% of the votes and 40.6% of the capital.

Major shareholders	Number of A shares (no.)	Number of B shares (no.)	Percentage of shares (%)	Percentage of votes (%)
Melker Schörling	15,040,512	33,020,928	10.90	20.23
Gerteric Lindquist	6,018,240	14,253,760	4.60	8.21
Bengt Hjelm	6,016,512	13,238,528	4.37	8.10
Leif Gustavsson	6,016,512	11,813,248	4.04	7.94
Harry Andersson	3,008,064	6,612,000	2.18	4.05
Stig Svensson	3,008,064	4,276,848	1.65	3.79
Göran Larsson	3,008,064	292,016	0.75	3.35
Alecta Pensionsförsäkring	0	28,000,000	6.35	3.09
SSB Trust Client, Omnibus	0	20,511,471	4.65	2.26
Holger Svensson	1,503,360	3,415,840	1.12	2.03
Total, ten largest shareholders, in terms of votes	43,619,328	135,434,639	40.60	63.05
Others	8,121,696	253,838,889	59.40	36.95
Total	51,741,024	389,273,528	100.00	100.00

Euroclear connection

NIBE's Articles of Association contain a CSD clause and the Company's shares are connected to the electronic securities system with Euroclear as the central securities depository (Euroclear Sweden AB, Box 191, 101 23 Stockholm), which means that the Company's share register is kept by Euroclear. The shares are registered to shareholders. No share certificates have been issued or will be issued for the New Shares. The class B shares have ISIN code SE0008321293.

Shareholder agreements, etc.

To the best of NIBE's Board of Directors' knowledge, no shareholder agreements or other agreements exist between NIBE's shareholders with the objective of creating joint influence over the Company. To the best of NIBE's Board of Directors' knowledge, there are also no agreements or equivalent arrangements that may lead to a change in control over the Company. Nor are the Company's shares the object of an offer made as a consequence of a mandatory offer, a redemption right or an obligation to purchase. The Company's shares have not been the object of a public takeover bid during the current or previous financial year.

Market listing and price trend

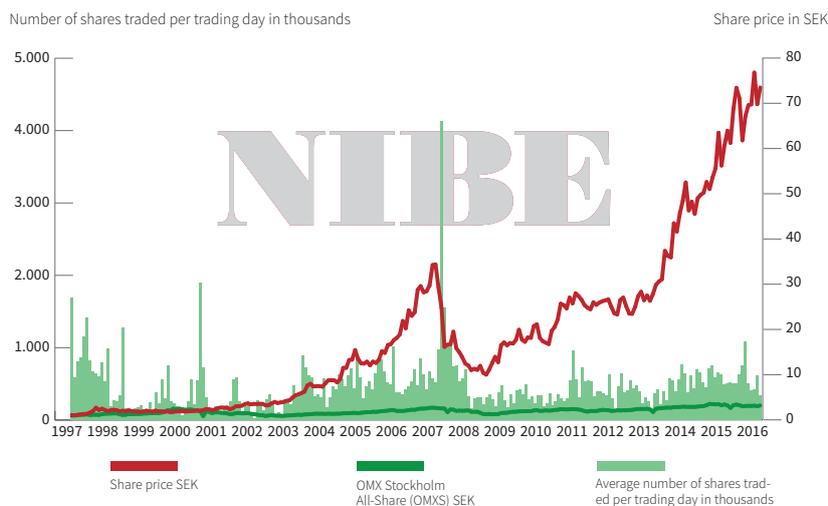
Since 1997, NIBE's class B shares have been traded on Nasdaq Stockholm, formerly the Stockholm Stock Exchange. The shares are traded on the Large Cap list under the short name NIBE B.

NIBE's class B shares have also had a secondary listing on SIX Swiss Exchange in Switzerland since 2011. The market value as at 30 June 2016 was approximately SEK 31 billion. The chart below shows the price trend of NIBE's class B shares on Nasdaq Stockholm in the period 30 June 2011 to 30 June 2016.

Resolution to issue shares

The 2016 Annual General Meeting resolved to authorise the Board of Directors to decide, by the next Annual General Meeting, on one or more occasions and with or without derogation from the shareholders' preferential rights, to increase the share capital by issuing new class B shares. The mandate covers an issue of shares corresponding to maximum 10% of the total number of outstanding shares in the Company. The shares may be issued with conditions that New Shares must be paid for in kind or by offset or on other terms referred to in Chapter 13, Section 5, Paragraph 1, Point 6, of the Swedish Companies Act. The issue may only take place to finance the acquisition of companies, parts of companies or operations. This mandate does not include the right for the Company's Board to decide on cash issues without regard to the shareholders' preferential rights.

The issue price must be determined in accordance with prevailing market conditions. The reason for derogation from the preferential right is that the Company must be able to issue shares as payment for acquisitions of other companies, parts of companies or operations.



Changes in share capital	Increase in share capital (SEK)	Quota value (SEK)	Total number of shares	Total share capital (SEK)
1990 New share issue ¹⁾	6,950,000	100.00	70,000	7,000,000
1991 Bonus issue	40,000,000	100.00	470,000	47,000,000
1994 Split 10:1 ²⁾	–	10.00	4,700,000	47,000,000
1997 New share issue	11,700,000	10.00	5,870,000	58,700,000
2003 Split 4:1 ³⁾	–	2.50	23,480,000	58,700,000
2006 Split 4:1 ⁴⁾	–	0.625	93,920,000	58,700,000
2011 New share issue ⁵⁾	10,074,648	0.625	110,039,437	68,774,648
2012 New share issue ⁶⁾	133,876	0.625	110,253,638	68,908,524
2016 Split 4:1 ⁷⁾	–	0.15625	441,014,552	68,908,524

¹⁾ Private placement to existing shareholders at a subscription price of SEK 100 per share.

²⁾ Change in the quota value of each share from SEK 100 to SEK 10.

³⁾ Change in the quota value of each share from SEK 10 to SEK 2.50.

⁴⁾ Change in the quota value of each share from SEK 2.50 to SEK 0.625.

⁵⁾ Private placement to the former owners of the Schulthess Group at a subscription price of SEK 108.25 per share.

⁶⁾ Private placement to the former owners of the Schulthess Group at a subscription price of SEK 102.00 per share.

⁷⁾ Change in the quota value of each share from SEK 0.625 to SEK 0.15625.

Dividend and dividend policy

General information

The New Shares entail a right to dividend for the first time on the first record date for dividend occurring after the New Shares have been entered in the share register kept by Euroclear and the Issue has been registered with the Swedish Companies Registration Office and for all subsequent periods, subject to a resolution on dividend being passed.

Dividend policy

Under the dividend policy adopted by the Board, the Company's aim over the long term is to pay a dividend equivalent to 25–30% of profit after tax, which allows for significant reinvestment in operations. Dividend is fixed taking into consideration NIBE's investment requirements and other factors that the Company's Board of Directors considers to be of importance. There are no guarantees that dividend will be proposed or resolved in any year.

Dividend under Swedish law

Resolutions on dividend are made by the Annual General Meeting. Dividends may only be made if the Company, after such dividends, still enjoys full coverage of its restricted equity and only to the extent that such dividends appear justified, taking into consideration the demands with respect to size of Company equity that are imposed by the nature and scope of operations and risks associated with operations and the Company's need to strengthen its balance sheet, liquidity and financial position in general. Shareholders are generally unable to propose a dividend higher than that proposed or approved by the Board.

Under the Swedish Companies Act, minority shareholders who together represent at least 10% of all shares in the Company are entitled to request dividend (to all shareholders) from the Company's profit. If such a request has been made, the Annual General Meeting must pass a resolution on dividend of 50% of what remains of the profit for the year according to the balance sheet adopted by the Annual General Meeting after deductions for loss brought forward that exceeds free funds, amounts that, under law or the Company's Articles of Association, must be allocated to restricted equity and amounts that, under the Company's Ar-

ticles of Association, must be used for a purpose other than dividend to shareholders. However, the Annual General Meeting is not under an obligation to pass a resolution on dividend higher than 5% of the Company's equity. Moreover, the Annual General Meeting may never pass a resolution on dividend of an amount in excess of funds available for dividend or in conflict with the prudence rule described above.

Payment of dividend

Dividend is normally paid as a cash amount per share via Euroclear but may also involve something other than cash (dividend in kind). The right to dividend accrues to those who are registered as shareholders in the share register kept by Euroclear on the record date set by the Annual General Meeting. Such record date may not be later than the day before the next Annual General Meeting. If a shareholder cannot be contacted through Euroclear, the shareholder's claim against NIBE with respect to the dividend remains and is limited only by limitation rules. When the claim becomes limited, the dividend amount accrues to NIBE.

There are no restrictions or special procedures under the Swedish Companies Act or NIBE's Articles of Association for dividend to shareholders domiciled outside Sweden. With the exception of any restrictions due to banking or clearing systems, payment is made in the same way as for shareholders domiciled in Sweden. However, shareholders who are not domiciled in Sweden for tax purposes are normally subject to Swedish withholding tax. See the section *Certain tax considerations in Sweden*.

Dividend in the past five years

Year	Dividend per share	Total dividend in SEK
2011	2.00	220,507,276
2012	2.00	220,507,276
2013	2.35	259,096,049
2014	2.70	297,684,823
2015	3.35	369,349,687



Articles of Association

§ 1 Company name

The name of the company is NIBE Industrier AB. The company is public (publ).

§ 2 Domicile

The board of directors shall have its registered office in Markaryd.

§ 3 Object

The object of the company is to own and administer shares and to carry out management and administrative activities for the company's subsidiaries as well as to pursue other activities compatible with these operations.

§ 4 Share capital

The share capital shall amount to no less than sixty two million and five hundred thousand (62,500,000) SEK and no more than one hundred and twenty five million (125,000,000) SEK.

§ 5 Number of shares

The number of shares shall be not less than four hundred million (400 million) and a maximum of eight hundred million (800 million).

§ 6 Share classes and shareholder's right when increasing the share capital

Two classes of shares may be issued, class A and class B. Class A-shares may be issued to such a number that they represent no more than thirty (30) percent of the number of shares that may be issued in the company and class B-shares may be issued to such a number that they represent no more than one hundred (100) percent of the number of shares that may be issued in the company.

Class A-share conveys ten (10) votes and class B-share one (1) vote.

In the event of an increase of the share capital by means of a cash issue or a set-off issue the following shall apply: an existing share shall entitle the holder of such share the preferential right to a new share of the same class, shares that are not subscribed by the shareholders with primary entitlement shall be offered to all shareholders; and, if the total number of shares subscribed for on the basis of the last-mentioned offer cannot be issued, the shares shall be divided between the subscribers in proportion to the number of shares that they own prior to the issue, and, to the extent that this cannot be done, by means of drawing lots.

If the company decides, by means of a cash issue or a set-off issue, to issue warrants or convertibles, the shareholders have preferential right to subscribe for warrants as if the issue concerned shares which may be subscribed for due to the right of option, and preferential right to subscribe for convertibles as if the issue concerned shares which the convertibles may be exchanged for.

What has been stated above shall not constitute any restriction on the possibility to decide on cash issue or set-off issue with deviation from the shareholders' preferential right.

In the event of a bonus issue, new shares of each class shall be issued in proportion to the number of previously existing shares of the same class. In the event of an increase of the share capital

through a bonus issue, the shareholders have preferential right to the new shares in proportion to the number of shares which they own prior to the issue; in this situation, holder of A-shares has the right to new A-shares and holder of B-shares has the right to new B-shares. What has been stated now shall not constitute any restriction on the possibility to issue shares of a new class, through a bonus issue, subsequent to necessary amendments of the articles of association.

§ 7 Share conversion

It shall be possible to convert an A-share into a B-share in the following way:

Holder of an A-share shall have the right to demand that such share shall be converted to a B-share. A statement to that effect shall be made in writing to the company's board of directors. The statement shall specify the number of shares for which conversion is required. The company's board of directors is obliged, without delay, to deal with requests to convert A-shares to B-shares. Such conversion shall be reported for registration without delay and is implemented at the time of registration.

§ 8 Composition of the board of directors

The board of directors shall, in addition to those members who can legally be appointed by somebody other than a general meeting of shareholders, consist of no less than five (5) and no more than seven (7) board members with no more than five deputy board members.

§ 9 Auditors

The company shall have no less than one (1) and no more than two (2) auditors with no more than two (2) deputy auditors. It is possible to appoint as auditors no less than one (1) and no more than two (2) registered public accounting firms.

§ 10 Notice of general meeting

Notice of a general meeting shall be made through the placement of an advertisement in Post och Inrikes Tidningar and on the company's web site. It shall be advertised in Svenska Dagbladet that notice has been made.

Notice of an annual general meeting and notice of an extraordinary general meeting, at which changes to the articles of association will be dealt with, shall be made at the earliest six (6) weeks and at the latest four (4) weeks prior to the general meeting. Notice of other extraordinary general meeting shall be made at the earliest six (6) weeks and at the latest three (3) weeks before such meeting.

§ 11 Shareholder's and advisor's right to participate in a general meeting

A shareholder wishing to participate in a general meeting shall on one hand be listed in the printout or other presentation of the full share register concerning the conditions five weekdays before the meeting, on the other notify the company at the latest by 4.00 p.m. on the day stipulated in the notice of the meeting. Last-mentioned day must not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and must not occur any earlier than the fifth weekday prior to the meeting. Advisor of a shareholder may only accompany the shareholder if the shareholder informs the company in the abovementioned way

and states the number of advisors, one or two, who will participate in the general meeting.

§ 12 Venue of the general meetings

General meetings shall be held in Markaryd.

§ 13 Annual general meeting

Annual general meeting shall be held before the end of June.

The chairman of the board or a person nominated by the board shall open and lead the general meeting until a chairman has been elected.

The following matters shall be dealt with at the annual general meeting.

1. Election of chairman at the meeting.
2. Preparation and approval of a voting list.
3. Approval of agenda.
4. Election of one or two persons to verify the minutes.
5. Examination if the meeting has been properly convened.
6. Presentation of the annual report and the auditor's report and, where appropriate, the group financial statement and the group auditor's report.
7. Resolution in respect of
 - a) adoption of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet;
 - b) allocation of the company's profit or loss according to the adopted balance sheet;
 - c) discharge from liability of the board members and the managing director.
8. Determination of the number of board members, deputy board members and, where appropriate, the number of auditors and deputy auditors or registered public accounting firms.
9. Determination of fees to the board of directors and the auditors.
10. Election of board members, deputy board members and chairman of the board and, where appropriate, auditors and deputy auditors or registered public accounting firms.
11. Other matters to be dealt with at the meeting pursuant to the Swedish Companies Act (2005:551) or the articles of association.

§ 14 Financial year

The company's financial year is the calendar year.

§ 15 CSD clause

The shares of the company shall be registered in a CSD register in accordance with the Financial Instruments Accounts Act (1998:1479)

§ 16 Post-sale purchase right

If a share of class A ("A-share") is transferred from one shareholder

to another shareholder in the company, or to someone who is not previously a shareholder in the company (the acquirer), the A-share shall immediately be offered by the acquirer for purchase pursuant to post-sale purchase rights to the other holders of A-shares by submission of a written notification to the company's board of directors. The acquisition of the A-share shall then be verified. In this paragraph, the transfer of shares also includes transfer by means of inheritance, a will, gift, division of marital property or other acquisition pursuant to family law.

Upon notification of the transfer of an A-share, the board of directors shall immediately in writing notify each post-sale purchase right holder, which postal address is noted in the share register or otherwise known to the company, thus requesting the post-sale purchase right holder wanting to make use of its purchase right, to submit to the company a written demand to purchase within two (2) months of the notification to the board of directors of the transfer of the A-share. A post-sale purchase right may not be exercised for a smaller number of shares than the number of shares included in the offer.

In the event that more than one post-sale purchase right holder submit to the company a demand to purchase, the right of priority amongst such post-sale purchase right holders shall be determined by the drawing of lots, carried out by Notary Public, yet, if at the same time, several A-shares have been offered for purchase pursuant to post-sale purchase rights, the A-shares shall first, as far as possible, be distributed in proportion to previous holding of A-shares amongst the post-sale purchase right holders requesting demand to purchase.

The purchase sum per A-share shall amount to a tenth part (1/10) of the share's quota value. The purchase sum shall be paid within one (1) month from the point in time when the purchase sum was determined. No other conditions shall apply for the purchase.

If, within the stipulated time period, no post-sale purchase right holder submits a demand to purchase, or effects payment of the purchase sum within the stipulated time, the acquirer shall be entitled to be registered as owner of the A-share.

If the acquirer and the post-sale purchase right holder requesting demand to purchase do not agree on the issue of the purchase, the post-sale purchase right holder requesting demand to purchase may initiate proceedings within two months from the day when the demand to purchase was submitted to the company.

In the event of a dispute on the issue of the purchase between the acquirer and the post-sale purchase right holder requesting demand to purchase, such a dispute shall be resolved through arbitration in accordance with the Swedish Arbitration Act in force at the time the dispute is referred to arbitration.

According to chapter 4 section 29 of the Swedish Companies Act (2005:551) an obligation to offer the shares for purchase pursuant to post-sale purchase rights as set out above arises for a decedent's estate if the shares are not transferred to a new owner within one year from the date of death.

These articles of association have been taken at the Extraordinary General Meeting on 3 October, 2016.

Legal considerations and supplementary information

Legal Group structure

The Company is a public limited liability company incorporated and registered under Swedish law with the name NIBE Industrier AB (publ) and its registered office in Markaryd, Sweden. The Company's legal form is governed by and its shares have been issued under the Swedish Companies Act. The Company was incorporated in Sweden on 11 October 1989 and was registered with the Swedish Companies Registration Office on 27 October 1989. The current name was registered with the Swedish Companies Registration Office (at that time the Swedish Patent and Registra-

tion Office) on 15 August 1995. The Company's corporate identity number is 556374-8309. Under Article 3 of the Articles of Association, the object of the Company's activities shall be to own and manage shares and to perform managerial and administrative activities for the Company's subsidiaries and other compatible activities. See the section *Articles of Association*.

On the date of publication of this Prospectus, the Company is the parent of 102 subsidiaries, 82 of which are operational.

Subsidiary	Registered office	Proportion of shares & votes, %	Subsidiary	Registered office	Proportion of shares & votes, %
ABK AS	Oslo, Norway	50%	Lund & Sørensen Electric Heating Equipment Accessory Co Ltd	Tianjin, China	100%
Akvaterm Oy	Kokkola, Finland	100%	Merker AG	Zürich, Switzerland	100%
Air-Site AB	Lindome, Sweden	51%	METRO THERM AB	Kalmar, Sweden	100%
ait-deutschland GmbH	Bayreuth, Germany	100%	METRO THERM A/S	Helsingør, Denmark	100%
ait-värmeteknik-sverige AB	Helsingborg, Sweden	100%	Meyer Vastus AB, Oy	Monninkylä, Finland	100%
ait Schweiz AG	Altshofen, Switzerland	100%	Motron A/S	Risskov, Denmark	100%
Askoma AG	Thunstetten, Switzerland	100%	nyUpTech AB	Markaryd, Sweden	100%
Askoma SDN BHD	Johor Bahru, Malaysia	100%	Naturenergi IWABO AB	Bollnäs, Sweden	100%
ATE-Electronics S.r.l.	Giaveno, Italy	100%	NIBE AB	Markaryd, Sweden	100%
Backer Alpe S. de R.L. de C.V.	Mexico City, Mexico	100%	NIBE Beteiligungsverwaltungs GmbH	Vienna, Austria	100%
Backer BHV AB	Hässleholm, Sweden	100%	NIBE-BIAWAR Sp. z o.o.	Białystok, Poland	100%
Backer Calesco France SARL	Lyon, France	100%	NIBE Climate solutions GmbH	Celle, Germany	100%
Backer EHP Inc	Murfreesboro, USA	100%	NIBE Energietechnik B.V.	Oosterhout, the Netherlands	100%
Backer ELC AG	Aarau, Switzerland	100%	NIBE Energy Systems Inc	Wilmington, USA	100%
Backer Elektro CZ a.s.	Hlinsko, Czech Republic	100%	NIBE Energy Systems Ltd	Sheffield, UK	100%
Backer-ELTOP s.r.o.	Miretice, Czech Republic	100%	NIBE Energy Systems Oy	Helsinki, Finland	100%
Backer Facsa S.L.	Aiguafreda, Spain	100%	NIBE Energy Systems France SAS	Reyrieux, France	100%
Backer FER s.r.l.	Sant'Agostino, Italy	100%	NIBE Energy Systems WFE AB	Markaryd, Sweden	100%
Backer Heating Technologies Co. Ltd	Shenzhen, China	100%	NIBE Foyers France S.A.S.	Lyon, France	100%
Backer Heating Technologies Inc	Chicago, USA	100%	NIBE Kamini LLC	Dubna, Russia	100%
Backer Marathon Inc	Del Rio, USA	100%	NIBE Systemtechnik GmbH	Celle, Germany	100%
Backer OBR Sp. z o.o.	Pyrzyce, Poland	100%	NIBE Treasury AB	Markaryd, Sweden	100%
Backer-Springfield Dongguan Co. Ltd	Dongguan City, China	100%	Nordpeis AS	Lierskogen, Norway	100%
Backer-Wilson Elements Pty Ltd	Burwood, Australia	51%	Norske Backer AS	Kongsvinger, Norway	100%
Backer Wolff GmbH	Dortmund, Germany	100%	Northstar Poland Sp. z o.o.	Trzcianka, Poland	100%
ClimaCool Corp	Oklahoma City, USA	100%	RPN-Hall Oy	Kokkola, Finland	100%
ClimateMaster Inc	Oklahoma City, USA	100%	SAN Electro Heat A/S	Græsted, Denmark	100%
ClimateCraft Inc	Oklahoma City, USA	100%	Schulthess Group AG	Zürich, Switzerland	100%
Danotherm Electric A/S	Rødovre, Denmark	100%	Schulthess Maschinen AG	Zürich, Switzerland	100%
DZD Strojírna s.r.o.	Benátky nad Jizerou, Czech Republic	100%	Schulthess Maschinen GmbH	Vienna, Austria	100%
Eltwin A/S	Risskov, Denmark	100%	Shel NIBE Manufacturing Co Ltd	Hong Kong, China	100%
Eltwin Sp. z.o.o.	Szczecin, Poland	100%	Sinus-Jevi Electric Heating B.V.	Medemblik, The Netherlands	100%
Enertech Global LLC	Greenville, USA	100%	Skarabrae AB	Markaryd, Sweden	100%
Gazco Ltd	Exeter, UK	100%	Springfield Wire de Mexico S.A. de C.V.	Nuevo Laredo, Mexico	100%
Heatrod Elements Ltd	London, UK	100%	Stovax Ltd	Exeter, UK	100%
Heatron Inc	Leavenworth, USA	100%	Stovax D1 Ltd	Exeter, UK	100%
Høiax AS	Fredrikstad, Norway	100%	Stovax Group Ltd	Exeter, UK	100%
Hyper Engineering Pty Ltd	Victoria, Australia	100%	Stovax Heating Group Ltd	Exeter, UK	100%
Hyper Technology and Trading Comp.	Hong Kong, China	100%	Strukturgruppen AB	Kungsbacka, Sweden	100%
International Environmental Corp	Oklahoma City, USA	100%	Therma Clime Technologies Inc	Oklahoma City, USA	100%
JSC Evan	Nizhny Novgorod, Russia	100%	TermaTech A/S	Hasselager, Denmark	100%
JEVI A/S	Vejle, Denmark	100%	Termorad SP.z.o.o	Radom, Poland	100%
Kaukora Oy	Raisio, Finland	100%	The Climate Control Group Inc.	Oklahoma City, USA	100%
KKT Chillers Inc.	Elk Grove, USA	100%	Varde Ovne A/S	Vejle, Denmark	100%
KNV Energietechnik GmbH	Schörfing, Austria	100%	Vølund Varmeteknik A/S	Videbæk, Denmark	100%
Koax Corp	Oklahoma City, USA	100%	WaterFurnace International Hong Kong Ltd	Hong Kong, China	100%
Kuldemesteren	Oslo, Norway	100%	WaterFurnace Int. Asia Pacific	Victoria, Australia	100%
KVM-Genvex A/S	Haderslev, Denmark	100%	WaterFurnace International Inc	Fort Wayne, USA	100%
Lotus Heating Systems A/S	Langeskov, Denmark	100%	WaterFurnace Renewable Energy Corp	Toronto, Canada	100%
Loyal Oy	Lovisa, Finland	100%	Wiegand S.A. de C.V.	Nuevo Laredo, Mexico	100%
Lund & Sørensen AB	Mölnådal, Sweden	100%			
Lund & Sørensen A/S	Vejle, Denmark	100%			

Significant acquisitions

Since 1 January 2014, the Company has completed a large number of acquisitions, of which those shown below are considered to be significant for NIBE.

Acquisition of Climate Control Group Inc.

On 12 May 2016, NIBE announced that it had signed an agreement to acquire all outstanding shares in Climate Control Group Inc. ('CCG') from LSB Industries. CCG manufactures HVAC solutions (for example geothermal heat pumps, fan convectors for waterborne systems, modular refrigeration systems and large customised air-conditioning units), principally for commercial buildings but also for private homes on the North American Market. CCG's operations, which are part of the NIBE Climate Solutions business area, are conducted under the well-known brands ClimateMaster, IEC, ClimateCraft and ClimaCool.

CCG has its origin in LSB Industries, which was founded in the late 1950s in Florida, USA. The foundation of the current CCG was laid by Jack E. Golsen in Oklahoma City in 1969, where the Group's manufacturing and distribution plants are still located. CCG has approximately 1,260 employees and its sales in 2015 were USD 274 million (approximately SEK 2,312 million at the exchange rate then applicable).

The transaction was completed in early July 2016 after having been approved by the US Federal Trade Commission, in accordance with the United States Hart-Scott-Rodino Antitrust Improvements Act, on 27 June 2016. A total purchase price of approximately USD 364 million (approximately SEK 2,964 million at the exchange rate then applicable) was paid for all shares in CCG.

Acquisition of the remaining 40% of Stovax Heating Group Ltd.

On 15 March 2016, NIBE acquired the remaining 40% of the shares in Stovax Heating Group Ltd. ('Stovax'). NIBE acquired the first 60% of the shares in Stovax in January 2013. Stovax, which has been part of the NIBE Stoves business area since 1 February 2013, was founded in 1981 is the leading stove company in the UK.

Acquisition of Heatron Inc.

On 1 March 2016, NIBE acquired all outstanding shares in Heatron Inc. ('Heatron'). Heatron was founded in 1986 and develops, manufactures and markets complete special element solutions based on the technologies for foil elements, thick film elements and high-power elements. Heatron is part of the NIBE Element business area and operates in Leavenworth, Kansas, and Erie, Pennsylvania. Heatron has approximately 240 employees and its sales in 2015 were USD 30 million (approximately SEK 253 million according to the exchange rate at the time).

Acquisition of the remaining 90% of Enertech Global LLC

On 7 November 2014, NIBE acquired the remaining 90% of the shares in the North American heat pump company Enertech Global LLC ('Enertech'). NIBE acquired the first 10% of shares in the company in November 2011, and this was the NIBE Climate Solutions business area's first step into the North American heat pump market. Enertech was founded in 1996 and has operations in

Greenville, Illinois, and Mitchell, South Dakota. Enertech's product portfolio consists mainly of geothermal heat pumps.

Acquisition of WaterFurnace Renewable Energy Inc.

On 23 June 2014, NIBE announced that it had signed an agreement to acquire all issued and outstanding shares in WaterFurnace Renewable Energy Inc. ('WaterFurnace'). WaterFurnace, which is part of the NIBE Climate Solutions business area, is a North American operator in the field of heating and cooling, offering geothermal heat pumps primarily for private homes but also for commercial buildings.

The transaction was completed on 22 August 2014 after having been approved at an Extraordinary General Meeting in WaterFurnace and by Ontario Supreme Court. A total purchase price of approximately SEK 2,400 million (at the exchange rate then applicable) was paid for all shares in WaterFurnace.

Acquisition in progress

Acquisition of Enertech Group Ltd.

On 28 September 2016, NIBE signed a contract to acquire the majority of the UK company Enertech Group Ltd. The acquisition comprises six businesses in six European countries. The acquired group has a wide range of geothermal and air/water heat pumps, solar energy and biofuel products, as well as traditional oil and gas burners. Sales are principally in Europe. The acquired group has about 460 employees. Sales amounted to SEK 830 million in 2015 (GBP 72.7 million) with an operating margin of 4.8%. The transaction requires the approval of the competition authorities in Sweden and Germany and their decision can be expected in the fourth quarter of 2016.

Material contracts

Customers and suppliers

NIBE does not depend on any single customer contract for the conduct of its operations. However, the revenue from one customer may be significant. The terms of customer contracts vary, but the term is normally shorter than one year, and the prices are adjusted quarterly or follow world market prices. However, in most cases it is understood that customer relations will continue over an extended period of time.

NIBE's operations depend on subcontractors that supply components and input goods. In the long term, NIBE does not depend on any single supplier for the conduct of its operations.

Financial agreements

Credit agreement with AB Svensk Exportkredit (publ)

On 27 May 2013, NIBE made two credit agreements with AB Svensk Exportkredit (publ). The credit agreements have since been amended by an amendment agreement dated 15 January 2016 with the result that NIBE Treasury AB (publ), a wholly-owned subsidiary established to manage the Group's financing, joined the credit agreements as the borrower. NIBE has provided surety for the credits as the guarantor. Under one credit agreement, NIBE

Treasury AB (publ) borrows CHF 30 million at a variable rate of six months' CHF-LIBOR plus a fixed margin. Under the other credit agreement, NIBE Treasury AB (publ) borrows USD 123 million at a variable rate of six months' USD-LIBOR plus a fixed margin. The credit agreements contain certain standard commitments concerning duty of disclosure, divestment restrictions, changes of ownership, restrictions on the provision of security, raising of loans and lending. The credit agreements also contain certain other conditions, including conditions requiring that certain financial key figures, relating to interest coverage ratio and net incurrence of liabilities in relation to the Group's EBITDA, do not deviate from certain levels specified in the credit agreements. Apart from certain requirements concerning financial key figures, the credit agreements contain no restrictions on dividend.

Revolving credit facility with Danske Bank

On 27 May 2013, NIBE made a credit agreement with Danske Bank A/S, Denmark, Sweden branch, as the original lender, concerning a revolving credit facility with a total credit limit of EUR 120 million. On 22 December 2015, the parties made an amendment agreement with the result that NIBE Treasury AB (publ) joined the credit agreement as an additional borrower. The interest rate for the facilities under the credit agreement is variable and is based on IBOR (which IBOR is applied depends on the currency in which the lending takes place under the agreement), plus a fixed margin, and a supplement for loans in USD. Fees are also payable to the loan intermediary. The credit agreement contains standard commitments concerning, among other things, maintenance of authorisation, compliance with laws, divestment restrictions, changes of ownership, restrictions on the provision of security, mergers, acquisitions of companies and businesses, raising of loans and lending. However, the commitments contain certain agreed exceptions. The credit agreement also contains certain other conditions, including conditions requiring that certain financial key figures, relating to interest coverage ratio and net incurrence of liabilities in relation to the Group's EBITDA, do not deviate from certain levels specified in the credit agreement. On 29 June 2016, the parties to the credit agreement made a supplementary agreement under which the conditions concerning financial key figures were amended to permit higher incurrence of liabilities during short periods of time to finance acquisitions. Apart from certain requirements concerning financial key figures, the credit agreement contains no restrictions on dividend.

Revolving credit facility with Danske Bank and Handelsbanken

On 27 May 2013, NIBE made a credit agreement with Danske Bank A/S, Denmark, Sweden branch, and Svenska Handelsbanken AB (publ) as the original lenders, concerning a revolving credit facility with a total credit limit of EUR 600 million. On 30 May 2014 and 11 May 2016, the parties made two supplementary agreements under which the conditions for payment under the credit facility were amended and adjusting certain financial key figures to permit higher incurrence of liabilities during short periods of time to finance acquisitions. The interest rate for the facilities under the credit agreement is variable and is based on IBOR (which IBOR is applied depends on the currency in which the lending takes place under the agreement), plus a fixed margin. Fees are also payable

to the loan intermediary. The credit agreement contains standard commitments concerning, among other things, maintenance of authorisation, compliance with laws, disposal restrictions, changes of ownership, restrictions on the provision of security, mergers, acquisitions of companies and businesses, raising of loans and lending. The commitments contain certain agreed exceptions. The credit agreement also contains certain other conditions, including conditions requiring that certain financial key figures, relating to interest coverage ratio and net incurrence of liabilities in relation to the Group's EBITDA, do not deviate from certain levels specified in the credit agreement. Apart from certain requirements concerning financial key figures, the credit agreement contains no restrictions on dividend.

MTN programme

On 13 May 2015, NIBE made an issue agreement concerning an MTN programme with Danske Bank A/S, Denmark, Sweden branch, as the lead bank and issuing agent, and Svenska Handelsbanken AB (publ). Via the MTN programme, NIBE is able to raise loans on the capital market for a total financial amount of SEK 3 billion by issuing Medium Term Notes with a maturity of minimum one year and maximum 15 years. The base prospectus for the MTN programme was approved by the Swedish Financial Supervisory Authority on 18 May 2015. The MTN programme contains standard conditions and NIBE has so far issued three Medium Term Notes for a total of SEK 1.9 billion. One Medium Term Note runs with a fixed interest rate of 1.8%. Two Medium Term Notes run with a variable interest rate with a base rate of 3 months STIBOR and a base rate margin of 1.2% and 1.3%, respectively.

Credit facility with Danske Bank and Handelsbanken

On 10 May 2016, NIBE Treasury AB (publ) made a credit agreement for a credit facility with a credit limit of SEK 3 billion with Danske Bank A/S, Denmark, Sweden branch, and Svenska Handelsbanken AB (publ) as the lender. After NIBE Treasury AB (publ) sent a request for disbursement of a loan comprising the entire credit facility on 28 June 2016, the parties made an amendment agreement on 29 June 2016 under which, among other things, NIBE Energy Systems WFE AB replaced NIBE Treasury AB (publ) as the borrower in the credit agreement. The annual interest rate on loans issued under the credit facility amounts to STIBOR plus a fixed margin, plus additional fees. The credit facility was used to finance the acquisition of Climate Control Group and to refinance certain liabilities in the company acquired and its subsidiaries. The funds received by NIBE in connection with the Issue will partially be used to repay the loan. Apart from standard conditions and certain requirements concerning financial key figures, the credit agreement contains no restrictions on dividend.

Properties

As at the date of this Prospectus, NIBE owns production plants in eighteen countries in Europe, North America and Asia. NIBE also owns real property such as office buildings and storage premises. With a few exceptions, NIBE owns all of its production plants and owns or rents other properties on standard market conditions.

Intellectual property rights

NIBE or its subsidiaries hold intellectual property rights, primarily in the form of trademarks. The Company is of the opinion that the NIBE trademark is of particular importance to NIBE's operations. In addition, the BACKER trademark is of major importance to the NIBE Element business area and the CONTURA trademark is of major importance to the NIBE Stoves business area. The trademarks are registered on what has been considered to be relevant markets for operations. NIBE AB is the registered holder of all registrations of the NIBE and CONTURA trademarks, while Backer BHV Aktieföretag is the registered holder of these registrations for the BACKER trademark. Other trademarks of any importance to NIBE's operations are held by NIBE AB or subsidiaries in the Group. The registered designs for stoves, primarily concerning the CONTURA brand, are of some importance to the NIBE Stoves business area.

Environmental issues

NIBE contributes actively to improving the environment by developing and marketing sustainable energy solutions and energy-efficient products and systems. NIBE also works to continuously reduce the Group's direct and indirect environmental impact. Ecocycle thinking and management of natural resources are important cornerstones of the Company's business activities, and the environment must be taken into consideration in important decisions to create long-term value for the Company's customers, employees and shareholders and for society at large. Environmental work must be carried out within the framework of the Company's mission and be an integrated part of operational activities. By extension, this means that the entire life cycle of the goods and services supplied by the Company must be taken into consideration. The Company aims to take a holistic approach to environmental issues, partly by developing internal knowledge about the environmental effects of operations. The Company aims to take environmental measures as long as they are technically feasible, financially defensible and justifiable on environmental grounds.

NIBE has production plants in Sweden, Norway, Denmark, Finland, Germany, the UK, Switzerland, Poland, the Czech Republic, Italy, Spain, the Netherlands, Austria, Russia, the USA, China, Malaysia and Mexico. In Sweden our plants require a permit or a notification to operate under the Swedish Environmental Code. Units in other countries require an environmental licence or must show compliance with similar requirements in accordance with relevant national legislation.

In Sweden our plants require a permit or a notification to operate under the Swedish Environmental Code. None of these plants plans to renew its permit or report any changes to its operations in 2016. Units in other countries require an environmental licence or must show compliance with similar requirements in accordance with relevant national legislation. All plants that require a permit have the necessary valid permits and the Company does not expect any extensive legal or production-related changes in the near future which would entail a need for new permits.

Disputes

Within the framework of its operations, the Group is occasionally involved in legal proceedings and arbitration proceedings. However, the Group is not, and has not been, party to any legal or arbitration proceedings during the past 12 months that have had or may have significant effects on the Company's or the Group's financial position or profitability. Nor has NIBE been informed about any claim that may lead to NIBE or its subsidiaries becoming involved in any such proceedings.

Licences and authorisations

NIBE considers that the Group has all material licences and authorisations required to conduct its operations.

Insurance

The Company considers that its insurance policies are on a par with that of other industry companies and that they are adequate in view of the risks that are normally associated with the Company's operations. However, there is a risk of the Company incurring losses that are not covered by these insurance policies.

Transactions with related parties

No Board member, senior executive or other person who must be designated a related party under relevant rules participates currently, or, during the period covered by the historical financial information, i.e. from 1 January 2013 to 30 June 2016, participated directly or indirectly in any business transactions with NIBE or its subsidiaries that are or were of an unusual nature or on unusual terms. Nor have NIBE or its subsidiaries granted loans, provided guarantees or made surety commitments for the benefit of any of these persons or companies.

NIBE's two shareholders with the most votes, Melker Schörling and Gerteric Lindquist, who together hold shares corresponding to approximately 15.5% of the share capital and approximately 28.4% of the votes in NIBE, have separately undertaken, by means of subscription undertakings, to subscribe for their respective pro rata proportions of the Issue, corresponding to approximately 15.5% of the New Shares issued in the Issue. In addition, all other holders of class A shares, who together hold 18.6% of the capital and 39.5% of the votes in NIBE, have made non-binding declarations of intent to subscribe for their respective pro rata proportions of class A shares, corresponding to 7.0% of the Issue, and have also stated their intention to subscribe for class B shares corresponding to a further approximately 0.6% of the Issue.

Expenses

NIBE's total expenses for the Offer are calculated to be approximately SEK 16 million. Such expenses are primarily attributable to expenses for financial advice, auditors, lawyers and printing the Prospectus.

Review by auditor

Apart from the Company's annual reports for the 2013, 2014 and

2015 financial years and the pro forma accounts, no information in the Prospectus has been examined or audited by the Company's auditor.

Advisers' interests

Danske Bank and Handelsbanken are financial advisers to the Company in connection with the Issue. Danske Bank and Handelsbanken receive pre-agreed remuneration for services performed in connection with the Issue. Otherwise, Danske Bank and Handelsbanken have no financial or other interests in the Issue. Danske Bank and Handelsbanken are also lenders to the Company. See the heading *Financial contracts* above in this section. Danske Bank (and companies related to Danske Bank) and Handelsbanken (and companies related to Handelsbanken) have provided and may, in the future, provide services to NIBE within the framework of ordinary operations and in connection with other transactions, for which they have received and may receive remuneration.

Subscription undertakings

NIBE's two shareholders with the most votes, Melker Schörling and Gerteric Lindquist, who together hold shares corresponding to approximately 15.5% of the share capital and approximately 28.4% of the votes in NIBE, have separately undertaken, by means of subscription undertakings, to subscribe for their respective pro rata proportions of the Issue, corresponding to approximately 15.5% of the New Shares issued in the Issue. No remuneration will be paid for the subscription undertakings. The subscription undertakings were made in August 2016. In addition, all other holders of class A shares, who together hold 18.6% of the capital and 39.5% of the votes in NIBE, have made non-binding declarations of intent to subscribe for their respective pro rata proportions of class A shares, corresponding to 7.0% of the Issue, and have also stated their intention to subscribe for class B shares corresponding to a further approximately 0.6% of the Issue. In total, the Issue comprises subscription undertakings and declarations of intent corresponding to approximately 23.1% of the New Shares issued in the Issue.

Interests and conflicts of interest

A number of NIBE's shareholders have undertaken, via subscription undertakings, to subscribe for shares in the Issue. No remuneration will be paid to these shareholders for these undertakings. Apart from the above parties' interest in the Issue being implemented successfully, there are no financial or other interests in the Issue. There are not considered to be any conflicts of interest between the parties which, as described above, have financial or other interests in the Issue.

Market and industry information

The Prospectus contains certain market and industry information from third parties. Although the information has been reproduced correctly and the Company considers that the sources are reliable, the Company has not independently verified the information, for which reason its accuracy and completeness cannot be guaranteed. However, as far as NIBE is aware and is able to ascertain by

comparison with other information published by these sources, no information has been omitted in a manner which could render the information reproduced inaccurate or misleading. NIBE's position on the market is described in certain places in the Prospectus. This information is based on the Company's sales in relation to the Company's assessment of the size of the markets and the sales of competitors.

Potential public authority decisions with a negative effect

Apart from the information contained in this Prospectus, NIBE is not aware of any public, economic, fiscal, monetary or other political measures that have materially affected, or could materially affect, the Company's operations directly or indirectly.

Incorporation through reference

NIBE's financial statements for the 2013, 2014 and 2015 financial years constitute part of this Prospectus and are to be read as such. These financial statements can be found in NIBE's annual reports for the 2013, 2014 and 2015 financial years. The annual reports have been audited by the Company's auditor, and an auditor's report is attached to each annual report. References are made as follows:

2015 Annual Report: Administration Report (pages 50-51, 64-65 and 87), Income Statement (pages 54-55), Balance Sheet (pages 58-59), Statement of Changes in Equity (page 59), Cash Flow Statement (page 60), Notes (pages 66-86) and Auditor's Report (page 88)

2014 Annual Report: Administration Report (pages 50-51, 64-65 and 87), Income Statement (pages 54-55), Balance Sheet (pages 58-59), Statement of Changes in Equity (page 59), Cash Flow Statement (page 60), Notes (pages 66-86) and Auditor's Report (page 88)

2013 Annual Report: Administration Report (pages 55, 57-59 and 83), Income Statement (pages 60-61), Balance Sheet (pages 62-63), Statement of Changes in Equity (page 64), Cash Flow Statement (page 65), Notes (pages 66-82) and Auditor's Report (page 84).

The parts of the annual reports that are not incorporated are not relevant or correspond to information that is given elsewhere in the Prospectus. The annual reports and accompanying auditor's reports are available on the Company's website at www.nibe.com and are available at no charge from the Company throughout the period of validity of the Prospectus.

Documents available for examination

The following documents are available at NIBE, Hannabadsvägen 5, 285 21 Markaryd, Sweden, and on NIBE's website at www.nibe.com:

- ◆ NIBE's annual reports and auditor's reports for 2013, 2014 and 2015.
- ◆ Interim reports for January – March 2016 and January – June 2016.



Certain tax considerations in Sweden

Below is a summary of certain tax consequences that may arise under current Swedish tax legislation as a result of the current Offer to subscribe for New Shares made to holders of shares and Subscription Rights in NIBE. The summary applies only to natural persons with unlimited tax liability and limited companies, unless specified otherwise. The summary is based on current legislation and is only intended as general information. The summary does not cover securities held by partnerships or held as stock items in business activity. Nor does the summary cover the special rules for tax-free capital gains (including a ban on deductions in the event of capital losses) in the corporate sector that may be applicable when shareholders hold shares that are considered to be for business purposes. Nor does it cover the special rules that may be applicable to holdings in companies that are or were previously close companies or to shares acquired with the support of qualified participations in close companies. Nor does the summary cover shares or other securities that are acquired in an investment savings account and are covered by special rules on flat-rate taxation. Special tax rules apply to certain types of taxpayer, for example investment funds, investment companies and insurance companies. Taxation for each individual shareholder depends on their specific circumstances. Each holder of shares and Subscription Rights should therefore consult a tax adviser to obtain information on the specific circumstances that may arise in their case, including the applicability and effect of foreign rules and tax agreements.

Natural persons

Taxation of capital gains

When listed shares or other securities, for example subscription rights, are sold or otherwise disposed of, a taxable capital gain or deductible capital loss may arise that is taxed in the capital income category at a rate of 30%. The capital gain or capital loss is normally calculated as the difference between the sales proceeds, after deduction of selling expenses, and the cost amount (for specific information regarding the cost amount for subscription rights, see *Exercise and sale of subscription rights* below). The cost amount for all securities of the same class and type is calculated jointly using the average method. It should be noted that paid subscribed shares in this context are not considered to be of the same class and type as the shares that entitled the shareholders to the preferential rights in the Issue until the resolution on the Issue has been registered with the Swedish Companies Registration Office.

For sales of listed shares, for example B shares in NIBE, the cost amount may alternatively be determined using the standardised method as 20% of the sales proceeds less selling expenses. Capital losses on listed shares are fully deductible against taxable capital gains on shares and other listed securities, with the exception of participations in mutual funds or special funds that only contain Swedish receivables (known as interest funds). Up to 70% of capital losses on shares or other securities that cannot be offset in this way may be deducted from other income in the capital income category. If a deficit arises in the capital income

category, a tax reduction is granted against municipal and state income tax, as well as property tax and the municipal property charge. The tax reduction amounts to 30% of any deficit not exceeding SEK 100,000 and 21% of the remainder. Such a deficit may not be carried forward to subsequent fiscal years.

Dividend tax

For private individuals, dividend is taxed in the capital income category at a tax rate of 30%. For natural persons resident in Sweden, preliminary tax of 30% is normally withheld on dividend. The preliminary tax is withheld by Euroclear or by the Swedish nominee for nominee-registered shares.

Exercise and sale of subscription rights

The exercise of subscription rights does not trigger any taxation. The cost of a share is the issue price. If subscription rights exercised to subscribe for shares were acquired by purchase or similar (i.e. they were not received based on holdings of existing shares), the cost amount of the subscription rights must be taken into consideration when calculating the cost amount of shares acquired.

A capital gain or loss is calculated for shareholders who do not wish to exercise their preferential rights to participate in the Issue and who sell their Subscription Rights. Subscription Rights that are based on holdings of existing shares are considered to have been acquired for SEK 0. Accordingly, the entire sales proceeds, after deduction of the selling expenses, will be subject to tax. The standardised method may not be applied in this case. The cost amount of the original shares is not affected.

The consideration for subscription rights that have been acquired by purchase or similar is the cost of acquisition. The standardised method may be used for sale of listed subscription rights in this case.

A subscription right that is neither exercised nor sold and therefore lapses is considered to be sold for SEK 0.

Limited companies

Tax on capital gains and dividend

Limited companies are taxed on all income, including taxable capital gains and dividend, in the business operations category at a rate of 22%. Capital gains and losses are calculated as described above for natural persons. Deductible capital losses on shares or other securities are only deductible against taxable capital gains on such securities. Such a capital loss may also, if certain conditions are met, be offset against capital gains in companies within the same group, provided that a right to make group contributions exists between the companies. A capital loss that cannot be utilised in a given fiscal year may be carried forward and offset against taxable capital gains on shares and other securities in the following fiscal years for an unlimited time.

Exercise and sale of subscription rights

The exercise of subscription rights does not trigger any taxation. The cost of a share is the issue price. If subscription rights exercised to subscribe for shares were acquired by purchase or similar (i.e. they were not received based on holdings of existing shares), the cost amount of the subscription rights must be taken into consideration when calculating the cost amount of shares acquired.

A capital gain or loss is calculated for shareholders who do not wish to exercise their preferential rights to participate in the Issue and who sell their Subscription Rights. Subscription Rights that are based on holdings of existing shares are considered to have been acquired for SEK 0. Accordingly, the entire sales proceeds, after deduction of the selling expenses, will be subject to tax. The standardised method may not be applied in this case. The cost amount of the original shares is not affected.

The consideration for subscription rights that have been acquired by purchase or similar is the cost of acquisition. The standardised method may be used for sale of listed subscription rights in this case.

A subscription right that is neither exercised nor sold and therefore lapses is considered to be sold for SEK 0.

Specific tax considerations for holders of shares and Subscription Rights who have limited tax liability in Sweden

Withholding tax

For shareholders with limited tax liability in Sweden who receive dividends from a Swedish limited company, Swedish withholding tax is normally payable. The tax rate is 30%. However, this tax rate is generally reduced by tax agreements that Sweden has with other countries for the avoidance of double taxation. Most of Sweden's tax agreements enable the reduction of Swedish tax to the agreement tax rate directly on payment of dividends if the required information regarding the person entitled to a dividend is provided. In Sweden, withholding tax is normally deducted by Euroclear or, for nominee-registered shares, by the nominee. Receipt of subscription rights does not trigger any liability to pay withholding tax.

If the dividends paid to a person entitled to taxation at a lower rate were taxed at 30% or if the withholding tax was too high, reimbursement can be requested from the Swedish Tax Agency prior to the end of the fifth calendar year following the dividend.

Taxation of capital gains

Holders of shares and Subscription Rights with limited tax liability in Sweden who do not carry on business operations from a permanent establishment in Sweden are normally not liable for Swedish capital gains taxation on the disposal of such shares or subscription rights. However, the holders may be subject to tax in their country of residence. However, under a special tax rule, natural persons with limited tax liability in Sweden may be subject to Swedish tax on the sale of certain securities (such as shares, paid subscribed shares and subscription rights) if they were resident or permanently lived in Sweden at any time during the year of disposal or any of the ten preceding calendar years. The applicability of this rule may be limited by tax agreements between Sweden and other countries.

Certain tax considerations in Switzerland

The following is a summary of specific Swiss tax consequences that may arise from the Offer and is intended as general information only. Unless otherwise stated, the following is a summary of the main Swiss tax consequences that may arise from the Offer for individuals or companies being tax resident in Switzerland. This description does not deal comprehensively with all tax consequences that may occur in this context. Furthermore, please note that the information provided in this summary is of general nature and is by no means to be considered as a comprehensive analysis of all tax consequences that may apply to Swiss holders of shares. The tax treatment of each shareholder depends on such investor's particular circumstances. Each holder of shares should therefore consult a tax advisor for information on the specific implications that may arise.

The description of the Swiss tax treatment of the shares summarized below is based on the laws as currently being in force. The tax considerations may change by amendment of the applicable tax law and practice applied by the Swiss tax authorities (potentially with retrospective effect).

Income and Wealth Taxes

Taxes on dividend income and liquidation proceeds

Individuals

An individual who is resident in Switzerland for tax purposes and holds shares as private assets (Privatvermögen) and who receives dividends or similar distributions (e.g. liquidation proceeds in excess of nominal share capital and qualifying capital contribution reserves) from the Company must declare this income in the private tax return being subject to federal, cantonal and communal income tax on any net taxable income for the relevant tax period.

In addition, the shareholder is required to declare the fair market value of the shares as per 31st December of the respective year in the respective tax return (Wertschriftenverzeichnis). The fair market value of the shares are subject to cantonal and communal wealth tax. No wealth tax is levied at the federal level.

Individuals holding shares as business assets are required to book income and asset value in their financial accounts based on which income and wealth taxes are levied for the respective tax period.

In case of individuals owning shares of at least 10% of the nominal capital of the Company, dividends or similar profit distributions may benefit from a privileged income taxation.

In general, a Swedish withholding tax of 30% is levied on dividend distributions to non-Swedish tax residents. According to the tax treaty between Switzerland and Sweden, the standard non-refundable Swedish withholding tax rate on dividend distributions to a beneficiary who is tax resident in Switzerland is

limited to 15%. In connection with this non-refundable Swedish withholding tax, Swiss tax residents may claim a credit for Swiss income tax purposes.

Companies

Companies being tax resident in Switzerland or non-tax resident companies holding shares as asset of a Swiss permanent establishment are required to book all income and asset values in their financial accounts based on which income taxes are levied for the respective tax period. Such entities may benefit from a taxation relief with respect to dividend income (Beteiligungsabzug) if such shares represent at the time of the distribution at least 10% of the share capital or a fair market value of at least CHF 1 million.

Companies being tax resident in Switzerland or non-resident companies with a Swiss permanent establishment are further subject to cantonal and communal wealth tax in Switzerland. This cantonal and communal wealth tax is levied on the taxable equity of the entities. No wealth tax is levied at the federal level.

In general, a Swedish withholding tax of 30% is levied on dividend distributions to non-Swedish tax residents. According to the tax treaty between Switzerland and Sweden, the standard non-refundable Swedish withholding tax rate on dividend distributions to a beneficiary who is tax resident in Switzerland is limited to 15%. In connection with this non-refundable Swedish withholding tax, Swiss tax residents may claim a credit for Swiss income tax purposes. In case of a shareholding of at least 10% of the nominal capital or the voting power in the Company, a withholding tax of 0% applies in accordance with the tax treaty between Switzerland and Sweden. The tax treaty further provides specific exemption rules in case of a pension fund being a shareholder.

Taxes on capital gains upon disposal of shares

Individuals

Individuals who are resident in Switzerland for tax purposes and hold shares as part of their private assets (Privatvermögen) are generally exempt from Swiss federal, cantonal and communal taxes with respect to capital gains realized upon the disposal of shares unless being qualified as a deemed business income for Swiss tax purposes. In such a case, like in case of shares being owned as business assets, a capital gain would be considered as taxable income and would be subject to federal, cantonal and communal income tax on any net taxable income for the relevant tax period.

Companies

Companies being tax resident in Switzerland or non-tax resident companies holding shares as asset of a Swiss permanent establishment are required to book all income in their financial accounts based on which income taxes are levied for the

relevant tax period. In case such entities dispose shares with a shareholding of at least 10% which have been held for at least one year, a capital gain may benefit from taxation relief (Beteiligungsabzug).

Other Taxes

Gift and Inheritance Taxes

The transfer of shares may be subject to cantonal and/or communal gift, estate or inheritance taxes if the donor is, or the deceased was, resident for tax purposes in a canton levying such taxes. There is a signed treaty between Switzerland and Sweden in place for the avoidance of double taxation of inheritances. We recommend consulting a tax advisor for information on the specific implications that may arise in such a case.

Securities Transfer Tax upon the Transfer of Shares

The transfer of shares may be subject to Swiss Securities Transfer Tax (Umsatzabgabe) at a tax rate of up to 0.3% if such transaction occurs through or with a Swiss or Liechtenstein bank or securities dealer as defined in the Swiss federal stamp tax act.

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