**Alimak Group AB**
ALIG, SE0007158910

# Invitation to acquire shares in Alimak Group AB (publ)

**Please note that the subscription rights may have an economic value.**

In order not to lose the value of the subscription rights, the holder must either:

- Exercise the obtained subscription rights and subscribe for new shares no later than 31 March 2017, or
- Sell the obtained subscription rights, which the holder does not inted to exercise to subscribe for new shares, no later than 29 March 2017.

Please note that shareholders with nominee-registered shareholdings subscribe for new shares through their respective nominee.

**The distribution of this prospectus and the subscription for new shares are subject to restrictions in certain jurisdictions (see "*Important information*").**

Handelsbanken Capital Markets

## IMPORTANT INFORMATION

This prospectus (the "**Prospectus**") has been prepared by Alimak Group AB (publ) in accordance with Swedish Financial Instruments Trading Act (Sw. *lagen (1991:980) om handel med finansiella instrument*) and Commission regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council. A reference to "**Alimak**", the "**Company**" or the "**Group**" refers to, depending on the circumstances, Alimak Group AB (publ) or the group of which Alimak Group AB (publ) is the parent company. The term "**Facade Access**" in this Prospectus refers to Facade Access Investment Holdings Pty Limited with subsidiaries, "**Avanti**" refers to P-AW 2011 A/S with subsidiaries and the "**Acquisitions**" refers to Alimak's acquisitions of Facade Access and Avanti. The term "**Handelsbanken**" in this Prospectus refers to Handelsbanken Capital Markets, a business area within Svenska Handelsbanken AB (publ), or Svenska Handelsbanken AB (publ), as applicable.

A Swedish version of this prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") in accordance with Chapter 2, sections 25 and 26 of the Swedish Financial Instruments Trading Act. Approval and registration does not imply that the SFSA guarantees that the information in the prospectus is accurate or complete. The prospectus and the offering hereunder are governed by Swedish law. Disputes arising in connection with this prospectus, the offering and related legal matters shall be settled exclusively by Swedish courts. The Prospectus has been prepared in both Swedish and English language versions. In the event of any conflict between the versions, the Swedish version shall prevail. Alimak has not taken, and will not take any actions to allow a public offering in any jurisdiction other than Sweden. The offering in the rights issue is not being made to persons resident in the United States, Canada, Japan, Australia, or any other jurisdiction where participation would require additional prospectuses, registration or measures besides those required by Swedish law. Consequently, the Prospectus may not be distributed in or into the mentioned countries or any other country or jurisdiction in which distribution or the offering in accordance with this Prospectus require such measures or otherwise would be in conflict with applicable regulations. Subscription of shares and other acquisitions of securities in violation of the restrictions described above may be void. Recipients of this Prospectus are required to inform themselves about, and comply with, such restrictions. Any failure to comply with the restrictions described may result in a violation of applicable securities regulations. Investing in shares is associated with risks (see "*Risk factors*"). When an investor makes an investment decision, he or she must rely on his or her own analysis of Alimak and the offering in accordance with this Prospectus, including applicable facts and risks. Potential investors should, before making an investment decision, engage their own professional advisers and carefully evaluate and consider their investment decision. Investors may only rely on the information in this Prospectus and any possible supplements to this Prospectus. No person is authorized to provide any information or make any statements other than those made in this Prospectus. Should such information or statement nevertheless be provided or be made it should not be considered to have been approved by Alimak, and Alimak is not responsible for such information or statements. Neither the publication of this Prospectus nor any transaction made in respect of it shall be deemed to imply that the information in this Prospectus is accurate or applicable at any time other than on the date of the publication of this Prospectus or that there have been no changes in Alimak's business since this date. If significant changes relating to the information contained in this Prospectus occur, such changes will be announced in accordance with the provisions on Prospectus supplements under the Swedish Financial Instruments Trading Act. As a condition for subscription of shares under the offering in this Prospectus, each person applying for subscription of shares shall be deemed to have made or, in some cases, be required to make, certain representations and warranties that will be relied upon by Alimak and its advisors. Alimak reserves the right to declare null and void any subscription of shares that Alimak and its advisors believe may give rise to a breach or violation of any law, rule or regulation in any jurisdiction.

**Important information to investors in the United States**

No subscription rights, paid subscription shares (Sw. *betalda tecknade aktier*) or new shares in Alimak ("**Securities**") have been, or will, be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities legislation of any state or other jurisdiction of the United States and the Securities may not be offered, subscribed for, exercised, pledged, sold, resold, granted, delivered or otherwise transferred, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities legislation in any state or other jurisdiction of the United States. The Securities are being offered outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. A public offering of the Securities will not be made in the United States. Any offering of the Securities made in the United States will only be made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, to a limited number of investors that (i) are qualified institutional buyers (QIBS) as defined in Rule 144A under the Securities Act, and (ii) have executed and delivered an investor letter, in form and substance acceptable, to Alimak. Up until 40 days after the initiating of the rights issue, an offer or a transfer of Securities within the United States made by a securities broker (regardless of whether such securities broker participates in the rights issue or not) may constitute a breach of the registration requirements of the Securities Act unless made pursuant to an exemption from the registration requirements of the Securities Act. The Securities have not been approved or disapproved by the U.S. Securities and Exchange Commission (SEC), any state regulatory authority in the United States or any other U.S. regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

**Important information to investors in the EEA**

No public offering of Securities is made to any countries within the European Economic Area ("**EEA**") other than Sweden. In other member states of the EEA which have implemented European Parliament and Council Directive 2003/71/EC (the "**Prospectus Directive**"), such offering may be made only under an exemption in the Prospectus Directive as well as every relevant implementation measure (including measures to implement European Parliament and Council Directive 2010/73/EU).

**Forward-looking statements**

The Prospectus contains certain forward-looking information that reflects Alimak's present view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "believe", "estimate" and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future results or development and actual outcomes may differ materially from the statements set forth in the forward-looking information. Factors that may cause Alimak's future results and development to differ from the forward-looking information include, but are not limited to, those described in "Risk factors". The forward looking information contained in this Prospectus applies only as at the date of this Prospectus. Alimak does not undertake any obligation to publicly announce any update or change in the forward-looking information as a result of new information, future events or similar circumstances other than as required by applicable laws and regulations.

**Presentation of financial information**

Certain figures in this Prospectus, including financial data, have been rounded. Accordingly, figures shown in totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them.

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## The rights issue in brief

### PREFERENTIAL RIGHT

For each existing share that is held on the record day 15 March 2017, one (1) subscription right is received. Four (4) subscription rights entitles the holder to subscription for one (1) new share. To the extent all new shares are not subscribed for with preferential right, these shall be offered for subscription to shareholders and other interested parties.

### SUBSCRIPTION PRICE

The subscription price is SEK 73 per share. No commission is charged.

### IMPORTANT DATES

**Record date for participation in the rights issue**
15 March 2017

**Subscription period**
17 March – 31 March 2017

**Trading in subscription rights**
17 March – 29 March 2017

**Trading in BTA**
17 March – 5 April 2017

### OTHER INFORMATION

**Ticker**

| | |
|---|---|
| Share | ALIG |
| Subscription right | ALIG TR |
| BTA | ALIG BTA |

**ISIN codes**

| | |
|---|---|
| Share | SE0007158910 |
| Subscription right | SE0009722788 |
| BTA | SE0009722796 |

### FINANCIAL CALENDAR

**Annual report for 2016**
20 April 2017

**Interim report for the period 1 January – 31 March 2017**
26 April 2017

**Annual general meeting 2017**
11 May 2017

**Interim report for the period 1 April – 30 June 2017**
17 August 2017

# Summary

Prospectus summaries consist of information requirements presented in items. The items are numbered in sections A-E (A.1-E7). The summary in this prospectus includes all of the items required in a summary for the relevant type of security and issuer. However, since certain items are not applicable to all types of prospectuses, there may be gaps in the numbering of the items.

Although an item is required to be included in the summary for the relevant type of security and issuer, it is possible that no relevant information can be provided regarding the item. In such case, the information is replaced by a brief description of the item together with the indication "not applicable".

## SECTION A – INTRODUCTION AND WARNINGS

| | | |
|---|---|---|
| **A.1** | *Introduction and warnings* | This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor.<br>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.<br>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, keyinformation 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 the subsequent resale or final placement of securities. |

## SECTION B – ISSUER

| | | |
|---|---|---|
| **B.1** | *Company and trade name* | Alimak Group AB (publ), org. no 556714-1857. |
| **B.2** | *Registered office and form of company* | The Company is a Swedish public limited liability company (Sw. *publikt aktiebolag*) with its registered office situated in the municipality of Stockholm. The Company was incorporated according to Swedish law on 27 September 2006 and conducts its business under Swedish law. The Company's form of association is regulated by the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*). |
| **B.3** | *Primary business* | The Group, with its headquarters in Stockholm, is a global industrial group which designs, develops, manufactures, sells, distributes and maintains vertical access solutions. The range of products includes construction and industrial elevators as well as work platforms, transport platforms and tower crane elevators. The Group also offers a complete range of after sales services. The foundation of the Group's product range consists of rack-and-pinion technology elevators, platforms and traction elevators. Most of the products are based on rack-and-pinion technology which constitutes a niche in the market for vertical access solutions.<br>On 31 December 2016, the Group had 23 wholly-owned sales and service offices. In addition, the Group closely cooperates with over 80 distributors around the world which market and sell the Group's products and services. |

| | | |
|---|---|---|
| **B.4a** | *Significant trends* | The development on the global markets that Alimak is acting on is well in line with what is presented in Alimak's year-end report for the period January – December 2016. Other paramaters, such as cost situation, market processing and reputation, continue to be stable. The acquisitions of Avanti and Facade Access are anticipated to contribute positively to earnings-per-share[1)] as early as the 2017 financial year. In addition, the Acquisitions have strengthened Alimak's range of products and market coverage which has strengthened its position on the market.<br>1) Based on the number of shares before the new issue. |
| **B.5** | *Group* | The Group consists of the parent company Alimak Group AB (publ) and 68 subsidiaries. |
| **B.6** | *Major shareholders* | In Sweden, the lowest threshold for mandatory reporting of changes in shareholdings (so-called flagging) is 5% of all shares or voting rights in respect of all shares. Shareholders of the Company who has a holding giving rise to mandatory reporting of changes in shareholdings, and other shareholders' holdings in relation to the total number of shares as of 30 December 2016, are set out in the table below.[1)] |

| Shareholder | Number of shares | Number of shares and votes |
|---|---|---|
| Triton (through Apolus Holding AB) | 12,298,486 | 28.39% |
| Lannebo Fonder | 5,147,073 | 11.88% |
| Swedbank Robur | 3,175,936 | 7.33% |
| JP Morgan Securities LLC, W9 | 2,378,329 | 5.49% |
| Handelsbanken fonder | 2,196,062 | 5.07% |
| **Total of the ten largest shareholders** | **29,325,500** | **67.69%** |
| **Total other shareholders** | **14,000,789** | **32.31%** |
| **Total** | **43,326,289** | **100.00%** |

1) With thereafter known changes.

| | | |
|---|---|---|
| **B.7** | *Selected historical financial information* | The condensed financial statements presented below (as well as measures defined under IFRS) pertaining to full years have been derived from Alimak's audited consolidated report for the financial years 2013–2014 and annual report for 2015, and the unaudited consolidated financial statements for the Company for the fiscal- and calendar year of 2016, which has been prepared in accordance with International Financial Reporting Standards (IFRS) (as adopted by the EU). The audited consolidated report for the financial years 2013–2014 and the annual report for 2015 have been audited by the Company's auditors, while the year-end report for the financial- and calendar year 2016 has not been audited. |

**Condensed statement of comprehensive income, Group**

| MSEK | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| Revenues | 2,048.6 | 2,036.3 | 1,742.5 | 1,517.1 |
| Cost of goods sold | –1,230.7 | –1,216.6 | –1,000.7 | –858.9 |
| **Gross Profit** | **817.9** | **819.7** | **741.8** | **658.3** |
| Total operating expenses | –511.1 | –523.5 | –454.2 | –391.0 |
| **Operating profit (EBIT)** | **306.8** | **296.2** | **287.6** | **267.3** |
| Net financial items | –25.4 | –97.9 | –195.9 | –148.3 |
| **Result before tax (EBT)** | **281.4** | **198.3** | **91.7** | **119.0** |
| Tax on profit for the period | –87.4 | –63.3 | –45.2 | –39.9 |
| **Profit for the period** | **194.0** | **135.0** | **46.5** | **79.0** |
| Attributable to the parent company's shareholders | 194.0 | 135.0 | 46.5 | 79.0 |

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

## Condensed statement of financial position, Group

| MSEK | 31 December 2016 (Unaudited) | 31 December 2015 (Audited) | 31 December 2014 (Audited) | 31 December 2013 (Audited) |
|---|---|---|---|---|
| Intangible fixed assets | 1,789.2 | 1,729.7 | 1,703.7 | 1,554.6 |
| Tangible fixed assets | 258.7 | 268.1 | 276.6 | 260.8 |
| Financial and other non-current assets | 48.0 | 74.6 | 104.1 | 93.8 |
| **Total non-current assets** | **2,095.9** | **2,072.4** | **2,084.4** | **1,909.1** |
| Inventories | 394.6 | 343.9 | 313.1 | 251.7 |
| Trade receivables | 408.8 | 365.8 | 337.8 | 284.4 |
| Other receivables | 146.4 | 127.5 | 134.0 | 98.8 |
| Cash and cash equivalents | 230.6 | 450.0 | 384.7 | 189.9 |
| **Total current assets** | **1,180.3** | **1,287.2** | **1,169.6** | **824.7** |
| **Total assets** | **3,276.2** | **3,359.6** | **3,254.0** | **2,733.8** |
| **EQUITY AND LIABILITIES** | | | | |
| **Shareholders' equity** | **2,202.1** | **2,052.1** | **864.2** | **673.4** |
| **Non-current liabilities** | | | | |
| Interest bearing debt | 446.5 | 743.3 | 692.2 | 699.4 |
| Liabilities to parent company | – | – | 918.8 | 835.3 |
| Other long term liabilities | 128.5 | 120.9 | 149.8 | 96.4 |
| **Total non-current liabilities** | **575.0** | **864.2** | **1,760.8** | **1,631.0** |
| **Current liabilities** | | | | |
| Interest bearing debt | 78.7 | 77.8 | 248.5 | 173.5 |
| Accounts payable | 219.3 | 195.9 | 192.9 | 134.4 |
| Other current liabilities | 201.2 | 169.6 | 187.6 | 121.5 |
| **Total current liabilities** | **499.1** | **443.3** | **629.0** | **429.4** |
| **TOTAL EQUITY AND LIABILITIES** | **3,276.2** | **3,359.6** | **3,254.0** | **2,733.8** |

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

## Cash flow statement, Group

| MSEK | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| **Operating activities:** | | | | |
| Profit before tax | 281.4 | 198.3 | 91.7 | 119.0 |
| Reversal of depreciation and amortisation | 50.5 | 51.9 | 48.6 | 49.6 |
| Taxes paid | –39.3 | –39.3 | –32.3 | –38.0 |
| Adjustments for other non-cash item | –31.8 | 78.0 | 189.0 | 50.7 |
| **Cash flow from operating actvities before change in working capital** | **260.8** | **288.9** | **297.0** | **181.3** |
| **Change in working capital:** | | | | |
| Change in inventory | –40.5 | –22.2 | –25.1 | –4.3 |
| Change in operating receivables | –29.5 | –14.9 | –39.8 | –46.3 |
| Change in operating liabilities | 33.2 | –12.0 | 77.4 | –22.9 |
| **Cash flow from working capital** | **–36.8** | **–49.1** | **12.5** | **–73.5** |
| **Cash flow from operating activities** | **224.0** | **239.8** | **309.5** | **107.8** |
| **Investing activities:** | | | | |
| Acquisitions of businesses | – | – | –58.6 | – |
| Investment in intangible fixed assets | –0.1 | –0.3 | –0.8 | –0.3 |
| Investment in tangible fixed assets | –57.0 | –42.8 | –66.0 | –38.3 |
| Sales/disposal of tangible fixed assets | 20.1 | 14.3 | 7.5 | 3.2 |
| Changes in financial fixed assets | 0.0 | 0.0 | –3.3 | 3.3 |
| **Cash flow from investing activities** | **–36.9** | **–28.8** | **–121.2** | **–32.0** |
| **Financing activities:** | | | | |
| Dividend | –86.7 | – | – | – |
| New loans and repayments, net | –338.9 | –134.6 | –18.2 | –73.3 |
| **Cash flow from financing activities** | **–425.5** | **–134.6** | **–18.2** | **–73.3** |
| **Cash flow for the period** | **–238.4** | **76.4** | **170.1** | **2.5** |
| Cash and cash equivalents at beginning of period | 450.0 | 384.7 | 189.9 | 192.6 |
| Translation differences | 18.9 | –11.1 | 24.6 | –5.1 |
| Cash & cash equivalents at end of period | 230.6 | 450.0 | 384.7 | 190.0 |

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

### Key figures, Group

| MSEK (unless otherwise stated) | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| Order intake | 2,143.9 | 2,109.1 | 1,789.3 | 1,561.0 |
| Revenues | 2,048.6 | 2,036.3 | 1,742.5 | 1,517.1 |
| Operating profit (EBIT) before items affecting comparability | 329.6 | 350.3 | 316.9 | 275 |
| Operating margin (EBIT) before items affecting comparability (%) | 16.1,% | 17.2,% | 18.2,% | 18.1,% |
| Operating profit (EBIT) | 306.8 | 296.2 | 287.6 | 267.3 |
| Operating margin (EBIT) (%) | 15.0,% | 14.5,% | 16.5,% | 17.6,% |
| Profit for the period | 194.0 | 135.0 | 46.5 | 79.0 |
| Total comprehensive income | 236.5 | 227.5 | 190.7 | 58.9 |
| Cash flow from operating activities | 224.0 | 239.8 | 309.5 | 107.8 |
| Total cash flow | –238.4 | 76.4 | 170.1 | 2.5 |
| Total assets | 3,276.2 | 3,359.6 | 3,254.0 | 2,733.8 |
| Cash and cash equivalents end of period | 230.6 | 450.0 | 384.7 | 190.0 |
| Equity | 2,202.1 | 2,052.1 | 864.2 | 673.4 |
| Capital employed | 2,496.7 | 2,423.2 | 2,339.1 | 2,191.6 |
| Net debt | 294.6 | 371.1 | 556.0 | 682.9 |
| Equity ratio (%) | 67.2,% | 61.1,% | 26.6,% | 24.6,% |
| Return on equity (%) | 9.1,% | 9.3,% | 6.0,% | n/a |
| Return on capital employed goodwill excluded (%) | 43.3,% | 44.2,% | 44.5,% | 41.8,% |
| Return on capital employed (%) | 12.5,% | 12.4,% | 12.7,% | 12.2,% |
| Net debt/EBITDA ratio | 0.8 | 1.1 | 1.7 | 2.2 |
| Average number of employees | 1,171 | 1,077 | 1,061 | 865 |

### Data per share

| MSEK (unless otherwise stated) | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| Undiluted/diluted number of shares | 43,326 | 43,326 | 1,000 | 1,000 |
| Average amount of undiluted/ diluted number of shares, thousands | 43,326 | 27,204 | 1,000 | 1,000 |
| Undiluted/diluted earnings per share | 4.5 | 3.1 | 46.5 | 79.0 |
| Undiluted/diluted earnings per share[1)] | 4.5 | 3.1 | 1.1 | 1.8 |
| Total cash flow per share[1)] | –5.5 | 1.8 | 3.9 | 0.1 |
| Undiluted/diluted equity per share[1)] | 50.8 | 47.4 | 20.0 | 15.5 |

1) Calculated to existing number of shares, 43,326,289

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

**Reconciliation of non-IFRS measures**

The non-IFRS measures below are presented since Alimak considers them to be important in connection with the investor's assessment of the Company. Operating margin presents to assess the Company's possibilities to reach an expected industry level profitability. EBITDA is presented to show the Company's profitability in operating activities. Capital employed is used for the calculation of return on capital employed (ROCE), which is presented to show the Company's return regardless of funding. Return on equity is used to assess the Company's possibilities to reach an reasonable expected industry level of the return on the Group's equity. Net debt is presented to clarify the capital the lenders have made available, adjusted for cash and cash equivalents and is used for the calculation of Net debt /EBITDA-ratio which is a financial objective that the Board has adopted. Equity ratio is presented to make it clear for investors what proportion of the Group's assets that is financed with equity.

| MSEK (unless otherwise stated) | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| Revenue | 2,048.6 | 2,036.3 | 1,742.5 | 1,517.1 |
| Operating profit (EBIT) | 306.8 | 296.2 | 287.6 | 267.3 |
| Operating margin (EBIT), % | 15.0,% | 14.5,% | 16.5,% | 17.6,% |
| Operating profit (EBIT) | 306.8 | 296.2 | 287.6 | 267.3 |
| Depreciation | 50.5 | 51.9 | 48.6 | 49.7 |
| Impairments | – | – | – | – |
| EBITDA | 357.3 | 348.1 | 336.2 | 317.0 |
| Total assets | 3,276.2 | 3,359.6 | 3,254.0 | 2,733.8 |
| Cash and cash equivalents | 230.6 | 450.0 | 384.7 | 189.9 |
| Non-interest bearing liabilities | 549.0 | 486.4 | 1,449.1 | 1,187.6 |
| Capital employed | 2,496.7 | 2,423.2 | 2,339.1 | 2,191.6 |
| Operating profit (EBIT) | 306.8 | 296.2 | 287.6 | 267.3 |
| Return on capital employed, % | 12.5,% | 12.4,% | 12.7,% | 12.2,% |
| Shareholders' equity | 2,202.1 | 2,052.1 | 864.2 | n/a |
| Profit for the period | 194.0 | 135.0 | 46.5 | n/a |
| Return on equity, % | 9.1,% | 9.3,% | 6.0,% | n/a |
| Interest-bearing long-term liabilities | 446.5 | 743.3 | 692.2 | 699.4 |
| Interest-bearing current liabilities | 78.7 | 77.8 | 248.5 | 173.5 |
| Cash and cash equivalents | –230.6 | –450.0 | –384.7 | –189.9 |
| Net debt | 294.6 | 371.1 | 556.0 | 682.9 |
| Shareholders' equity | 2,202.1 | 2,052.1 | 864.2 | 673.4 |
| Net debt/EBITDA | 0.8 | 1.1 | 1.7 | 2.2 |
| Shareholders' equity | 2,202.1 | 2,052.1 | 864.2 | 673.4 |
| Total assets | 3,276.2 | 3,359.6 | 3,254.0 | 2,733.8 |
| Equity ratio, % | 67.2,% | 61.1,% | 26.6,% | 24.6,% |

## Data per segment

**Order Intake**

| MSEK | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| Construction Equipment | 779.1 | 547.3 | 456.1 | 253.3 |
| Industrial Equipment | 342.8 | 530.9 | 465.1 | 512.7 |
| Rental | 369.5 | 328.8 | 299.4 | 276.8 |
| After Sales | 652.5 | 702.0 | 568.9 | 518.6 |
| **Total** | **2,143.9** | **2,109.0** | **1,789.3** | **1,561.0** |

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

**Revenues**

| **MSEK** | **1 January – 31 December 2016 (12 months) (Unaudited)** | **1 January – 31 December 2015 (12 months) (Audited)** | **1 January – 31 December 2014 (12 months) (Audited)** | **1 January – 31 December 2013 (12 months) (Audited)** |
|---|---|---|---|---|
| Construction Equipment | 685.9 | 553.3 | 333.4 | 242.5 |
| Industrial Equipment | 373.5 | 485.5 | 545.3 | 496.4 |
| Rental | 308.9 | 308.6 | 278.5 | 285.2 |
| After Sales | 680.3 | 689.0 | 585.2 | 493.1 |
| **Total** | **2,048.6** | **2,036.3** | **1,742.5** | **1,517.1** |

**Operating Profit (EBIT)**

| **MSEK** | **1 January – 31 December 2016 (12 months) (Unaudited)** | **1 January – 31 December 2015 (12 months) (Audited)** | **1 January – 31 December 2014 (12 months) (Audited)** | **1 January – 31 December 2013 (12 months) (Audited)** |
|---|---|---|---|---|
| Construction Equipment | 72.7 | 38.3 | –9.9 | –22.0 |
| Industrial Equipment | –22.1 | 27.5 | 96.5 | 100.7 |
| Rental | 38.8 | 20.4 | 1.5 | 19.2 |
| After Sales | 217.4 | 209.9 | 199.6 | 169.4 |
| **Total** | **306.8** | **296.2** | **287.7** | **267.3** |

**Operating margin (EBIT)**

| | **1 January – 31 December 2016 (12 months) (Unaudited)** | **1 January – 31 December 2015 (12 months) (Audited)** | **1 January – 31 December 2014 (12 months) (Audited)** | **1 January – 31 December 2013 (12 months) (Audited)** |
|---|---|---|---|---|
| Construction Equipment | 10.6 % | 6.9 % | –3.0 % | –9.1 % |
| Industrial Equipment | –5.9 % | 5.7 % | 17.7 % | 20.3 % |
| Rental | 12.6 % | 6.6 % | 0.5 % | 6.7 % |
| After Sales | 32.0 % | 30.5 % | 34.1 % | 34.4 % |
| **Total** | **15.0 %** | **14.5 %** | **16.5 %** | **17.6 %** |

**Significant events after 31 december 2016**

Other than the completion of the Acquisitions, and the announcement of the new share issue, no events of material significance to Alimak's financial position or position on the market have occurred since 31 December 2016.

**B.8** *Selected pro forma financial information*

On 4 December 2016, Alimak entered into an agreement, through its subsidiary Alimak Hek Group AB, regarding the acquisition of all of the shares in Avanti. On 27 October 2016, Alimak entered into a further agreement, through its subsidiary Alimak Hek Group AB, regarding the acquisition of all of the shares in Facade Access.

The purpose of the pro forma accounts is to present an overarching illustration of the effects the acquisitions and financing would have had on:

(i) Alimak's consolidated income statement for the financial year ending on 31 December 2016 if the acquisitions had been carried out and completed as per 1 January 2016; and

(ii) Alimak's consolidated balance sheet as per 31 December 2016 if the acquisitions had been completed at this time.

The financial information presented in the pro forma accounts is only intended to describe a hypothetical situation and has been presented solely for illustrative purposes in order to inform and is thus not intended to show the financial position or the earnings for the period if the above-stated events had occurred on the dates mentioned. Nor do the pro forma accounts show the financial position or earnings of the business at a future point in time. This should be taken into consideration in any investment decision.

**B.8** *Selected pro forma financial information, cont*

## Pro forma income statement in summary, the Group 1 January – 31 December 2016

| MSEK | Alimak[1] | Facade Access[2] | Avanti[3] | Pro forma-adjustments | Notes | Pro forma |
|---|---|---|---|---|---|---|
| Revenues | 2,048.6 | 1,044.4 | 918 | | | 4,011.0 |
| Cost of goods sold | –1,230.7 | –815.6 | –682.5 | 0.0 | | –2,728.8 |
| **Gross profit** | **817.9** | **228.8** | **235.5** | **0.0** | | **1,282.2** |
| Total operating costs | –511.1 | –183.5 | –158.7 | –43.1 | 4),5),6),7),8) | –896.5 |
| **Operating profit (EBIT)** | **306.8** | **45.2** | **76.8** | **–43.1** | | **385.7** |
| Net financial items | –25.4 | –56.1 | 6.8 | –17.1 | 9) | –91.7 |
| **Profit before tax (EBT)** | **281.4** | **–10.8** | **83.6** | **–60.2** | | **294.0** |
| Tax on profit for the period | –87.4 | 0.0 | –27.3 | 19.9 | 10) | –94.7 |
| **Profit/Loss for the period** | **194.0** | **–10.8** | **56.3** | **–40.3** | | **199.2** |

1) Based on financial information included in Alimak's unaudited press release of annual earnings for the 2016 financial year.

2) Based on unaudited internal financial reports for Facade for the period 1 January to 31 December 2016. The income statement has been recalculated from AUD to SEK applying an AUD/SEK exchange rate of 6.372 which is the average rate for 1 January to 31 December 2016.

3) Based on unaudited internal financial reports for Avanti for the period 1 January to 31 December 2016. The income statement has been recalculated from EUR to SEK applying an EUR/SEK exchange rate of 9.470 which is the average rate for 1 January to 31 December 2016.

4) The reversal of the depreciation of goodwill in Avanti reduces operating expenses by SEK 10.9 million. The adjustment does not affect taxes on the profits of the period since the goodwill depreciation is not deductible. The adjustment is expected to have a lasting effect on Alimak.

5) Operating expenses have increased with respect to the 2017 acquisition related costs in the amount of SEK 9.5 million, of which SEK 2.4 million relates to the acquisition of Avanti and SEK 7.1 million relates to the acquisition of Facade. The adjustment is not expected to have a lasting effect on Alimak. The adjustment does not affect taxes on the profit for the period since the acquisition related expenses are not deductible.

6) Depreciation of customer relationships and technology identified in Avanti's acquisition analysis is carried out on a linear basis over the estimated period of use of 10 years which corresponds to an annual increase in operating expenses in the form of depreciation in the amount of SEK 25.6 million. Adjustments related to depreciations which have been identified in the acquisition analysis are expected to have a lasting effect on Alimak.

7) Reversed depreciation in Facade related to intangible assets which have been reevaluated in the acquisition analysis amount to SEK 3.3 million. Depreciation of order book, customer contracts, customer relations, and technology which has been identified in Facade's acquisition analysis is carried out on a linear basis over the estimated period use of 1.5, 5, 13 and 10 years which corresponds to an annual increase in operating costs in the form of depreciations in the amount of SEK 27.1 million. Adjustments related to depreciation are expected to have a lasting effect on Alimak.

8) Reversal of loan costs related to existing loans in Facade which have been refinanced amount to SEK 4.8 million.

9) Interest expenses regarding the refinanced loans in Avanti and Facade have been reversed which has increased net financial items by SEK 36.8 million, of which SEK 5.0 million relates to Avanti and SEK 31.8 million relates to Facade.

Interest expenses for the financing of the acquisition of the shares, and the refinancing of existing loans, in Avanti and Facade via the Bridge Loan Financing and the Revolving Credit Facility, according to the description in the text regarding pro forma adjustments above, has reduced net financial items by SEK 39.7 million (of which SEK 16.0 million relates to the Bridge Loan Financing and SEK 23.7 million relates to the Revolving Credit Facility). The 2016 interest expenses are calculated on full utilization of the Bridge Loan Financing of SEK 800 million with an interest rate of 2% and an average utilization of the Revolving Credit Facility of SEK 793.7 million with a rate of interest of 3.42% for loans in AUD and an interest rate of 1.65% for loans in DKK, EUR and SEK.

Pro forma adjustments for higher interest expenses regarding the existing financing in Alimak in 2016 which might have encumbered the income statement if the changed financing and loan terms and conditions had existed 2016 amount to SEK 4.8 million.

Pro forma adjustment for other loan expenses in the amount of SEK 15.1 million relates to loan expenses related to the new bridge loan financing and utilization of the revolving credit facility, higher loan expenses regarding the existing financing in Alimak during 2016 which might have encumbered the income statement if the changed financing and loan terms and conditions existed in 2016, and write-downs of loan expenses related to refinanced loans in Facade.

Reversed exchange rate differences related to refinanced loans in Facade have increased net financial items by SEK 5.7 million.

All adjustments to financial items have been translated from foreign currency to SEK applying an average exchange rate for 2016 (according to the Swedish Riksbank).

In total, the adjustments have reduced net financial items by SEK 17.1 million. The increase in net financial items by SEK 6.4 million is anticipated to have a lasting effect based on the pro forma assumption that the share issue is not carried out. If the share issue had been included in the pro forma accounts, the net financial items and the lasting effect of this would have been affected positively due to changed loan terms and conditions for the revolving credit facility and thereby lower financial expenses. The reduction in net financial items by SEK 17.5 million regarding the bridge loan financing is assumed not to have a lasting effect since the financing is short-term and may be replaced by the new share issue and/or other new financing with terms and conditions different from the bridge loan financing. The reduction in the net financial items by SEK 6.0 million is not anticipated to have a lasting effect since this relates to write-downs of loan expenses related to refinanced loans in Facade.

10) Tax on the profit for the period related to acquisition analysis adjustments to total operating expenses has been calculated at SEK 5.8 million regarding Avanti and SEK 7.2 million regarding Facade. The tax has been calculated applying the average tax rates per category of asset between 20% and 23% for Avanti and between 25% and 30% for Facade.

Tax on the profits of the period regarding adjustment of net financial items has been calculated at SEK 6.9 million. Certain adjustments to net financial items have been deemed to be not taxable or not deductible for tax purposes and, for the remainder, tax rates of between 22% and 30% have been employed.

In total, the adjustments have reduced tax on the profit for the period by SEK 19.9 million.

**B.8** *Selected pro forma financial information, cont*

**Pro forma balance sheet in summary, the Group – 31 December 2016**

| MSEK | Alimak[1)] | Facade Access[2)] | Avanti[3)] | Pro forma-adjustments[4)] | Pro forma |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Intangible assets | 1,789.2 | 145.8 | 165.0 | 844.7 | 2,994.7 |
| Fixed assets | 258.7 | 106.4 | 34.0 | 0.0 | 399.1 |
| Financial and other fixed assets | 48.0 | 13.1 | 0.0 | 0.0 | 61.1 |
| **Total fixed assets** | **2,095.9** | **265.4** | **198.9** | **844.7** | **3,405.0** |
| Inventories | 394.6 | 260.1 | 148.7 | 0.0 | 803.4 |
| Accounts receivable | 408.8 | 214.1 | 252.9 | 0.0, | 875.9 |
| Other current receivables | 146.4 | 54.5 | 23.8 | 0.0 | 224.7 |
| Cash and bank | 230.6 | 49.9 | 50.1 | –9.5 | 321.1 |
| **Total current assets** | **1,180.4** | **578.7** | **475.5** | **–9.5** | **2,225.2** |
| **TOTAL ASSETS** | **13,276.3** | **844.1** | **674.4** | **853.3** | **5,630.1** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | **2,202.1** | **172.8** | **320.2** | **–508.6** | **2,186.4** |
| ***Long-term liabilities*** | | | | | |
| Interest-bearing liabilities | 446.5 | 220.1 | 24.6 | 509.1 | 1,200.3 |
| Other long-term liabilities | 128.5 | 63.1 | 3.2 | 169.2 | 363.9 |
| **Total long-term liabilities** | **575.0** | **283.1** | **27.8** | **678.3** | **1,564.2** |
| ***Current liabilities*** | | | | | |
| Interest-bearing liabilities | 78.7 | 74.9 | 165.6 | 665.6 | 984.8 |
| Accounts payable | 219.3 | 254.9 | 128.9 | 0.0 | 603.1 |
| Other current liabilities | 201.2 | 58.5 | 31.9 | 0.0 | 291.6 |
| **Total current liabilities** | **499.2** | **388.2** | **326.4** | **665.6** | **1,879.5** |
| **TOTAL EQUITY AND LIABILITIES** | **3,276.3** | **844.1** | **674.4** | **835.3** | **5,630.1** |

1) Based on financial information included in Alimak's unaudited press release of annual earnings for the 2016 financial year.
2) Based on unaudited internal financial reports for Facade for the 2016 calendar year. The balance sheet has been recalculated from AUD to SEK applying an AUD/SEK exchange rate of 6.569 as per 31 December 2016.
3) Based on unaudited internal financial reports for Avanti for the 2016 calendar and financial year. The balance sheet has been recalculated from EUR to SEK applying an EUR/SEK exchange rate of 9.567 as per 31 December 2016.
4) Specification of pro forma adjustments, SEK millions:

**B.8** *Selected pro forma financial information, cont*

| ASSETS | Total | A) | B) | C) | D) |
|---|---|---|---|---|---|
| Intangible assets | 844.7 | | | 844.7 | |
| Fixed assets | 0.0 | | | | |
| Financial and other fixed assets | 0.0 | | | | |
| **Total fixed assets** | **844.7** | **0.0** | **0.0** | **844.7** | **0.0** |
| Inventories | 0.0 | | | | |
| Accounts receivable | 0.0 | | | | |
| Other current receivables | 0.0 | | | | |
| Cash and bank | –9.5 | | 1,168.5 | –1,168.5 | –9.5 |
| **Total current assets** | **–9.5** | **0.0** | **1,168.5** | **–1,168.5** | **–9.5** |
| **TOTAL ASSETS** | **835.3** | **0.0** | **1,168.5** | **–323.8** | **–9.5** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | **–508.6** | | **–6.2** | **–493.0** | **–9.5** |
| ***Long-term liabilities*** | | | | | |
| Interest-bearing liabilities | 509.1 | | 509.1 | | |
| Other long-term liabilities | 169.2 | | | 168.2 | |
| **Total long-term liabilities** | **678.3** | **0.0** | **509.1** | **169.2** | **0.0** |
| ***Current liabilities*** | | | | | |
| Interest-bearing liabilities | 665.6 | | 665.6 | | |
| Accounts payable | 0.0 | | | | |
| Other current liabilities | 0.0 | | | | |
| **Total current liabilities** | **665.6** | **0.0** | **665.6** | **0.0** | **0.0** |
| **TOTAL EQUITY AND LIABILITIES** | **835.3** | **0.0** | **1,168.6** | **–323.8** | **–9.5** |

A) No differences in accounting principles that would affect the balance sheet have been identified.

B) The financing of the acquisitions of Facade and Avanti: short term bridge loan financing of the acquisition of the shares in Avanti, after deductions for loan expenses allocated to the correct period, amounts to SEK 665.6 million and long-term financing of the acquisition of the shares in Facade via the Revolving Credit Facility and a write-down of loan expenses related to existing financing in Facade in the amount of SEK 6.2 million amounts to SEK 509.1 million. The financing regarding the acquisition of Facade has been recalculated from AUD to SEK applying an exchange rate as per 31 December 2016 (according to the Swedish Riksbank).

C) Adjustments regarding acquisition elimination based on the calculated consideration for Facade and on the initial purchase price for Avanti according to the table below.

| | Facade | Avanti | Total |
|---|---|---|---|
| Consideration | 502.9 | 665.6 | 1168.5 |
| Book value of net assets | –172.8 | –320.2 | –493.0 |
| Reversal of earlier goodwill/intangible assets | 132.0 | 163.1 | 295.1 |
| Excess value to allocate | 462.2 | 508.5 | 970.7 |
| Trademarks | 151.1 | 129.2 | 280.2 |
| Customer contracts | 88.7 | 0.0 | 88.7 |
| Customer relations | 3.3 | 220.0 | 223.3 |
| Technology | 59.1 | 38.3 | 97.4 |
| Order book | 6.6 | 0.0 | 6.6 |
| Deferred tax liabilities | –82.1 | –87.1 | –169.2 |
| Goodwill | 235.5 | 208.1 | 443.7 |
| **Total** | **462.2** | **508.5** | **970.7** |

Adjustment of intangible assets in the table. The specification of pro forma adjustments above in the amount of SEK 844.74 million relates to Trademarks, Customer Contracts, Customer Relations, Technology, Order Book and Goodwill reduced for reversal of earlier goodwill/intangible assets according to table above.

D) The adjustment relates to estimated acqusition related costs 2017 of SEK 9.5 million, of which SEK 2.4 million is related to the acquisition of Avanti and SEK 7.1 million is related to the acquisition of Facade Access.

**B.9** *Profit forecast* — Not applicable. The Prospectus does not include a profit forecast or profit estimate.

**B.10** *Audit comments* — Not applicable. The auditor's statements does not contain any comments.

**B.11** *Insufficient working capital* — Not applicable. As of the date of this Prospectus, Alimak's opinion is that the existing operating capital is sufficient to cover the needs of the day-to-day operations over the upcoming 12-month period.

## SECTION C – SECURITIES

| | | |
|---|---|---|
| **C.1** | *Securities that are offered* | Shares in Alimak Group AB (publ), ISIN code: SE0007158910. |
| **C.2** | *Currency* | The shares are denominated in SEK. |
| **C.3** | *Number of issued shares* | As of the date of the Prospectus, there is a total of 43,326,289 shares in the Company, each with a quota value of SEK 0.02. All shares are fully paid. |
| **C.4** | *Rights associated with the shares* | At general meetings of shareholders, each share of the Company carries one vote. Each shareholder is entitled to vote for the full number of shares the shareholder holds in the Company. If the Company issues new shares, warrants or convertible debentures in a cash issue or a set-off issue (Sw. *kvittningsemission*), the holders of shares have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue. All shares in the Company carry equal rights to dividends and to any surplus in the event of liquidation. |
| **C.5** | *Restrictions on the free transferability of the shares* | Not applicable. The shares are not subject to any restrictions on the free transferability. |
| **C.6** | *Admission to trading* | The new shares will be subject to trading on Nasdaq Stockholm. |
| **C.7** | *Dividend policy* | It is the aim of the Company to pay a dividend to the shareholders of approximately 50% of its net profits for the relevant period. However, in conjunction with decisions regarding dividends, consideration must be given to the Company's financial position, cash flow, acquisition opportunities, strategic considerations and future prospects. |

## SECTION D – RISKS

| | | |
|---|---|---|
| **D.1** | *Main risks related to the issuer or the industry* | An investment in securities is associated with risk. Prior to any investment decision, it is important to carefully analyze the risk factors considered to be of importance in relation to the Company and the future performance of the shares. Set out below is a summary of the key risks specific to the industry and Group's business.<br>– The Group's business is subject to risks associated with weak or unstable global economic and financial market conditions and the cyclical nature of certain of the Group's end markets<br>– Strong competition, changes in competitive landscape or oversupply in the markets in which the Group operates could reduce the Group's sales or market share, or put pressure on its sales prices<br>– The Group's strategy to increase market share in mature and emerging markets by focusing on mid-market products may fail or not produce the desired results<br>– The Group's strategic efforts within its After Sales business area may prove unsuccessful, in part due to the Group's inability to penetrate a larger share of its installed base or competition from other parties<br>– Any production disruptions or damages to the Group's production facilities could harm the Group's ability to effectively operate its business, increase its expenses and harm its reputation<br>– The Group is subject to risks associated with increases in the prices of certain production components, including steel based parts, drive units, electronics and cables<br>– The Group may be adversely affected by its suppliers being unable to deliver certain components as agreed or delivering certain components of inferior quality, facing financial, legal or operational problems or increasing prices<br>– The Group's products are sold directly and through third-party distributors and the failure to maintain relationships with its existing distributors, attract additional distributors or effectively manage its distributors could have a material adverse effect on the Group's business, financial condition and results of operations |

| | | |
|---|---|---|
| **D.1** | *Main risks related to the issuer or the industry, cont* | – The Group is subject to credit risks arising from its dealings with customers, especially within its Construction Equipment business area, or financial counterparties, with which the Group has invested cash, short-term bank investments or contracted financial instruments<br>– The Group's products expose it to potential claims if the products or their use cause or result in damages, which could harm its reputation and could have a material adverse effect on its business, financial condition and results of operations<br>– The Group is subject to risks associated with litigations that may prove time consuming, disrupt normal operations and result in significant costs, which could have a material adverse effect on its business, financial condition and results of operations<br>– The Group's licenses, permits, authorizations or third-party certifications may be suspended, amended, terminated or revoked prior to their expiration, and the Group may be unable to obtain or maintain various other permits or authorizations<br>– The Group is exposed to fluctuations in foreign exchange rates partly when sales and purchases in foreign subsidiaries are conducted in different currencies, and partly when income statements and balance sheets are translated into SEK<br>– The Group is exposed to risks related to the legal system in China as well as political and economic policies of the Chinese government |
| **D.3** | *Main risks related to the securities* | Set out below are the key risks relating to the Share and the rights issue.<br>– The share price can be volatile and share price development is dependent on a number of factors, some of which are company-specific while others are tied to the stock market as a whole<br>– Major shareholders' substantial sales of shares, during the subsricption period or after the rights issue, may affect the share price adversely<br>– There is a risk that an active market for the trading of subscription rights and paid subscribed shares will not develop or that sufficient liquidity will not be available<br>– Shareholders who do not participate in the rights issue will experience dilution and further issues can also result in dilution and affect the share price<br>– The Company's ability to pay potential dividends in the future is dependent on several factors, including restrictions pursuant to Swedish legislation and the Company's financial position, cash flow, working capital requirement, acquisition ability and future prospects<br>– If the declarations of intent to subscribe for shares in the rights issue that has been given by shareholders that, as at 30 December 2016[1)], controlled approximately 60% of the shares , it may adversely affect the rights issue<br>1) With thereafter known changes. |

## SECTION E – OFFERING

| | | |
|---|---|---|
| **E.1** | *New issue amount and costs* | If the new issue is fully subscribed for, the gross proceeds from the share issue will amount to approximately SEK 791 million. The Company's costs associated with the share issue are expected to amount to SEK 15 million. |
| **E.2a** | *Motive and use of proceeds* | Alimak made public the acquisitions of Facade Access and Avanti on 28 October 2016 and 5 December 2016, respectively.<br>The acquisitions of Facade Access and Avanti are in line with Alimak's long-term strategy to strengthen its market position through acquisitions in selected niche areas and to strengthen its position in the Industrial Equipment business area. Facade Access is a strong strategic complement which strengthens and expands Alimak's product portfolio in an adjoining niche with good underlying growth – vertical solutions for building facade maintenance. Facade Access also brings the Company new technology in the form of hydraulics-based elevator systems. Avanti is broadening and diversifying the Company's product portfolio in renewable energy in the growing niche market for vertical access solutions for wind power. |

**E.2a** *Motive and use of proceeds, cont*

The enterprise value for Facade Access was AUD 120 million (approximately SEK 833 million[1)] and the acquisition was financed through an increase in Alimak's existing credit facilities. The enterprise value for Avanti was EUR 91 million (approximately SEK 860 million[2)] and was financed through a bridge loan arranged by Alimak's current bank.

As a part of the financing of the acquisition of Avanti, the board of directors resolved on 8 March 2017, pursuant to authorization from the extraordinary general meeting held on 23 January 2017, to increase the Company's share capital through a new issue of shares with preferential rights for Alimak's shareholders. Proceeds from the new share issue are intended to be used to repay the bridge loan taken out in conjunction with the acquisition of Avanti.

2) Based on an AUD/SEK exchange rate of 6.9404 on 28 February 2017.
3) Based on an EUR/SEK exchange rate of 9.4568 on 30 January 2017.

**E.3** *Forms and conditions*

**Terms and conditions**
On 8 March 2017, the board of directors of Alimak resolved, pursuant to authorization by the extraordinary general meeting held on 23 January 2017, to increase the Company's share capital through a new issue of shares with preferential rights for Alimak's shareholders.

The issue resolution entails that Alimak's share capital will be increased by not more than SEK 216,631.44 through the issuance of not more than 10,831,572 new shares. The Company's shareholders have preferential rights to subscribe for the new shares in proportion to the number of shares they previously owned.

The new shares are issued at a price of SEK 73 per new share. No commission will be charged.

Any persons registered on the record date as shareholders of Alimak may subscribe for one (1) new shares for each four (4) existing shares in Alimak. Any shares not subscribed for upon exercise of preferential rights shall be allotted to shareholders and other investors who subscribe for shares without preferential rights. Such allotment shall firstly be made to those parties who also subscribed for shares upon exercise of subscription rights. At a transfer of subscription rights, the preferential right is transferred to the new holder of the subscription right.

**Important dates**
The record date at Euroclear Sweden AB for determining who is entitled to receive subscription rights in the rights issue is 15 March 2017. Application for subscription of new shares through exercise of subscription rights should be made by simultaneous cash payment during the period from and including 17 March 2017 up to and including 31 March 2017 at 5.00 p.m. CET. After 31 March 2017, unexercised subscription rights will be void and without value. Subscription rights will be traded on Nasdaq Stockholm during the period from and including 17 March 2017 up to and including 29 March 2017. Trading in BTAs is expected to take place on Nasdaq Stockholm during the period from and including 17 March 2017 up to and including 5 April 2017.

**E.4** *Interests of significance to the offer*

The Company's financial adviser in conjunction with the new share issue is Handelsbanken. Handelsbanken (and companies closely associated with Handelsbanken) have provided, and may provide in the future, various banking, financial, investment, commercial and other services to the Company for which Handelsbanken has received, and may receive, remuneration. Handelsbanken is also a lender and/or broker of loans granted to the Company.

**E.5** *Selling shareholders and lock-up agreements*

Not applicable. The Company only issues new shares.

**E.6** *Dilution effect*

Shareholders who elect not to participate in the new share issue will have their ownership share diluted by up to 20%, but will have the opportunity to obtain economic compensation for the dilution effect by selling their subscription rights.

**E.7** *Costs passed to investors*

Not applicable. The Company will not impose any charges or taxes on investors.

# Risk factors

An investment in shares is associated with risk. Prior to an investment decision, it is important to carefully analyse the risk factors considered to be of importance to the Group and the future performance of the share. The risks considered to be of importance to the Group are described below, in no particular order. There are risks both regarding circumstances attributable to the Group and/or the industry and those that are of a more general nature as well as risks associated with the shares and the rights issue.

Some risks lie beyond the Group's control. The description below does not purport to be complete and, naturally, all risk factors cannot be predicted or described in detail. Thus, an overall assessment must also include the other information in the Prospectus, as well as a general assessment of extraneous factors. The below risks and uncertainty factors may have a material adverse effect on the Group's operations, financial position and/or results. They may also cause the shares in the Company to decrease in value, which may result in the Company's shareholders losing all or part of their invested capital. Additional factors of which the Company is currently unaware, or which currently are not deemed to be risks, may also have corresponding negative effects.

The Prospectus furthermore contains forward-looking statements, which involve risks and uncertainties. The actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks described below.

## RISKS RELATING TO THE GROUP'S BUSINESS

### The Group's business is subject to risks associated with weak or unstable global economic and financial market conditions and the cyclical nature of certain of the Group's end markets.

The general economic conditions and global financial markets affect the businesses of the Group's end customers in many ways, which, in turn, affect the demand for the Group's products. As the typical industrial order backlog period[1)] in industrial elevator orders ranges between approximately six to twelve months, the large part of the effects to the Group's result from a potential economic and financial crisis in the world economy generally shows a certain time after they have occurred.

The Group is dependent on customer demand within the end markets in which the Group's products are ultimately used, for example, the construction, oil and gas, ports and shipyards, power and cement industries. Fluctuations in order intake for industrial and construction products as well as rental services and the demand for the Group's After Sales service offerings, particularly replacements and refurbishments, reflect the capital investment decisions of the Group's customers and the level of utilization of the Group's equipment, which depend to a great extent on the level of economic activity in the various industries and the overall economic and financial condition of the end markets in which the Group's customers operate. As a result of this cyclical pattern, the Group has experienced, and may experience in the future, significant fluctuations in the demand for its products and consequent fluctuations in its sales and profitability, as the Group's fixed cost base, in particular its personnel cost and manufacturing capacity, cannot be fully adjusted to fluctuations on the demand side.

The Industrial Equipment business area's market is project-oriented, where projects are often linked to investments in, for example, production facilities or platforms. Demand for the Group's industrial products is therefore sensitive to actual or anticipated economic conditions and the associated levels of investment within the Industrial Equipment business area's end markets. In the oil and gas industry, which historically has been cyclical, demand for, and potentially sales prices, of the Group's products and services are affected by the prices for oil and gas, which have experienced high volatility in recent years. The last years' volatile and decreasing oil prices has resulted in a significant decrease in planned investments and expenditures in the oil and gas industry. Oil and gas prices are unpredictable, highly volatile and sensitive to a variety of factors, including economic and political conditions. Declines or volatility in oil and gas prices for an extended period of time, or market expectations of potential decreases or volatility in these prices, could have a negative impact on exploration, development and production activity and result in lower expenditures by the oil and gas industry, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Construction Equipment and Rental business areas serve the construction industry, which is strongly affected by the general economic climate and investment levels, which, in turn, can be affected by a number of factors, including interest rates, deflation, political uncertainty, taxation, unemployment, GDP growth and other factors

1) Order backlog is defined as Group's confirmed existing customer orders until their execution and recognition of revenue.

that influence economic confidence. The conditions for the construction industry can be difficult to predict and a slowdown or a downturn within the construction industry could result in a decrease in demand for and sales prices of the Group's products and rental services.

While the demand for the Group's services in the After Sales business area is generally less cyclical than the demand for the Group's product sales and rental offerings, it correlates with equipment utilization levels, which are typically lower in periods of slower economic activity.

The penetration of the Group's After Sales services is higher within industrial than within construction equipment. In addition, rental companies, which along with distributors, represent the Group's largest customer segments in the Construction Equipment business area, often service their own fleets of equipment. During downward economic cycles, this means that they sometimes use their existing fleet for spare parts, utilizing parts of their inactive equipment for their equipment units in operation. In the past, such underinvestment has had a certain adverse impact on the Group's growth and profits from its After Sales business area during global economic and financial downturns. Any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

Overall, uncertain, weak or deteriorating global economic and financial market conditions, the cyclical nature of the Group's business as well as the increasing unpredictability of the business cycles of certain of the Group's end markets could have a material adverse effect on the Group's business, financial condition and results of operations.

### Strong competition, changes in competitive landscape or oversupply in the markets in which the Group operates could reduce the Group's sales or market share, or put pressure on its sales prices.

The Group faces direct competition across all product lines, price ranges and geographic markets. The Group, inter alia, competes on the basis of durability, safety, quality and price of its products, total ownership costs, brand name recognition, customer service, on-time delivery and its product lines. The Group's competitiveness is dependent on introducing new products with enhanced functionality and quality, while simultaneously reducing the production costs and prices of new and existing products. The Group may not be able to lower its production costs or offer its new or existing products at attractive prices compared to its competitors and, therefore, may potentially not be able to successfully compete.

The Group primarily competes with regional and local competitors in all of its business areas. The Group's local competitors may have the advantage of being more familiar with political or economic influences on the local markets as well as being more familiar to suppliers and end customers. Some of the Group's competitors may also have greater financial resources and the ability to provide customer financing or pricing discounts, which may put the Group at a competitive disadvantage. Some of the Group's competitors are also actively seeking to expand the scale of their operations on the global level. The Group's competitors may also enter into emerging markets, particularly China. In addition, any consolidation among the Group's competitors could enhance their product offerings, geographical reach and financial resources, thus further strengthening their competitive position. Industry consolidation could lead to declining demand for and sales prices of the Group's products and services. Any changes in the Group's competitors' structure, emergence of new competitors on the market for vertical access solutions presently unknown to the Group or strengthening in the positions of its known existing competitors may place additional competitive pressure on the Group, resulting in decreases in the Group's sales, market share and sales prices.

Furthermore, the supply in the markets in which the Group operates is driven by its own manufacturing capacity and that of its competitors. Typically, capacity is added in periods when current or expected future demand is strong and margins are, or are expected to be, attractive. Additional supply from new capacity by the Group and/or its competitors at times where there is insufficient demand to support such supply results in overcapacity, thereby leading to reduction in demand for and sales prices of the Group's products, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's failure to maintain a competitive position with respect to durability, safety, quality and price of its products, total ownership costs, brand name recognition, customer service, on-time delivery and breadth of its product lines, or the Group's failure to adapt to changing market conditions or otherwise successfully compete against its competitors, could have a material adverse effect on the Group's business, financial condition and results of operations.

### The Group's strategy to increase market share in mature and emerging markets by focusing on mid-market products may fail or not produce the desired results.

The Group addresses both emerging and mature markets and intends to further strengthen its global presence, with a specific focus on emerging markets, by broadening its mid-market product offerings in construction- and industry applications. However, as the markets in general, and the economic environment in the emerging markets, in particular, are subject to periods of volatility, the market for mid-market products could not develop at all or develop more slowly than the Group expects at a given time.

Numerous factors, including volatility in GDP, inflation, exchange rates and interest rates, may negatively affect the mature and emerging markets and lead to a decrease in the level of activity.

A slowdown or stagnant growth in construction, whether actual or perceived, a decrease in economic growth rates or an otherwise uncertain economic outlook in mature or emerging markets, could undermine the demand for the Group's mid-market products and have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, in the mid-market segment, the Group faces strong competition from regional and local players, particularly in emerging markets. The Group believes that, while safety and reliability often represent the basic customer requirements in the construction industry within emerging markets, price and brand often become the key differentiating factors for providers of mid-market products. If the Group is unable to offer its mid-market products at an attractive combination of price and quality compared to its competitors and/or if the Group is unable to control its production costs, it may not be able to successfully compete in the mid-market segment.

Should the Group's strategy of increasing its market share in mature and emerging markets by focusing on mid-market products not be successful or not as successful as the Group intends, any investments that it has made, which may be substantial, might not result in the desired growth in revenue, which could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group's strategic efforts within its After Sales business area may prove unsuccessful, due to the Group's inability to penetrate a larger share of its installed base or competition from other parties.**

The After Sales business area comprises, among other things, the supply of spare parts and provision of After Sales services, such as inspections, maintenance, refurbishment and repair services. In the After Sales market, the Group typically competes with regional and local third-party dealers and service providers. While the Group believes that its installed base[1)] provides potential to further increase its global service market share, its efforts to penetrate a larger share of the installed base may prove ineffective.

Within the After Sales business area, the Group faces direct competition from local and regional providers of After Sales services and spare parts for rack-and-pinion and traction equipment. The success of the Group's After Sales business area depends not only on how effectively and adequately the Group is protecting its brand names and technical expertise, but also on its ability to serve its customers more efficiently and timely than its competitors. Furthermore, third-party dealers may compete with the Group by supplying unauthorized reproductions of the Group's spare parts. If the services provided by third-party dealers or unauthorized reproductions of spare parts are defective or of lower quality than the Group's services and spare parts, such services or spare parts may have a negative impact on the performance of the Group's industrial or construction equipment, which in turn, may have a negative impact on the Group's reputation and could result in lost revenue opportunities.

Any reasons mentioned above could undermine the success of the Group's strategic efforts within its After Sales business area and have a material adverse effect on the Group's reputation, as well as its business, financial condition and results of operations.

**The Group depends on its ability to adapt to market demands and develop new products and services.**

The Group's long-term success, among other things, depends on its ability to adapt to evolving industry requirements and introduce attractive new products and services while maintaining competitive pricing within its respective product categories. In order to remain competitive, the Group must anticipate future customer needs and develop products and services required and accepted by its customers. As part of its strategic focus, the Group emphasizes product redesign and new product development. However, the Group's research and development efforts may not be successful or may not yield the anticipated level of economic benefit. Product development requires significant investment in human resources and capital well in advance of any resulting sales, and technologies and standards can change during development, potentially rendering products outdated or uncompetitive before their introduction and, thus, result in partial or total loss of the Group's investment.

Moreover, even if the Group's research and development efforts are successful, its product development efforts might not translate into sales of new products to customers, either because they do not meet customer needs or because they are not introduced in a timely manner. Failure to develop or delays in the development of commercially successful products meeting market requirements and expectations for technological innovation could have a material adverse effect on the Group's business, financial condition and results of operations.

**Any production disruptions or damages to the Group's production facilities could harm the Group's ability to effectively operate its business, increase its expenses and harm its reputation.**

After the acquisitions of Facade Access and Avanti, the Group has in total twelve production sites, located in Sweden, China, Brasil, USA, Spain, Germany, the Netherlands and Denmark. Stoppages or disruptions in the production process at any of the sites caused, for example, by fire, mechanical breakdowns, technology disruptions, weather conditions, natural disasters, labor disputes or terrorist activities, may have adverse effects in the form of direct damages to property as well as interruptions that undermine the Group's ability to fulfil its obligations towards its customers.

The Group's customers are often dependent on planned deliveries from the Group in connection with larger projects and may be required to delay or reschedule their construction and production activities due to delivery delays by the Group. This, in turn, may cause the customers to choose alternative suppliers or pursue financial claims against the Group. While the Group's contracts typically provide for liquidated damages in the event that it is unable to perform and deliver in accordance with the contractual specifications and schedule, the Group's customers may be able to pursue additional claims against the Group. Accordingly, such disruptions or

1) Installed base is the Group's own industrial and construction equipment, installed by the Group or a third-party, calculated on the basis of the Group's available sales and installation records and based on the estimated life cycle of 25–30 years for industrial elevators and 25 years for construction equipment.

damages could have a material adverse effect on the Group's reputation, as well as its business, financial condition and results of operations.

**The Group is subject to risks associated with increases in the prices of certain production components, including steel based parts, drive units, electronics and cables.**

Volatility in the prices of steel based parts, drive units, electronics and cables may affect the production and manufacturing costs of the Group, which the Group may not be able to pass on to its customers. At certain price levels of components, the continued production of certain products may become unprofitable, or the price of the Group's products may not be sufficiently attractive to its customers. The Group is particularly dependent on the prices of steel based components. Prices of raw materials required for manufacturing of parts and components, such as steel prices, have a significant impact on the respective component prices. The steel industry is highly cyclical in nature, and steel prices have been volatile in recent years and may remain volatile in the future. The significance and relative impact of many other factors affecting the prices of parts and components are difficult to predict or quantify. The Group's production component costs also vary depending on the capacity utilization rates of the Group's suppliers, quantities demanded from the suppliers, product technology and product specifications. As a result, the Group's costs of materials can vary significantly in the short term and, in cases of supply shortages, can quickly and significantly increase.

The Group aims to minimize the impact of raw material price volatility by way of including price adjustment mechanisms in its contracts with suppliers and customers. Although the Group seeks to pass on cost increases through regular sales price reviews and adjustments and has generally shown a good ability to adapt to changes in input prices, the Group has not always been able to successfully pass on cost increases in the past and there are no guarantees that such on-passing of cost increases will be possible in the future. Any significant price increases that the Group cannot fully pass on could have a material adverse effect on the Group's profitability. In addition, during periods of declining input prices, customer demand may also require that the Group sells its products at lower prices, in spite of the fact that it may use existing inventories that were purchased at higher prices, thereby, in the short term, negatively impacting the Group's profitability.

Volatility in the cost of components and the Group's limited ability to pass on such increases to suppliers and customers could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group may be adversely affected by its suppliers being unable to deliver certain components as agreed or delivering certain components of inferior quality, facing financial, legal or operational problems or increasing prices.**

The Group's products consist of components from several different suppliers and their production is highly dependent upon reliable and sufficient sources of high quality parts and components, including steel based components, drive units, electronics and cables. To be in a position to manufacture, sell and deliver quality products, the Group is dependent upon deliveries from its suppliers in accordance with agreed requirements relating to, for example, quantity, quality and delivery times. The Group may be affected by its suppliers facing financial, legal or operational problems, increasing prices, being unable to make deliveries as agreed, or delivering products that have not been properly tested and/or have quality issues. Unsatisfactory deliveries by suppliers can cause delays or defaults in the Group's own deliveries, which could result in reduced sales. If the Group needs to source products from another supplier, it may cause transitional problems and require re-testing and quality control. In addition, instances may arise where the Group may lack enforcement mechanisms against a supplier in the event of a dispute, even if the Group wins the dispute in a court. All of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

**Failure to successfully implement cost reduction initiatives, structural measures and reorganization projects in a timely and economical manner could have a material adverse effect on the Group's business, financial condition and results of operations.**

The Group continuously evaluates, and from time to time implements, various cost reduction initiatives, structural measures and reorganization projects to strengthen its position and competitiveness. Going forward, the Group may decide to further rationalize its operations and divisions or alter its sales, manufacturing or distribution structures.

The Group could experience difficulties or disruptions in the implementation of any such changes, and there can be no guarantee that the Group will be able to implement these initiatives successfully. Moreover, there can be no guarantee that the Group's structural measures and reorganization projects will achieve their intended objectives or will not have inadvertent negative consequences for the Group's business. The realization of any of these risks could have a material adverse effect on the Group's business, financial condition and results of operations.

**Damage to the Group's reputation may result in lower customer demand or loss of business and growth opportunities.**

One important competitive strength of the Group is its brand, which is associated with safety, reliability and quality. The Group's reputation is particularly important in relation to its new and existing customers and distributors. Accordingly, any real or perceived operational or logistics problems, issues related to safety, reliability or quality of the Group's products or any loss of a wellknown customer may result in the Group's reputation being damaged. Damages to the Group's reputation may result in difficulties in retaining existing or attracting new customers and distributors, lower customer demand and/or loss of business or growth opportunities for the Group. Any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group's products are sold directly and through third-party distributors and the failure to maintain relationships with its existing distributors, attract additional distributors or effectively manage its distributors could have a material adverse effect on the Group's business, financial condition and results of operations.**

The Group currently sells its products through more than 100 third-party distributors. Going forward, as part of the Group's growth strategy, it aims to increase the use of third-party distributors, especially in emerging markets. Many of the Group's distributors also provide After Sales services to the Group's customers. The Group typically enters into distribution agreements with varying duration, which may be terminated within an agreed upon timespan given prior written notice. As its existing agreements expire, the Group may be unable to renew these agreements on favourable terms or at all.

Competition for distributors is intense, as the Group must compete for distributors with other major construction and industrial vertical access solutions manufacturers, especially in China and other emerging markets. Such competitors, especially those located in China, may have greater brand recognition, stronger local connections, superior financial resources and a broader product offering than the Group, providing them with a competitive advantage in finding distributors. The Group's competitors may also enter into long-term and/or exclusive agreements that effectively prevent their distributors from selling the Group's products. Furthermore, while the Group's typical distribution agreements expressly exclude post-termination compensation, pursuant to certain national legislation, distributors may bring claims for post-termination compensation, which may result in additional expenses for the Group. Consequently, engaging new distributors, maintaining relationships with existing distributors and replacing distributors can be difficult, time-consuming and disruptive to the Group's operations. In addition, recruiting and retaining qualified third-party distributors and training them in the Group's technology and product offerings requires significant time and resources.

The Group has limited ability to manage and control the activities of its distributors. The Group is unable to ensure that its distributors comply with all applicable laws regarding the sale and service of the Group's products. The Group's distributors could take certain actions that could potentially have a material adverse effect on the Group's reputation and business. Generally, the Group's distributors are appointed as the selected distributors within a defined territory, however, this does not restrict the Group from selling its products directly to customers within that territory. Moreover, most of the Group's distribution agreements include exclusivity provisions. However, the Group's distributors, not barred by the exclusivity provisions or in violation of such provisions, could sell products that compete with the Group's products, focusing only on the sales of those products that provide them with higher margins or commissions. The distributors could also sell the Group's products outside their designated territory, fail to adequately promote the Group's products, fail to provide proper training and After Sales services to the Group's customers or conduct their business in violation of the relevant laws or regulations in their respective jurisdictions, among others.

Any of the above could have a material adverse effect on the Group's reputation, as well as its business, financial condition and results of operations.

**The Group is subject to credit risks arising from its dealings with customers or financial counterparties.**

Credit risk is the risk that the Group's customers may be unable to fulfil their payment obligations. This risk accounts for the main part of the Group's counterparty risk. The Group's customer payment terms vary by business area and geography, with certain agreements requiring advance payments prior to the project execution. The Group believes that many of its customers are reliant on liquidity from the global credit markets and, in some cases, require external financing to fund their operations. Specifically, rental and construction companies, which represent the largest end customer base for the Group's Construction Equipment business area, rely heavily on the availability of third-party funding for their operations. Consequently, a lack of market liquidity may adversely impact customers' ability to make payments under the existing contracts with the Group and result in a decrease or cancellation of orders for the Group's products and services. Financial credit risk arises from the Group's exposure to default of counterparties with which the Group has invested cash, short-term bank investments or contracted financial instruments. If the Group's measures to minimize financial and credit risks are not sufficient, it could have a material adverse effect on the Group's business, financial condition and results of operations.

### Failure to maintain inventory levels in line with the approximate level of demand for its products could cause the Group to lose sales or face excess inventory risks and holding costs.

While the Group is involved in a number of complex industrial projects, where orders are usually signed well in advance of the actual production phase, within the Construction Equipment and Rental business areas the Group maintains a certain level of finished goods inventory for some of its products to allow immediate delivery when required in order to meet customers' demands and expectations. Furthermore, to secure stable production of construction and industrial equipment, the Group maintains a certain level of inventory of parts and components for manufacturing. However, order and production forecasts are inherently uncertain. If the Group's forecasted demand is lower than actual demand, there is a risk that the Group may not be able to maintain an adequate inventory level of its products or to manufacture the products in a timely manner. This may lead to loss in sales and market share to the Group's competitors. Alternatively, the Group may also be exposed to increased inventory risks due to excess inventory of its products, parts or components. Excess inventory levels may increase the inventory holding costs and risks of inventory obsolescence, markdown allowances or write-offs. Failure to accurately forecast its sales and manufacturing component needs could have a material adverse effect on the Group's business, financial condition and results of operations.

### The Group is subject to product liability exposure, which could harm its reputation and could have a material adverse effect on its business, financial condition and results of operations.

The Group is exposed to potential claims if the products fail to perform as expected, are proven to be defective or if the use of the products causes, results in, or is alleged to have caused or resulted in, personal injury, project delays or damages or other adverse effects. Product liability claims, whether relating to personal injury or project delays or damages, could prove costly and time-consuming to defend and could potentially harm the Group's reputation. Moreover, product liability claims, if successful, could lead to the Group being required to pay substantial damages. While the Group currently maintains product liability insurance to cover potential product liability arising from the use of its products, the insurance coverage may prove insufficient in individual cases. Furthermore, certain product liability claims may result from defects in parts and/or components purchased from third-party suppliers. Such third-party suppliers may not indemnify the Group for defects in such parts and/or components or may only provide limited indemnification that is insufficient to cover the damages resulting from the product liability claim. A product liability claim, with or without merit, may result in significant negative publicity and thus have a material adverse effect on the Group's reputation, as well as its business, financial condition and results of operations.

Furthermore, a material design, manufacturing or quality related failure or defect in the Group's products or other safety issues or concerns related thereto could require a product recall or a voluntary exchange of products or components by the Group.

If the authorities in the jurisdictions in which the Group operates decide that the Group's products fail to conform to applicable quality and safety requirements and standards, including the performance standards for certain products, the Group could be subject to regulatory actions and even lose its business license. Criminal liability can be triggered by violations of the general obligation to offer safe products or can arise as a consequence from significant damage caused to the users of any defective products. Any such regulatory action could have a material adverse effect on the Group's reputation, as well as its business, financial condition and results of operations.

### If the Group experiences a significant number of warranty claims, its costs may increase substantially, and its reputation and brands could suffer.

Typically, the Group sells its products with warranty terms covering a period of 12 to 24 months after the date of equipment delivery or as otherwise contractually specified. The Group's product warranty typically requires it to provide After Sales services that cover parts and labor for non-maintenance repairs, excluding cases where the repairs are required due to operator abuse, improper use or negligence and are not attributable to normal wear and tear. Repair and replacement of certain parts and components of the Group's products are not covered by the Group but are covered by the manufacturers of such parts and components. However, in the event that such third-party suppliers refuse to perform their warranty obligations or to indemnify the Group for providing warranty services to customers to repair such parts and components, the Group may incur additional warranty costs or incurred costs may not be recovered.

Furthermore, through a series of guarantee arrangements and upon request, the Group also offers its customers performance and warranty bonds to guarantee that the Group will fulfill its obligations under the contract or solve warranty issues during the specified warranty period. The typical duration of a performance bond is approximately 12 months from the start of performance, while the typical duration of warranty bonds may range from 12 to 24 months from the product's delivery to the customer. However, the duration of performance and warranty bonds varies between business areas and projects. If the Group is unable to perform or solve the warranty issue, the bonds typically provide the owner of the project with a remedy through the respective bank acting as surety.

If the Group experiences an increase in warranty claims or if its repair and replacement costs associated with warranty claims increase significantly, it may damage the Group's reputation and increase the Group's warranty expenses. Moreover, if its customers increasingly draw on their performance and warranty bonds, the Group's fixed costs associated with its performance or warranty bond arrangements with the banks may increase, which could have a material adverse effect on the Group's reputation, as well as its business, financial condition and results of operations.

### The production sites and other facilities that the Group operates can be inherently dangerous workplaces, and if the Group fails to maintain a safe work environment, it could be exposed to significant financial losses as well as civil and criminal liability.

In the Group's daily operations, its employees and others are often placed in close proximity to large pieces of mechanized equipment, moving vehicles, manufacturing or industrial processes and regulated materials. The Group is responsible for safety on its sites and, accordingly, must implement adequate safety procedures. If it fails to implement such procedures or if the procedures the Group implements are ineffective, its employees and/or others may become injured, or its sites may experience downtime, which could prevent the Group's operations from being carried out normally, as well as subject the Group, including its management, to civil and criminal liabilities. Unsafe work sites may also lead to and increased employee turnover, increased costs of equipment and increased operating costs for the Group. In addition, operation of the Group's facilities can involve handling of hazardous and other regulated materials, which, if improperly handled or disposed of, could also subject the Group to civil and criminal liabilities.

The equipment manufactured by the Group, if not handled correctly, can potentially be dangerous. As part of its After Sales services, the Group offers its customers comprehensive product training programs aimed at people who work with, use or maintain the equipment. If the Group fails to provide an appropriate training program or the training program provided proves to be insufficient or ineffective, the Group's customers may be injured. As a result, the Group may be subject to civil and criminal liabilities, could lose business opportunities due to customer dissatisfaction and lose its reputation. Any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

### The Group relies on its IT systems and any disruption in such systems or the Group's failure to adapt to technological developments could harm the Group's business, increase its expenses and damage its reputation.

The Group relies on standardized IT systems and networks to support its business operations, as well as internal and external communications. The Group is particularly dependent on its IT systems to purchase, sell and deliver products and invoice its customers, as well as for accounting, financial reporting and inventory management. Significant problems with its IT infrastructure, as a consequence of, for example, upgrades of existing IT systems, electricity shortages, computer viruses, network problems, or deficiencies that materialize in the function of its IT systems, could halt or delay manufacturing and hinder the Group's ability to ship products in a timely manner or otherwise routinely conduct its business. Any of these events could result in the loss of customers, a decrease in revenue or the incurrence of significant costs to resolve the problem or failure, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Moreover, to remain competitive, the Group must continue to develop and enhance its IT systems and keep pace with new IT developments, while at the same time maintaining the reliability of its operations, products and services. The Group may be required to invest substantial financial, operational and technical resources in the development of new software or other technology, the acquisition of equipment and software or upgrades to its existing systems and infrastructure. The Group may not be able to anticipate such developments or have the resources to acquire, develop, implement or utilize, in a cost-effective manner, IT and communications systems that provide the capabilities necessary for the Group to compete effectively, which could have a material adverse effect on the Group's reputation, as well as its business, financial condition and results of operations.

### The Group engages in acquisitions and investments and may encounter difficulties in successfully identifying and making strategic acquisitions, integrating them into its existing business operations and establishing and maintaining strategic relationships.

As part of its growth strategy, the Group has made strategic acquisitions, e.g. the acquisitions of Facade Access and Avanti in 2016, and expects to make such strategic acquisitions in the future should attractive opportunities arise. The Group's acquisition strategy is focused on a few key drivers, including selectively broadening its existing portfolio of products and services, accelerating its footprint in emerging markets and positioning the Group for entry into profitable adjacent niches of vertical access solutions, particularly in industrial applications. In addition to engaging in strategic acquisitions, the Group may also make investments in joint ventures and establish and maintain strategic relationships with third parties. There can be no guarantee that the Group will be able to find suitable acquisition or investment targets, or that the Group will be able to obtain the necessary financing for future acquisition targets on acceptable terms. In addition, strategic acquisitions, investments and relationships with third parties could subject the Group to a number of risks, including disputes and disagreements with joint venture or strategic relationship partners.

Acquisitions are subject to risk. In addition to company-specific risks, there can be no assurances that any acquisitions the Group has already made or which it might enter into in the future will be integrated or implemented successfully or will achieve the desired or expected benefits and financial objectives. The Group's efforts to integrate the operations of any acquired business with its existing operations and its ability to execute integration plans for an acquired business may be affected, and in some cases even limited, by applicable laws and regulations. Successful integration of acquired businesses depends in part on the Group's ability to manage the combined operations, to realize opportunities for revenue growth presented by broader product offerings and expanded geographic coverage and to eliminate redundant and excessive costs. Furthermore, the integration of acquired businesses into the Group's operations involves a number of other risks, including, but not limited to: demands on management and diversion of its attention; unforeseen or hidden liabilities, including exposure to unforeseen lawsuits or disputes associated with newly acquired companies or businesses; management of employee relations; and increases in regulatory compliance costs relating to the acquired businesses. There is also a risk that integration processes may prove more costly or more time-consuming than estimated. Moreover, even in cases in which such transactions are completed on schedule and according to plan, the synergies actually resulting from an acquisition or the benefits actually derived from a cooperation can ultimately differ materially from the Group's estimates or expectations. Any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

### The Group may be subject to liabilities and costs associated with its intellectual property.

The Group uses a combination of trademarks, patents, licenses and other measures to protect its intellectual property. While the Group is not reliant on any major patents or licenses for its operations, the Group believes that its trademarks, particularly Alimak, Hek, Heis-Tek, Champion, Avanti, Manntech and CoxGomyl play an important role in the marketing of the Group's products and maintaining its competitive advantage. The Group has a portfolio of trademarks worldwide, but does not enjoy the same level of protection in all countries. Accordingly, there can be no guarantee that the Group will receive trademark or similar legal protection in respect of their important trademarks in all relevant jurisdictions. There is a risk that the laws of certain foreign countries in which the Group is active may not adequately protect the Group's intellectual property rights. For example, the validity, enforceability and scope of protection of intellectual property rights in China are uncertain and still evolving, and the Group may be subject to substantial risks in that respect. The steps the Group has taken or will take to protect its intellectual property may not provide adequate protection, and third-parties may infringe the Group's intellectual property, and it may not have adequate resources to enforce its intellectual property.

In addition, the existence of intellectual property rights does not guarantee that the manufacturing, sale or use of the Group's products do not infringe upon the intellectual property rights of others. The Group may initiate lawsuits in order to defend its intellectual property rights, or the Group may be subject to litigation brought by third parties based on claims that it has infringed upon their intellectual property rights, either of which scenarios will be time-consuming and costly to defend. The Group cannot guarantee that it can achieve a favourable outcome in any such litigation. The Group's intellectual property rights may not be upheld if challenged and the Group may be prevented from using any of them, any of which occurrences could harm its business. Loss of trademark protection could force the Group to rebrand its products and services, which could result in loss of brand recognition, and could require the Group to devote resources to advertising and marketing new brands. Loss of patent protection could require the Group to abandon its processes or product features that drive its profitability. Further, any claims of trademark or patent infringement may require the Group to enter into royalty or licensing agreements in order to obtain the right to use a third-party's intellectual property, which may not be available to the Group on acceptable terms.

### The Group is subject to litigation risks, which could have a material adverse effect on its business, financial condition and results of operations.

The Group may from time to time be involved in judicial and administrative proceedings relating to its business, including compliance with domestic and foreign laws, product liability, competition laws, and laws governing improper business practices, environment, tax, health and safety, as well as contractual interpretation and intellectual property rights.

If convicted or found liable in such judicial and administrative proceedings, the Group could be subject to significant fines, penalties, repayments or other damages (in certain cases, punitive damages). Such judicial and administrative proceedings may prove time-consuming, disrupt normal operations and result in significant costs and could have a material adverse effect on the Group's business, financial condition and results of operations.

### The Group is exposed to environmental liabilities.

The Group's past and present operations, facilities and properties are subject to extensive and evolving foreign and domestic laws and regulations pertaining to air emissions, wastewater discharges, handling and disposal of solid and hazardous materials and waste, remediation of contamination, and other laws and regulations relating to health, safety and environment. From time to time, the Group may be involved in administrative or legal proceedings relating to health, safety and environmental matters. Moreover, the Group has in the past incurred and will continue to incur expenditures relating to such matters.

The Group may from time to time be required to conduct contamination clean-up and remediation of releases of regulated materials at its owned or operated facilities (including contamination caused by prior owners and operators of such sites) or related to off-site disposal of regulated materials. For example, soil contamination has been identified on the Group's former site in Middlebeers, the Netherlands, where it engaged in manufacturing operations until 2010 and rental, servicing and selling operations until the end of 2014. The site has undergone remediation and follow-up monitoring in the period between 1995 and 2013. In case of future building redevelopment or demolition of the site, further soil and groundwater issues may arise and require further remediation. The discovery of additional contamination or the imposition of subsequent clean-up obligations at this or other sites in the future could result in significant additional costs for the Group. In addition, until its sale in 2011, the Group operated a manufacturing site in the United States. While no remediation work has been required in relation to the property, the Group may be subject to potential liability under the Federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("**CERCLA**"), and comparable state statutes in connection with any potential contamination at the site, as well as in connection with materials that were sent to third-party recycling, treatment, and/or disposal facilities. CERCLA, and comparable state statutes impose liability for investigation and remediation of contamination without regard to fault or the legality of the conduct that contributed to the contamination, and for damages to natural resources. Liability under CERCLA is retroactive and, under certain circumstances, liability for the entire cost of a clean-up can be imposed on any responsible party. No notices under CERCLA or similar state statutes are currently pending against the Group that are expected to result in material costs.

The Group also cannot guarantee that identification of presently unidentified environmental conditions, more vigorous enforcement by regulatory authorities, or other unanticipated events will not arise in the future and give rise to additional environmental liabilities, compliance costs and/or penalties that could be material. Further, environmental laws and regulations are constantly evolving and it is not possible to accurately predict their effect. Any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

### The Group's licenses, permits, authorizations or third-party certifications may be suspended, amended, terminated or revoked prior to their expiration, and the Group may be unable to obtain or maintain various other permits or authorizations.

The Group's operations are subject to regulatory regimes across a variety of jurisdictions, including licensing, and the receipt of various permits and authorizations, including the operations of its production facilities and subsidiaries. The Group is required to hold licenses for the storage and processing of hazardous and non-hazardous materials, water use and discharge, emission and effluent discharge, power use and other operations.

Failure to obtain or keep necessary permits may subject the Group to warnings, monetary fines or other penalties, including orders to stop discharging pollutants. Even if all necessary certificates and permits are issued, these certificates, permits and other approvals could have conditions and restrictions that could adversely affect the Group's business and require additional investment and time commitment from the Group, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

There can be no guarantee that, in the future, the Group will be able to obtain new or renew existing licenses or remain in compliance with some or all of the requirements imposed in connection with current or future licenses, permits and authorizations. Regulatory authorities may also impose additional or more stringent obligations or operating limits under permits and licenses the Group receives or renews in the future, which would increase the Group's costs or restrict its operations. If the Group fails to fulfil the requirements of its licenses or permits, regulatory authorities may impose fines on it or suspend, revoke or terminate its licenses and permits, which would have a material adverse effect on the Group's ability to operate.

In addition, the Group voluntarily subjects itself to third-party certifications of its technical and quality standards, such as those provided by the International Organization for Standardization ("**ISO**"). Any failure by the Group to meet quality and technical requirements needed to receive the third-party certifications or the loss of its existing third-party certifications may lead to the loss of the Group's existing business or additional business opportunities.

Any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

### Non-compliance with existing laws and regulations or changes in any such laws and regulations could have a material adverse effect on the Group's business, financial condition and results of operations.

As an industrial company operating across many jurisdictions, the Group is subject to international, national and local laws and regulations, including, but not limited to, labor and employment, health, safety and environment, customs, anti-corruption, trade, competition and antitrust. The Group is also subject to foreign trade laws and is required to pay export duties or customs duties on materials and products that it exports and imports. The Group operates in an environment where regulatory requirements change frequently, evolve continuously and may become more stringent. The Group's compliance with applicable laws and regulations may be costly, especially in areas where there are inconsistencies between various jurisdictions in which it operates.

The Group is also subject to anti-bribery laws and regulations in the countries in which it operates, including the U.S. Foreign Corrupt Practices Act (the "**FCPA**") and the U.K. Bribery Act 2010, which prohibit companies and their intermediaries from making or receiving improper payments. Furthermore, many of the jurisdictions in which the Group does its business, including the United States, Sweden, Germany and other member states of the European Union, issue regulations requiring the Group to refrain from doing business, or allowing its clients to do business through the Group, in certain countries or with certain organizations or individuals on a prohibited list maintained by such governments. The Group has a code of conduct and policies as well as a new group-wide training program to continuously ensure compliance with various regulatory requirements, including anti-bribery and export control laws and regulations. As the Group has not had such a systematic approach in monitoring compliance with such regulations in the past, the Group may be subject to claims relating to violations that have resulted from earlier actions. Also, the Group may not be successful in implementing these new control systems, policies and procedures effectively. Failure to do so could jeopardize the Group's compliance with the rules and regulations, which could materially and adversely affect the Group's business, financial condition and results of operations. In addition, there is no guarantee that the measures that the Group undertakes to seek to ensure lawful conduct will prevent its employees or agents from violating the FCPA or similar laws.

Failure to adopt and enforce appropriate internal policies to ensure compliance with the law may result in severe criminal or civil sanctions, and the Group may be subject to other liabilities, which could have a material adverse effect on its business, financial condition and results of operations. The Group may also be held liable for actions taken prior to its control of the respective business or taken by the Group's local, strategic or joint venture partners, even though its partners are not subject to the FCPA, the U.K. Bribery Act 2010 or similar regulations in other jurisdictions.

Non-compliance with existing laws and regulations or changes in any such laws and regulations could have a material adverse effect on the Group's reputation, as well as its business, financial condition and results of operations.

**The Group is exposed to fluctuations in foreign exchange rates.**

The Group has a number of reporting units that operate in currencies other than SEK and is exposed to financial risks that arise from variations in currency exchange rates. Currency risk is the risk that currency exchange rate fluctuations will have an adverse effect on the Group's cash flow, income statement or balance sheet. Exchange rate fluctuations affect the Group's results partly when sales and purchases in foreign subsidiaries are conducted in different currencies (transaction exposure) and partly when income statements and balance sheets are translated into SEK (translation exposure). The comparability of the Group's results of operations between periods may be affected by changes in currency exchange rates.

The foreign currencies that have the most significant impact on the Group's earnings and net assets are the euro, the American dollar, the Australian dollar, the Chinese yuan and the British pound. The Group maintains and updates its hedging arrangements, consisting of exchange forwards, to decrease the level of its transaction exposure. However, its hedging strategy may ultimately be insufficient or unsuccessful. If the Group's measures to hedge and otherwise control the effects of exchange rate movements should prove insufficient, it could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group is exposed to fluctuations in interest rates, which could have a material adverse effect on the Group's business, financial condition and results of operations, and, in particular, impact the Group's borrowings and the Group's defined pension liabilities and costs.**

Interest rate risk is the risk that changes in market interest rates will adversely affect the Group's net interest items, fair values and cash flows. The speed at which a change in interest rates affects the Group's financial position depends on the fixed or variable interest terms of the Group's assets and/or liabilities. Interest rate risk arises in two ways, namely where the Group has invested in interest- bearing assets, the value of which changes when the interest rate changes, and where the cost of the Group's borrowings fluctuates when the general interest rate situation changes.

The Group's interest rate risk arises mainly from its borrowings. The Group and Svenska Handelsbanken AB (publ) originally entered into a senior revolving facility on 8 May 2015, which has been amended and confirmed on a few occasions and currently amounts to SEK 2,000 million. To finance the acquisition of Avanti, the revolving facility was increased in December 2016 with a bridge facility of SEK 800 million. In addition, the Group has certain smaller local facilities in other countries.

The Group currently employs no hedging instruments for its interest rate exposure. Changes in interest rates could thus have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, the Group has different pension plans, including defined benefit pension plans and defined contribution plans, in accordance with the local conditions and prevailing practice in those countries in which the Group operates. The funding status and the liabilities and costs of maintaining 30 such defined benefit pension plans may be impacted by financial market developments and, particularly, fluctuations in interest rates. For example, the accounting for such plans requires determining discount rates, expected rates of compensation and expected returns on plan assets, and any changes in these variables or the Group's assessment thereof can have a significant impact on the projected benefit obligations and net periodic pension costs. Negative performance of the financial markets and adverse changes in interest rates could also have a material impact on funding requirements and net periodic pension costs. Accordingly, the Group's costs to meet pension liabilities going forward may increase significantly, which could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group is subject to liquidity risk and may require additional funding, which it may not be able to obtain on favorable terms or at all.**

The liquidity risk is the risk that the Group cannot meet its short-term payment obligations.

In the future, the Group may require further financial resources in order to reach its strategic goals or respond to negative developments in its business and operations. In addition, negative developments in the Group's sales or margins or any unforeseen liabilities, changes in the timing for tax payments, payments of accounts payables or receipt of accounts receivables may lead to a strained liquidity and working capital position and potentially the need for additional funding.

To obtain the necessary funds, the Group may have to employ available financial assets and/or obtain additional financing through, for example, equity financing, debt financing or other means. The availability of such additional financing is dependent on a variety of factors, such as market conditions, general availability of credit, overall availability of credit within the financial markets and the Group's credit rating. Further, any debt financing, if available, may include restrictive covenants. The Group's ability to meet future capital requirements is highly dependent on the success of the Group's products and services. It cannot be guaranteed that the Group will be able to raise sufficient funds on favourable terms or at all, through public or private financing, strategic relationships or other arrangements to meet its future capital needs.

If any of the above risks materialize, the Group may be forced to seek additional equity capital, restructure or refinance its debt, postpone the raising of additional financing, bear a higher cost of financing, reduce or delay capital expenditures or sell assets or businesses at unfavourable times or at unfavourable prices or other terms, among others. This could limit the Group's ability to implement its business plan, decrease its profitability and significantly reduce its financial flexibility. Accordingly, the factors outlined above could have a material adverse effect on the Group's business, financial condition and results of operations.

**Adverse weather conditions, acts of nature, epidemics, and natural and other disasters could have a material adverse effect on the Group's business, financial condition and results of operations.**

The Group's business is subject to the general environmental conditions across the globe and particularly in areas where the Group or its customers operate. Adverse weather conditions, acts of nature, epidemics or other disasters, may delay or even cause the cancellation of industrial and construction projects, which could adversely affect the demand for the Group's products and/or services and have a material effect on the Group's business, financial condition and results of operations.

Moreover, natural disasters, acts of nature or adverse weather conditions could directly damage, destroy or disrupt the Group's manufacturing or production facilities. Any such event could disrupt the Group's operations, delay new production and shipments of existing inventory or result in costly repairs, replacements or other costs, all of which would negatively impact the Group's business. The impact of such occurrences depends on the specific geographic circumstances but could be significant. For example, over the past few decades, China has suffered health epidemics related to the outbreak of avian influenza, H1N1 virus and severe acute respiratory syndrome (**SARS**). Any prolonged recurrence of avian influenza, SARS or other adverse public health developments in China may have a material adverse effect on the Group's business operations in the region. These could include restrictions on the Group's ability to travel or ship products within China, as well as temporary closure of its production facilities. Such closures and/or travel or shipment restrictions would severely disrupt the Group's business operations and have a material adverse effect on the Group's business, financial condition and results of operations.

Even if manufacturing facilities are not directly damaged, a large natural disaster may result in disruptions in distribution channels or supply chains and significant increases in prices for raw materials or material components used for the Group's manufacturing process. There is increasing general concern that ongoing climate change is occurring and could have dramatic effects on human activity without aggressive remediation steps. A modest but sustained change in average global temperatures, for example, might lead not only to rising coastal tides and consequent flooding, but also to an increase in the frequency or intensity of weather-related natural disasters generally. The Group cannot predict the economic impact, if any, of natural disasters or climate change.

Adverse weather conditions, acts of nature, epidemics and natural and other disasters could have a material adverse effect on the Group's business, financial condition and results of operations.

**Security breaches and other disruptions could compromise the Group's information and expose it to liability, which could have a material adverse effect on its business and reputation.**

In the ordinary course of its business, the Group collects and stores sensitive data, including its proprietary business information and that of its customers, suppliers and business partners, as well as personal information of its customers and employees, in its data centers and on its networks. The secure processing, maintenance and transmission of this information is critical to the Group's operations and business strategy. Despite its security measures, the Group's IT and infrastructure may be vulnerable to malicious attacks or breaches due to employee error, malfeasance or other disruptions, including as a result of rollouts of new systems. Any such breach or operational failure could compromise the Group's network security and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings and/or regulatory penalties, disrupt the Group's operations and/or cause a loss of confidence in the Group's products and services, which could have a material adverse effect on the Group's reputation, as well as its business, financial condition and results of operations.

**The Group is subject to political and societal risk, particularly in emerging markets.**

The Group faces risks in connection with its exposure to political and social turmoil in the countries in which it or its customers operate, particularly in emerging markets. Such turmoil may negatively impact customer demand for the Group's products and services or may adversely impact the Group's ability to operate within such jurisdictions. Examples of political and social turmoil that may affect the Group or its customers include, but are not limited to: nationalization, capital restrictions, terrorist activity, war, threats of war or terrorist activity, regime change, general social unrest and the corresponding heightened travel security measures instituted in response to such events, as well as geopolitical uncertainty and international conflict and tension. Any such events could affect the progress of construction or industrial projects, general economic development and consumer confidence. In turn, this could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, the Group may not have an adequate contingency plan or have recovery capabilities in place to deal with a major incident or crisis. As a result, its operational continuity may be affected, which could have a material adverse effect on the Group's reputation, as well as its business, financial condition and results of operations.

**The Group is exposed to risks related to the legal system in China as well as political and economic policies of the Chinese government.**

The Group has manufacturing and sourcing operations in China and is subject to general Chinese laws and regulations. The Chinese legal system continues to evolve rapidly and the interpretation of many laws and regulations entails uncertainties that may limit the protection available to foreign investors. It is not always possible to predict the interpretation of relevant laws and regulations due to the lack of detailed implementation rules issued by government authorities. Some government authorities (including local government authorities) may not consistently apply rules and regulations issued either by themselves or other Chinese government authorities, thereby rendering strict compliance either impractical or, in some cases, impossible. In China, resorting to administrative and court proceedings to enforce legal protection granted by law or to enforce contractual rights may not always be successful. Administrative authorities and courts have significant discretion in interpreting and implementing statutory and contractual terms. It is, therefore, more difficult to assess the outcome of any proceedings and the level of protection that is available than it may be in other legal systems.

In addition, economic, political and legal developments in China may significantly affect the Group's business, financial condition and results of operations. In many respects, the Chinese economy differs from those of other countries, including the degree of government involvement, the level of development, growth rate, control of foreign exchange, access to financing and allocation of resources. While the Chinese economy has grown significantly in the past two decades, the growth has been uneven, both geographically and among various economic sectors. The Chinese government has implemented various measures to foster and guide economic growth and the allocation of resources. While certain of these measures have benefited the overall Chinese economy, they may also negatively impact the Group. For example, the Group's business, financial condition and results of operations may be adversely affected by government control over applicable capital investments or changes in tax regulations that are applicable to the Group.

The Chinese government's control of the national economy could materially and adversely affect the Group's business. The Chinese government exercises significant control over China's economic growth through its allocation of resources. In addition to controlling payment of foreign currency-denominated obligations, the government sets monetary policy and may provide preferential treatment to particular industries and companies. Over the course of recent years, the Chinese government has implemented a number of measures, such as raising bank reserves against deposit rates in order to decrease the growth rate of specific sectors of China's economy that the government believed to be overheating. This action placed additional limitations on the ability of commercial banks to make loans and raise interest rates. Such actions, as well as other Chinese policies, may materially and adversely affect the Group's ability to operate its business in the region and, therefore, could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group's business depends significantly on its management team and its ability to attract and maintain a skilled labor force, and the Group's business could be severely disrupted if the Group was to lose the services of its management or other key personnel.**

The Group depends significantly on its management team. The Group's ability to retain and attract other skilled professionals, including the members of its research and development, manufacturing, marketing and sales and After Sales services teams, is also crucial to the Group's future success. Particularly, the Group may face difficulties finding and attracting a skilled labor force for its operations in China. The Group's domestic and international competitors, and companies in the industries related to its industry, compete with the Group for personnel. Competition for such skilled labor is intense and may require the Group to offer higher compensation and other benefits in order to attract and retain employees, which could materially and adversely affect the Group's business, financial condition and results of operations. The Group may be unable to attract or retain the personnel required to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. In addition, as the process of hiring and training qualified personnel is often costly in terms of time and money, if the Group's recruitment and retention efforts are unsuccessful, qualified personnel may not be integrated into the workforce in a timely manner to meet the Group's needs.

If the Group loses the services of any member of its senior management and/or key personnel, it may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could severely disrupt its business and prospects. In addition, some of the Group's key employees, including some members of its senior management team, are not bound by non-competition employment agreement terms. If any member of the Group's senior management and/or other key personnel joins a competitor or establishes a competing company, the Group may lose some of its intellectual property or customers, which could have a material adverse effect on the Group's business, financial condition and results of operations.

### The Group's business could be adversely affected by any significant disruption in relations with its employees.

As at 31 December 2016, the Group had 1,171 employees in Europe, North and South America, Asia, Africa and the Middle East. In some jurisdictions, such as Sweden, the United Kingdom and China, the Group's employees are unionized or represented by works councils that are covered by collective bargaining agreements. If the Group is unable to negotiate acceptable contracts with the unions or works councils, it could result in, among other things, strikes, work stoppages or other slowdowns by the affected employees and increased operating costs as a result of higher wages or benefits paid to the Group's employees. If the Group's employees were to engage in a strike, work stoppage or other slowdown, or other employees were to become unionized, the Group could experience a significant disruption of its operations and higher ongoing labor costs, which could have a material adverse effect on the Group's reputation, as well as its business, financial condition and results of operations.

### The Group can be affected by the tax authorities' increasingly rigorous review of group internal transactions and can become subject to tax risks stemming from preceding tax assessment periods

The Group operates through companies in several countries. It is the Group's view that transactions between companies in the Group as well as other operations in each country are conducted in accordance with tax legislation, tax treaties and other recommendations and regulations regarding income tax and VAT as well as other relevant taxes or charges.

It is the Group's view that the cross border transactions within the Group are conducted at arm's length and otherwise in accordance with above mentioned tax legislation, tax treaties and other recommendations and regulations. Mentioned transactions are in accordance with the Group's transfer pricing policies.

Despite the view of the Group as outlined above, the tax authorities in relevant countries can make different assessments and decisions based on their interpretation of mentioned tax legislation, tax treaties and other recommendations and regulations. This is particularly the case due to the BEPS-project (Base Erosion Profit Shifting) initiated by the OECD which aims to curb international tax planning. A project which in itself has resulted in a separate initiative within the EU to implement BEPS within the European Union. Both BEPS and the work within the EU can come to have an impact on the structure and general tax situation of the Group. These initiatives have also prompted an increased focus on group internal transactions and international tax planning from the tax authorities. In case any tax authority does not share the view of the Group and challenge the tax treatment this can result in additional taxation as well as the imposing of tax penalties or other types of charges and fees for separate companies which in turn can impact the overall tax burden of the Group.

The tax situation, both for current and preceding years, can also come to change following decisions by the competent tax authorities or as a result of changes in tax legislation, tax treaties and other recommendations and regulations. Such decision or changes, which may have retroactive effect, can have a substantive negative effect on the operations, financial situation and result of the Group.

### The Group's insurance coverage could prove inadequate to cover all the risks the Group might face.

The Group maintains comprehensive third-party insurance at the Group level as well as at the local level, depending on availability, with coverage against various risks arising from business interruption, liability and property loss. Risks insured include business interruption, product liability, property damage, workers' compensation and others. While the risks are insured up to levels considered economically reasonable by the Group, the Group's insurance coverage could prove insufficient in individual cases. Furthermore, there are certain types of losses that generally are not insured because they are either considered uninsurable or excluded in the relevant insurance policies. These include, for example, property losses occasioned by war or terrorism or professional/personal liability claims where there has been dishonesty, intention or criminal acts.

In addition, the Group cannot give any assurance that insurance will continue to be available on economically reasonable terms or that its insurers will not require the Group to increase its premium. The realization of any of these risks could have a material adverse effect on the Group's business, financial condition and results of operations.

### The Group is exposed to the potential risk of goodwill impairment.

As of December 31, 2015, goodwill on the Group's consolidated balance sheet amounted to SEK 1,720.8 million. The Group carries out examinations of impairment needs of its goodwill items annually or more frequently if there is a need. Goodwill may be impaired if the Group determines that the fair market value of an asset is lower than its carried value due to changes in circumstances. The process of testing goodwill for impairment involves numerous judgments, assumptions and estimates made by management which inherently reflect a high degree of uncertainty. If an impairment of goodwill was deemed to exist, the Group would be required to write down its goodwill, resulting in a charge against operations. Accordingly, any determination of impairment of goodwill could have a material adverse effect on the Group's business, financial condition and results of operations.

## RISKS RELATING TO THE SHARE AND THE RIGHTS ISSUE

### The share price can be volatile and share price development is dependent on a number of factors

Risk and risk-taking are inevitable aspects of owning shares. As a share investment can decrease in value, an investor might not be able to recover the invested capital. The share price for listed companies can be very volatile and its development is dependent on a number of factors, some of which are company-specific while others are tied to the stock market as a whole. It is impossible for an individual company to control all of the factors that may affect its share price, and consequently any investment in shares should be preceded by a careful analysis.

### Major shareholders' substantial sales of shares may affect the share price adversely

Should any of the Company's major shareholders, during the subscription period or after the rights issue, sell a substantial number of shares in the market, or should the market believe that such sales may take place, the price of the Company's shares may fall below the subscription price of the rights issue. A person who chooses to subscribe for new shares may then suffer a loss when selling such shares. The development of the share price depends on a few factors, of which some are specific to the Company and some are related to the stock market in general. To the knowledge of the Company and its board of directors, none of the Company's major shareholders is subject to any obligation to maintain their holdings and thus, there are no guarantees that major shareholders will maintain their holdings.

### There is a risk that an active market for the trading of subscription rights and paid subscribed shares ("BTA") will not develop

Subscription rights and BTAs will be traded on Nasdaq Stockholm during the periods from March 17, 2017 to March 29, 2017 and March 17, 2017 to April 5, 2017 respectively. There is a risk that an active market for the trading of subscription rights and BTAs will not develop or that sufficient liquidity will not be available. If such a market develops the price of subscription rights and BTAs respectively will depend on, inter alia, the price movements of the outstanding shares of the Company. The price of the subscription rights and BTAs respectively may therefore be subject to greater volatility than the Company's shares.

### Shareholders who do not participate in the rights issue will experience dilution and further issues can also result in dilution and affect the share price

Holders of shares who, fully or partially, choose not to exercise their subscription rights in connection with the rights issue will experience dilution of their proportional holdings of shares and votes in the Company. The Company may also in the future need to raise additional capital to fund its operations by issuing new shares or other securities. Issuance of additional securities could result in dilution for existing shareholders if the issue is carried out with deviation from the shareholders' preferential right or if a shareholder chooses not to exercise its preferential right. There is also a risk that potential future issues will cause the market value of the shares to decrease, in the short or the long term.

### The Company's ability to pay potential dividends in the future is dependent on several factors

Swedish law limits the Company's and its board of directors' ability to propose and declare payment of dividends. Furthermore, the amount of potential future dividends that the Company will pay, if any, is dependent on several factors, such as the Company's financial position, cash flow, working capital requirement, acquisition ability and future prospects. The dividend proposal and payment during a given year cannot be predicted since the Company may not have sufficient distributable funds and since Alimak's shareholders may decide not to pay dividends.

### The rights issue may be adversely affected if the declarations of intent to subscribe for shares are not realised

Apolus Holding AB, which is under the controlling interest of Triton, and which on 31 December 2016[1] controlled 28.4% of the outstanding capital and votes in the Company, and Lannebo Fonder, Swedbank Robur Fonder and York Capital Management, who, at the above stated point of time, together controlled approximately 32% of the outstanding capital and votes in the Company have declared their intention to subscribe for their respective shares in the rights issue.

If the declarations of intent to subscribe for shares are not realised, this may adversely affect the Company's ability to receive an amount of approximately 800 MSEK before transaction costs in the rights issue, which could have a adverse effect on the Group's capital structure and decrease the Group's possibilities to implement strategical initiatives.

### Alimak could be forced to seek alternative financing for the acquisitions of Avanti and Facade Access and the Company's financing agreement could limit its financial flexibility if the rights issue is not fully subscribed for

The Company's acquisition of Avanti is funded by a bridge facility. If the rights issue is not fully subscribed for or is delayed, additional financing costs will be incurred to maintain financing. There is a risk that such alternative financing cannot be secured or can only be secured on unfavourable terms for the Company. Should any of these risks materialise, it may have a adverse effect on the Company's capital structure and decrese the Company's possibilities to implement strategical initiatives.

There is also the risk that the financing agreement Alimak has signed with its lender to finance the acquisition of Avanti limits the Company's commercial and financial flexibility due to the financial conditions and restrictions stipulated in such agreement. Furthermore, there is a risk that the Company contravenes one or more of the financial conditions and restrictions, which could entail that the Company has to pay specific fees and in another way incurs additional costs or is ultimately forced to seek alternative funding. In both cases, the Company's operations, financial position and result of operations could be materially adversely affected.

### Shareholders in the United States and other jurisdictions outside Sweden may not be able to participate in the rights issue or any potential future issues

Shareholders in certain countries may be subject to limitations that prevent them from participating in rights issues or otherwise complicates or limits their participation. For example, shareholders in the United States may be unable to exercise rights to subscribe for new shares unless a registration statement under the Securities Act is effective in respect of such subscription rights and shares or an exemption from the registration requirements under the Securities Act is available. Shareholders in other jurisdictions outside Sweden may be similarly affected. The Company is under no obligation to file a registration statement under the Securities Act or seek similar approvals under the laws of any other jurisdiction outside Sweden in respect of any other jurisdiction outside Sweden in respect of the rights issue or any potential future issues of subscription rights or shares and doing so may be impractical or costly. To the extent that shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for shares in the rights issues or future issues, their proportional interests in the Company would be reduced.

### Differences in currency exchange rates may have a material adverse effect on the value of shareholdings or dividends paid

The Company's share will only be quoted in SEK and any dividend will be paid in SEK. Thus, shareholders outside Sweden may experience an adverse effect on their holdings or dividends when the holdings or dividends are converted to any currency other than SEK if SEK is depreciated in relation to such other currency.

1) With thereafter known changes.

# Invitation to aquire shares

On 8 March 2017, the board of directors of Alimak resolved, pursuant to authorization by the extraordinary general meeting held on 23 January 2017, to increase the Company's share capital through a new issue of shares with preferential right for Alimak's shareholders.

The issue resolution entails that Alimak's share capital will be increased by not more than SEK 216,631.44 through the issuance of not more than 10,831,572 new shares. The Company's shareholders have preferential rights to subscribe for the new shares in proportion to the number of shares they previously owned. The record date for the right to participate in the new share issue is 15 March 2017. Any persons registered on the record date as shareholders of Alimak may subscribe for one (1) new share for each four (4) existing shares in Alimak. Any shares not subscribed for upon exercise of preferential rights shall be allotted to shareholders and other investors who subscribe for shares without preferential rights in accordance with the provisions set forth in the section entitled "*Terms and instructions*". Such allotment shall firstly be made to those parties who also subscribed for shares upon exercise of subscription rights. Subscription may take place during the period commencing on 17 March 2017 up to and including 31 Mars 2017, or such later date as determined by the board of directors, and otherwise in accordance with the provisions set forth in the section entitled "*Terms and instructions*".

The subscription price has been fixed at SEK 73 per share, which entails that the new issue, if fully subscribed, will provide Alimak with a total of SEK 791 million prior to costs associated with the share issue[1)].

Shareholders who elect not to participate in the new share issue will have their ownership share diluted by up to 20%, but will have the opportunity to obtain economic compensation for the dilution effect by selling their subscription rights.

### Declarations of intention to subscribe

Apolus Holding AB, which is under the controlling interest of Triton, which on 30 December 2016[2)] controlled 28.4% of the outstanding capital and votes in the Company, and Lannebo Fonder, Swedbank Robur Fonder and York Capital Management, which at the above stated point of time together controlled approximately 32% of the outstanding capital and votes in the Company, have indicated their intention to subscribe for their respective shares in the new share issue.

***The shareholders of Alimak are hereby invited to subscribe for new shares in Alimak with preferential right in accordance with the terms and conditions set forth in this Prospectus.***

Stockholm, 13 March 2017

**Alimak Group AB (publ)**

*The board of directors*

1) A deduction will be made from the issue proceeds for issue costs which are estimated to amount to approximately SEK 15 million. The new share issue is anticipated to provide Alimak with a net amount of approximately SEK 776 million.
2) With thereafter known changes.

# Background and reasons

Alimak made public the acquisitions of Facade Access and Avanti on 28 October 2016 and 5 December 2016, respectively.

Facade Access is a global company for permanently installed solutions for maintenance of building facades (Building Maintenance Units, BMU). Facade Access offers high technology solutions for the world's highest and most complex structures.

Avanti is active within permanently installed vertical access solutions for the wind power industry. Avanti offers a broad product range of vertical access solutions including service elevators, safety ladders, fall protection and safety equipment. Avanti has a good customer base which requires service elevators and safety ladders for wind power stations with customers such as Vestas, Siemens, Gamesa, Acciona, Goldwind, United Power and Suzlon.

Since its founding in 1948, Alimak has developed into one of the leading companies in the premium and midrange segment for vertical access solutions. The company has a strong position in rack-and-pinion driven elevators for construction and industrial applications and, over the past few years, has been regularly expanding its product portfolio. In 2014, Alimak launched new elevators and platforms for the midrange segment. Later the same year, the Company expanded its range of technology through the acquisition of Heis-Tek, a company based in Norway which specializes in traction-based elevator systems and which offers its products and services primarily for oil and gas offshore applications in the North Sea. The acquisition brought Alimak further expertise in traction-based elevator systems, making it possible to offer customers a more complete range of products and services in the two primary technical solutions for industrial elevators; namely rack-and-pinion operation and traction elevator technology. On 17 June 2015, Alimak's shares were admitted for trading on Nasdaq Stockholm generating great interest from both Nordic as well as international investors and Alimak thereby reached an important milestone in its development.

The acquisitions of Facade Access and Avanti are in line with Alimak's long-term strategy to strengthen its market position through acquisitions in selected niche areas and to strengthen its position in the Industrial Equipment business area. Facade Access is a strong strategic complement which strengthens and expands Alimak's product portfolio in an adjoining niche with good underlying growth – vertical solutions for building facade maintenance. Facade Access also brings the Company new technology in the form of hydraulics-based elevator systems. In addition to the fact that the acquisition resulted in a more diversified and broader product portfolio, the Company's global platform was strengthened with more strategic sales offices, manufacturing plants and distributors. At the same time, there are significant opportunities to further develop the range of after sales services by utilizing Alimak's global presence and existing customer base. Avanti is broadening and diversifying the Company's product portfolio in renewable energy in the growing niche market for vertical access solutions for wind power. The acquisition makes possible cross sales between various segments in Alimak's Industrial Equipment business area and the acquisition also strengthens the global sales and service organization. The acquisition of Avanti also brings the opportunity to develop the after sales business, which is in line with Alimak's strategy. The two acquisitions provide scope for creating coordination profits, and synergies will primarily be found in purchasing and development of the after sales services. The acquisitions are expected to affect profits per share positively, based on the number of shares before the new share issue, and contribute positively to cash flow. The integration costs for the Acquisitions are expected to amount to approximately SEK 110 million.

The enterprise value for Facade Access was AUD 120 million (approximately SEK 833 million[1]) and the acquisition was financed through an increase in Alimak's existing credit facilities. The enterprise value for Avanti was EUR 91 million (approximately SEK 860 million[2]) and was financed through a bridge loan arranged by Alimak's current bank. Following the completion of the Acquisitions, Alimak has a debt/equity ratio (net debt/EBITDA) which exceeds the strategic target for the debt/equity ratio which is approximately 2.0x. In accordance with Alimak's financial targets, Alimak's capital structure must make possible financial flexibility and allow for strategic initiatives. As a part of the financing of the acquisition of Avanti, the board of directors resolved on 8 March 2017, pursuant to authorization from the extraordinary general meeting held on 23 January 2017, to increase the company's share capital through a new issue of shares with preferential right for Alimak's shareholders. Proceeds from the new share issue are intended to be used to repay the bridge loan taken out in conjunction with the acquisition of Avanti. Assuming the new share issue is fully subscribed, the total issue proceeds will amount to approximately SEK 791 million. Alimak's issue expenses are anticipated to be approximately SEK 15 million.

*The board of directors of Alimak is responsible for the content of this Prospectus. The board of directors hereby affirms that it has taken all reasonable precautionary measures in order to ensure that the information contained in this Prospectus corresponds, to the best knowledge of the board of directors, to the actual circumstances and that nothing has been omitted which might affect its meaning.*

Stockholm, 13 March 2017

**Alimak Group AB (publ)**

*The board of directors*

1) Based on an AUD/SEK exchange rate of 6.9404 on 28 February 2017.
2) Based on an EUR/SEK exchange rate of 9.4568 on 30 January 2017.

# Terms and conditions

This section contains the terms and conditions for participation in the rights issue. For further information regarding the new shares issued, see "Share capital and ownership structure".

### Preferential right and subscription rights

Those who, on the record date 15 March 2017, are registered as shareholders in Alimak will receive one (1) subscription right for each share held in Alimak. The subscription rights entitle the holder to subscribe with preferential right for new shares, where four (4) subscription rights entitle the holder to subscribe for one (1) new share in Alimak. At a transfer of subscription rights, the preferential right is transferred to the new holder of the subscription right.

### Subscription price

The new shares are issued at a price of SEK 73 per new share. No commission will be charged.

The record date at Euroclear Sweden AB ("**Euroclear**") for determining who is entitled to receive subscription rights in the rights issue is 15 March 2017. Shares of Alimak will be traded exclusive the right to receive subscription rights from and including 14 March 2017. The last day for trading in shares including the right to receive subscription rights was 13 March 2017.

### Subscription period

Subscription for new shares will take place during the period from and including 17 March 2017 up to and including 31 March 2017 at 5.00 p.m. (CET). The Board of Directors of Alimak reserves the right to extend the subscription period, which when applicable, will be announced through a press release no later than 31 March 2017.

### Issue statement

#### *Directly registered shareholders*

Shareholders, who on the record date are registered in the share register maintained by Euroclear, will receive the prospectus and a pre-printed issue statement with an attached payment form (Sw. *bankgiroavi*). The pre-printed issue statement shows the number of subscription rights received and the total number of new shares that may be subscribed for with subscription rights. Those who are registered in the special register of pledge holders and trustees maintained in connection with the share register will not receive any issue statement but will be notified separately. No securities statement (Sw. *VP-avi*) will be sent out regarding the registration of subscription rights on the shareholders' securities accounts.

### Nominee-registered holdings

Shareholders in Alimak whose holdings on the record date are nominee registered with a bank or other nominee will not receive a pre-printed issue statement from Euroclear. Subscription and payment for nominee registered shareholders should be made in accordance with instructions from the respective bank or nominee or, if the holding is registered with multiple nominees, from each one of these.

### Shareholders resident in certain ineligible jurisdictions

The allotment of subscription rights and the issue of new shares by exercise of subscription rights to persons who are resident in countries other than Sweden could be affected by securities legislation in such countries; see section "Important information". Consequently, shareholders whose existing shares are directly registered in a securities account (Sw. *VP-konto*) with registered addresses in the United States, Canada, Japan, Australia or any other jurisdiction where participation would require an additional prospectus or other regulatory approval, will not receive the Prospectus. Nor will they receive any subscription rights on their respective securities accounts. Subscription rights that would have been delivered to such shareholders will be sold, and the sale proceeds, less deduction for costs, will be paid to such shareholders. Amounts of less than SEK 100 will, however, not be paid out. Banks or other nominees that hold for shareholders in Alimak whose holdings on the record date are nominee registered must not send this Prospectus or the pre-printed issue statement to shareholders with addresses in, or who are located or resident in, the United States, Canada, Japan, Australia or any other jurisdiction where participation would require an additional prospectus or other regulatory approval without the prior written approval of Alimak.

#### *United States*

No Securities have been, or will be, registered under the Securities Act or the securities legislation of any state or other jurisdiction of the United States and thus the Securities may not be offered, subscribed for, exercised, pledged, sold, resold, granted, delivered or otherwise transferred, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities legislation in any state or other jurisdiction of the United States.

Accordingly, Alimak is not extending the offer under the rights issue into the United States unless an exemption from the registration requirements of the Securities Act is available and, other than in such cases, none of this Prospectus or any pre-printed issue statement or application form constitutes, or will constitute, or form part of, any offer of, or an invitation to apply for, or any offer or invitation to acquire or subscribe for, any Securities in the United States.

Subject to certain exceptions, neither this Prospectus nor any pre-printed issue statement or application form may be sent to any shareholders with a registered address, or located or resident in, the United States. Banks or other nominees that hold for shareholders in Alimak whose holdings are nominee registered must not send the Prospectus or any pre-printed issue statement or application form to shareholders with addresses in, or who are located or resident in, the United States without the prior written approval of Alimak.

A shareholder with an address in, or located or resident in, the United States will be permitted to take up its entitlements to new shares under the rights issue only if it is a QIB and it executes an investor representation letter in the form provided by Alimak and delivers it to Alimak. The investor representation letter will require each such QIB to represent and agree that, amongst other things, (i) it is a QIB and (ii) it will only offer, pledge, sell, resell, grant, deliver or otherwise transfer the new shares in transactions exempt from, or not subject to, the registration requirements of the Securities Act and in compliance with applicable state securities laws. The investor representation letter will contain additional written representations, agreements and acknowledgements relating to the transfer restrictions applicable to the new shares. Any such QIB whose holdings are nominee registered through a bank or other nominee should procure that the relevant bank or other nominee submits an investor representation letter on its behalf.

Any person who acquires or subscribes for the subscription rights or the new ordinary shares that is not a QIB that has delivered an investor representation letter to Alimak will be deemed to have declared, warranted and agreed, by accepting delivery of this Prospectus or the pre-printed issue statement or application form, or by accepting delivery of the subscription rights or the new ordinary shares, that it is not, and that at the time of acquiring or subscribing, as applicable, for the subscription rights or the new ordinary shares it will not be, located or resident in the United States or acting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located or resident in the United States.

Pre-printed payment forms or application forms sent from or postmarked in the United States will be deemed to be invalid and all persons subscribing for new shares and wishing to hold such new shares in registered form must provide an address for registration of the new shares issued upon exercise thereof outside the United States.

Any person located or resident in the United States who obtains a copy of this Prospectus or a pre-printed issue statement or application form and who is not a QIB is required to disregard them.

### Trading in subscription rights

Subscription rights will be traded on Nasdaq Stockholm during the period from and including 17 March 2017 up to and including 29 March 2017. Securities institutions with required authorizations can provide brokerage services for the purchase and sale of subscription rights. Unexercised subscription rights must be sold in order not to lapse without value. The ISIN code for the subscription rights is SE0009722788.

### Subscription and payment of shares with subscription rights

#### *Subscription of shares with subscription rights*

Application for subscription of new shares through exercise of subscription rights should be made by simultaneous cash payment during the period from and including 17 March 2017 up to and including 31 March 2017 at 5.00 p.m. CET. After 31 March 2017, unexercised subscription rights will be void and without value. Unexercised subscription rights will be deregistered from the respective shareholders' securities accounts without notification from Euroclear. In order not to lose the value of the subscription rights, the shareholder must either:

- exercise the received subscription rights to subscribe for new shares no later than 31 March 2017, which is the last day of the subscription period; or
- sell the received subscription rights that have not been exercised to subscribe for new shares no later than 29 March 2017, which is the last day for trading in subscription rights.

The Board of Directors of Alimak reserves the right to extend the subscription period and the payment period. Any extension of the subscription period and the payment period will be announced by the Company through a press release no later than 31 March 2017. Subscription of new shares by exercise of subscription rights is irrevocable, and the shareholder may not withdraw or modify a subscription for new shares.

### Shareholders with directly registered holdings resident in Sweden

Application for subscription for new shares with subscription rights should be made by means of simultaneous cash payment and is binding. Subscription and payment are made either by using the pre-printed payment form (Sw. *bankgiroavi*) or the appropriate application form for simultaneous payment using one of the following options:

- **Payment form**: In the case that all subscription rights received on the record date are exercised for subscription of shares, the pre-printed payment form (Sw. *bankgiroavi*) from Euroclear should be used as the basis for application for subscription by means of payment. The special application form should therefore not be used. No additions or changes may be made to the pre-printed text on the pre-printed payment form.
- **Application form**: In the case that subscription rights have been acquired or sold, or if, for any other reason, the number of subscription rights to be exercised differs from the number stated on the pre-printed issue statement, a special application form should be used as the basis for subscription by means of payment. Payment should be made at the same time as the application is made at any Swedish bank branch office with the required authorization, in accordance with the instructions on the application form. Such an application form can be obtained from any of Handelsbanken's branch offices in Sweden. The pre-printed payment form should, in such case, not be used.

### Information to shareholders with directly registered holdings resident abroad[1)]

Shareholders in Alimak resident outside of Sweden and who are not subject to the restrictions described in the sections "*Important information*" and under "*Shareholders resident in certain ineligible jurisdictions*" above, and who wish to participate in the rights issue should use the distributed application form when subscribing. Upon submission of the application form to the address specified below, payment must be made in Swedish krona (SEK) to the bank account specified below:

Handelsbanken Capital Markets,
Emission, SE 106 70 Stockholm, Sweden
Bank account: 6028-973 562 838
IBAN-number: SE77 6000 0000 0009 7356 2838
SWIFT: HANDSESS

Upon payment, the subscriber's name and address, as well as securities account (Sw. *VP-konto*) number or payment identification in accordance with the issue statement, must be stated. The application form and payment must be received by Handelsbanken Capital Markets no later than 5.00 p.m. CET on 31 March 2017. Application forms for shareholders resident abroad can be obtained from Handelsbanken's website www.handelsbanken.se/investeringserbjudande as well as from Alimak's website, www.alimakgroup.com.

Each such shareholder will be deemed to have declared, warranted and agreed that, by submitting an application form and making payment, or by accepting delivery of the subscription rights or the new ordinary shares, that it is not, and that at the time of acquiring or subscribing, as applicable, for the subscription rights or the new ordinary shares it will not be, located or resident in the United States, Canada, Japan, Australia or any other jurisdiction where participation would require an additional prospectus or other regulatory approval, or acting on a non-discretionary basis on behalf of, or for the account or benefit of, any such person.

### Shareholders with nominee-registered holdings

For shareholders whose holdings are nominee-registered with a bank or nominee, subscription for new shares with subscription rights should be made to the respective nominee and in accordance with the instructions from such nominee or if applicable, nominees. Banks and other nominees are required to read and comply with the restrictions described in the section "Important information" and under "Shareholders resident in certain ineligible jurisdictions" above.

### Paid subscribed share (BTA)

Shares subscribed and paid for with subscription rights will be registered with Euroclear as soon as this can be done, which normally means up to two banking days after payment. After that, the subscriber will receive a securities notification confirming the registration of the BTAs in the subscriber's securities account (Sw. *VP-konto*). After the issue has been registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*), which is expected to take place on or about 7 April 2017, the BTAs will be converted to new shares, without notification from Euroclear. The new shares are expected to be available in each securities account (Sw. *VP-konto*) on or about 11 April 2017. Shareholders with nominee registered holdings receive BTAs and information in accordance with procedures of each nominee. The ISIN code for BTA is SE0009722796.

### Trading in BTA

Trading in BTAs is expected to take place on Nasdaq Stockholm during the period from and including 17 March 2017 up to and including 5 April 2017 under the ticker code ALIG BTA. Securities institutions with required authorization will provide brokerage services for purchase and sale of BTA.

### Subscription of shares without subscription rights

Application for subscription of shares without subscription rights should be made during the same time period as the application for subscription of shares with subscription rights, i.e. from and including 17 March 2017 and to and including 31 March 2017. The application to subscribe for shares without subscription rights should be made by using the application form "Subscription of new shares without subscription rights" which is to be filled in, signed, and then mailed or delivered to Handelsbanken Capital Markets, Emission, to the address stated on the application form. Application forms can be obtained at any of Handelsbanken's branch offices or downloaded from Handelsbanken's website www.handelsbanken.se/investeringserbjudande. An application form can also be downloaded from the Company's website www.alimakgroup.com. The application form in its original must be received by Handelsbanken Capital Markets, Emission, no later than 5.00 p.m. CET on 31 March 2017.

The application form may be sent by postal mail to the address on the application form or may be handed in at any of Handelsbanken's branch offices. Only one application form per person or firm will be considered. In the event of more than one application form is sent, only the most recently dated form will be considered. Applications for less than 100 shares will not be considered. Incomplete or incorrectly completed application forms may be disregarded.

#### *Shareholders with nominee-registered holdings*

For shareholders whose holdings are nominee registered with a bank or nominee, subscription for new shares without preferential rights should be made to the respective nominee and in accordance with the instructions from such nominee or if applicable, nominees. Banks and other nominees are required to read and comply with the restrictions described in the section "*Important information*" and under "*Shareholders resident in certain ineligible jurisdictions*" above.

1) Please note that directly registered shareholders resident abroad with access to a Swedish internet bank can use the pre-printed payment form for subscription and payment.

### Allotment of shares subscribed for without subscription rights

Shares subscribed for without subscription rights will be allocated by the Board. Allotment will be made as follows. Firstly, allotment will be made to those who have applied for subscription and subscribed for shares by exercise of subscription rights, irrespective of whether the subscriber was a shareholder on the record day or not, and in case of over-subscription, in proportion to the number of subscription rights each one has exercised for subscription of shares and, if this is not possible, by drawing of lots. Secondly, allotment will be made to others who have applied for subscription without subscription rights (the general public in Sweden and qualified investors) and, in case of over-subscription, in proportion to the number of shares stated in each subscription application and, if this is not possible, by drawing of lots.

A settlement note will be sent as confirmation of any allotment on or about 6 April 2017 and it is to be paid in accordance with the relevant instructions. A confirmation is only sent to those who have been allotted shares. The estimated settlement date for shares subscribed for without subscription rights is around 11 April 2017. If payment is not made in time, the shares can be transferred to others. In the event that the sale price is less than the subscription price in connection with such transfer, the persons who were initially allotted the shares are responsible for paying the entire or part of the difference. After payment of the subscribed and allotted shares and when the shares have been registered with the Swedish Companies Registration Office, a securities notification (Sw. *VP-avi*) will be sent from Euroclear confirming the registration of the subscribed and allotted shares in the subscriber's securities account.

### Listing of the new Shares

Alimak's share is listed for trading on Nasdaq Stockholm. Following the registration by the Swedish Companies Registration Office, application for the new shares to be traded on Nasdaq Stockholm will be made. Registration with the Swedish Companies Registration Office of the new shares subscribed for with subscription rights is expected to occur on or about 7 April 2017. Trading in the new shares is expected to begin on or about 11 April 2017 provided that registration has taken place. The new shares subscribed for without subscription rights are expected to be registered with the Swedish Companies Registration Office on or about 18 April 2017, and the shares are expected to be registered on each securities account on or about 20 April 2017, as well as begin trading on or about 20 April 2017 provided that registration has taken place.

### Right to dividend

The new shares entitle to dividend for the first time on the record date for dividend that occurs immediately following that the shares have been registered with the Swedish Companies Registration Office.

### Conditions for completion of the rights issue

The Board of Directors of Alimak does not have the right to suspend, revoke or temporarily withdraw the offer to subscribe for shares in Alimak in accordance with the terms and conditions in this Prospectus. The Board of Directors of Alimak is entitled to extend, one or several times, the period during which subscription and payment can be made. Notification of the extension of the subscription period, if any, will beannounced through a press release no later than 31 March 2017.

### Announcement of the outcome of the rights issue

The outcome of the rights issue will be announced in a press release from Alimak, which is expected to take place on or about 5 April 2017.

### Other information

In the event that an excessive amount is paid by a subscriber, Handelsbanken will arrange for a refund of the excess amount. Incomplete or incorrectly completed application forms may be disregarded. If the subscription payment is made too late, is insufficient or is incorrectly paid for, the application for subscription may be disregarded or the subscription may take place at a lower amount. In such case, the subscription payment not used will be refunded. Only one application form regarding subscription without subscription rights may be submitted. If several application forms of the same category are submitted, only the application form most recently received by Handelsbanken will be considered. Payments received late in amounts less than SEK 100 will only be refunded upon request. Handelsbanken's receipt and handling of application forms and subscription payments in the rights issue is made on behalf of the issuer. This means that there is no customer relationship arising between the subscriber and Handelsbanken solely by Handelsbanken receiving application forms and subscription payments.

### Information on processing of personal data

Those who subscribe for shares in the rights issue will provide certain information to Handelsbanken. Personal data provided to Handelsbanken will be processed in computer systems to the extent necessary in order to provide services and administer client engagements. Personal data obtained from other sources than the client in question may also be processed. It may also be the case that personal data is processed in computer systems of corporations or organisations in co-operation with Handelsbanken. Information regarding the processing of personal data is provided by Handelsbanken's branch offices, which also accept requests for correction of personal data. Address information may be collected by Handelsbanken through an automatic data run by Euroclear.

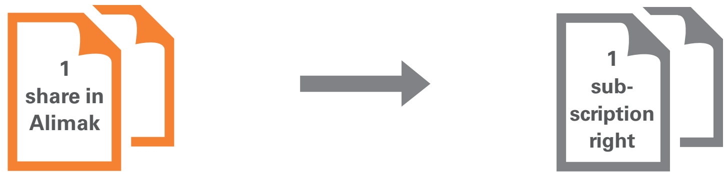
## HOW TO PROCEED

| | |
|---|---|
| **Terms** | Each share in Alimak entitles to one (1) subscription right. 4 (4) subscription rights entitles to subscription for one (1) new share in Alimak. |
| **Subscription price** | 73 SEK per share |
| **Record date for participation in the rights issue** | 15 March 2017 |
| **Subscription period** | 17 March – 31 March 2017 |
| **Trading in subscription rights** | 17 March – 29 March 2017 |

### Subscription of shares with subscription rights

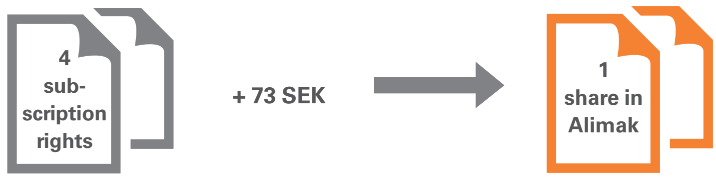
***1. You receive subscription rights***

**For each share held in Alimak on 15 March 2017 you will receive one subscription right**




***2. This is how you use your subscription rights***

**Four (4) subscription rights + 73 SEK entitles to one (1) new share in Alimak**




***3. Are you a directly registered shareholder or are your shares held by a nominee?***

**If you have a securities account (Sw. *VP-konto*) (in other words, your shares are directly registered) and you live in Sweden**

If you exercise all your subscription rights, please use the pre-printed payment form that was sent out from Euroclear.

If you have purchased, sold or transferred subscription rights to/from your securities account, please complete the separate application form which is available from any branch offices of Handelsbanken in Sweden. Payment is to be made according to the instructions on the application form. The pre-printed payment form should in this case not be used.

**If you have a securities account (Sw. *VP-konto*) (in other words, your shares are directly registered) andyou live abroad[1)]**

Please see the section "*Information to shareholders with directly registered holdings resident abroad*" above.

**If you have a custody account (in other words, your shares are held by a nominee)**

If your shares in Alimak are held in one or more custody accounts with a bank or a securities institution, your nominee(s) will inform you about the number of subscription rights you receive. **Follow the instructions given by your nominee(s).**

### Subscription of shares without subscription rights (by shareholders and others)[2)]

**If you have a securities account**

Complete the separate application form that is available on Handelsbanken's website www.handelsbanken.se/investeringserbjudande

**If you have a custody account (in other words, your shares are held by a nominee)**

Subscription and payment should be made through the respective nominee(s). **Follow the instructions from your nominee(s).**

1) Note that special rules apply for shareholders with residence in USA and certain other jurisdictions. See "*Information to shareholders with directly registered holdings resident abroad*" in the section "*Terms and conditions*".
2) Allotment will be made in accordance with what is stated in "*Allotment of shares subscribed for without subscription rights*" in the section "*Terms and conditions*".

# Market overview

This Prospectus contains information regarding the Company's business operations and markets. Unless otherwise stated, this information is based on the Company's analysis of several sources including the International Energy Agency, Consult MAKE, Rystad Energy Ucube, World Cement, Clarkson Research Services, Macrobond and Skyscraper database. Certain statements set forth below are based on the Group's own information, insights, opinions, estimates or analyses and not on any third party or independent source; such statements contain expressions such as "the Group believes", "the Group estimates", "in the opinion of the Group" and, as such, do not claim to quote or summarize any third party or independent source and should not be interpreted as such.

**OVERVIEW OF VERTICAL ACCESS SOLUTIONS**

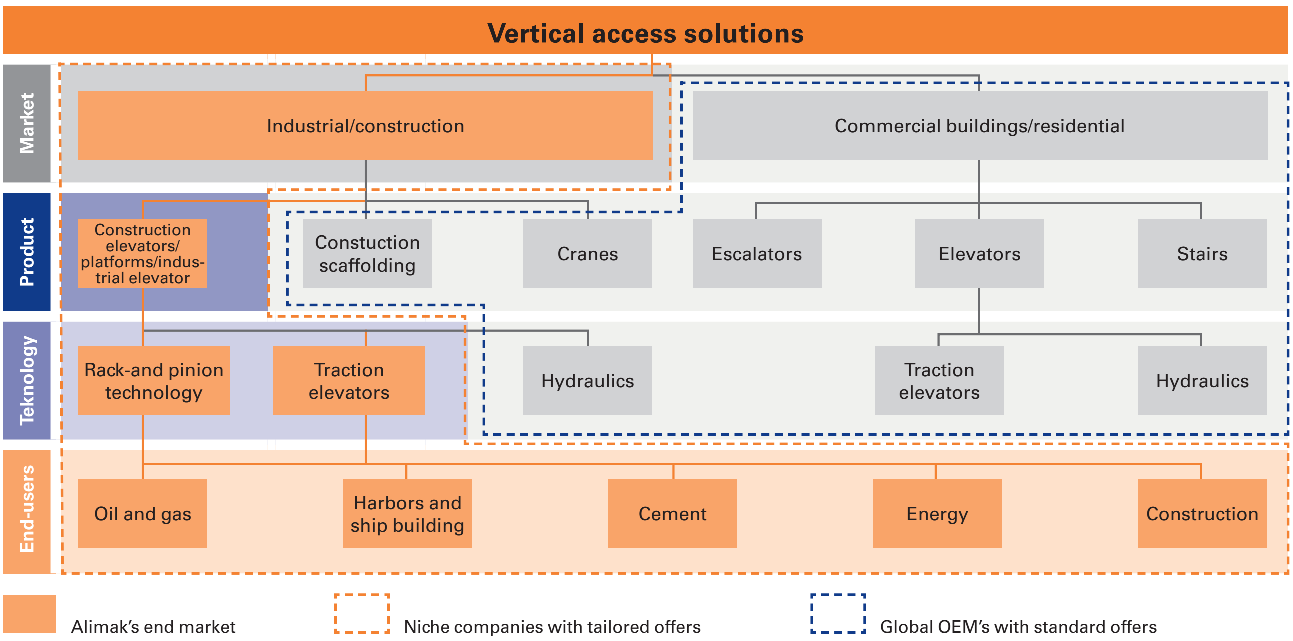
Alimak supplies vertical access solutions and services to customers in a number of global industrial sectors and to the construction industry. Vertical access solutions include products such as industrial elevators, construction hoists, work platforms and transport platforms which make it possible for customers to safely and efficiently move personnel and materials between different heights and under varying circumstances. Generally, markets or applications for vertical access solutions for commercial premises and residences are focused on escalators, passenger elevators and staircases, while markets or applications for industry and construction focus on cranes, construction scaffolding, service elevators and construction hoists/ transport platforms.

Each application of a vertical access solution is designed to satisfy the needs of the end market. Such end markets include the construction sector, where economical and movable designs are required; the oil and gas sector where anti-explosion designs are often used; the energy sector where space-saving designs are required; ports and shipyards where a combination of speed and safety designs is required; and the cement industry which requires elevators capable of withstanding dust, humidity, cold and heat.

The diagram set forth below illustrates the range of products for the vertical access solutions industry, its applications and the Group's current position in the vertical access solutions industry.

Certain key technologies are used to design appropriate vertical access solutions for the specific end market. Rack-and-pinion technology, traction elevator systems and, to a certain extent, hydraulic technology are used to operate elevators and platforms in industrial and construction applications.

The Group has specialized in vertical access solutions for industrial and construction applications which use technologies for rack-and-pinion and traction-based elevator systems and platforms. With the acquisition of Facade Access, the Group's operations also include certain hydraulic technology.



### RACK-AND-PINION TECHNOLOGY

The rack-and-pinion technology is based on a gear system, in which a pinion engages the teeth on a rack resulting in a linear movement of the rack as the pinion rotates. The three main components of rack-and pinion products are the car or platform, the drive unit, and the mast. The drive unit is fitted to the car or platform, which is attached to a mast. Depending on the application area, the components are tailored by size, payload capacity, height, speed and other internal and external factors.

Vertical access solutions based on rack-and-pinion technology are often used in a variety of areas, such as construction sites, power plants, oil rigs, ports and factories. The technology is suitable for both indoor and outdoor applications and for use in harsh environments. Rack-and-pinion features several advantages, such as not requiring a machine room or shaft, which provides for a smaller footprint, lower cost and easier installation and maintenance. Rack-and-pinion products provide the flexibility to handle curves and inclinations and are adjustable and easy to retrofit. They can also be easily adapted to existing building structures which makes them suitable for complex building structures, among other things. In addition, rack-and-pinion products can be operated during power failures through the emergency lowering system.

### TRACTION ELEVATOR TECHNOLOGY

Traction elevator technology is based on an electric motor that moves the elevator car by rolling steel hoist ropes over a drive sheave that, depending on the type of traction machine, is either attached to a gearbox driven by an electric motor or attached directly to the motor. This solution is used for mid-rise and high-rise applications and allows for higher travel speeds and quieter operation than other types of vertical access solutions. The traction elevator technology is used in a wide range of applications and end markets such as the offshore industry, the energy sector, the cement industry, in ports, and in the maintenance of building facades. Traction elevators are well suited to all types of indoor installations where their use reduces noise levels.

### HYDRAULIC TECHNOLOGY

Hydraulic technology uses hydraulic power to pressurize an in-ground piston that travels inside a cylinder to raise and lower a car/platform. Hydraulic elevators are typically slower than rack-and-pinion and traction elevators at lower lifting heights but can often carry heavier loads. This technology is typically used in special applications in various types of industrial sectors.

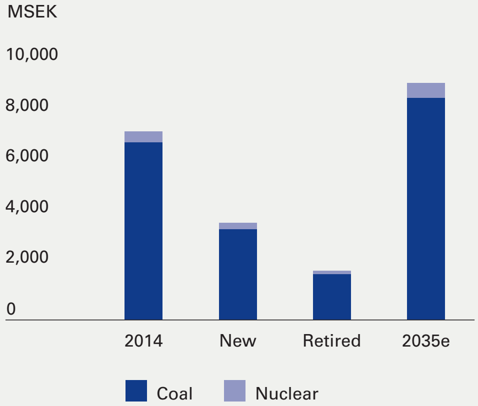
### MARKET SIZE

In its 2015 IPO, the Group estimated the market for vertical access solutions for industrial and construction applications as SEK 11–13 billion. This market estimate only includes the rack-and-pinion after sales and rental markets which are relevant to the Group.[1] In addition, the Group estimated the size of the market for traction technology in industrial and construction applications as SEK 9–15 billion. With the acquisition of Avanti and Facade Access, the Group has expanded to service elevators for wind power applications and permanently installed solutions for maintenance of building facades, commonly referred to as Building Maintenance Units (“**BMUs**”). Service elevators for wind power applications are covered by the Group’s market definition for traction technology in industrial and construction applications, while the market for BMUs is a new market segment the Group has estimated at SEK 4–5 billion.

### MARKET SEGMENTATION, END MARKET DRIVERS AND TRENDS

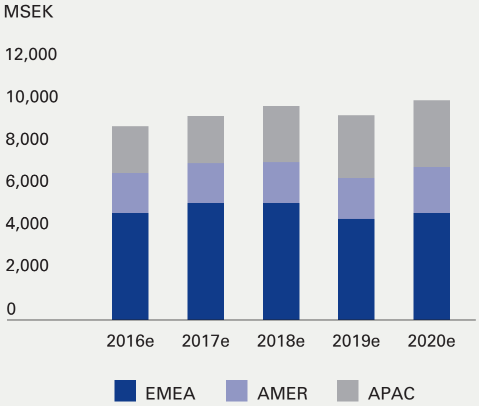
The market for vertical access solutions for construction/industry can be subdivided into four segments: industrial, construction, after sales and rental. The segments differ in their characteristics, end markets, drivers and trends. For the rental segment, only the Group’s construction hoists/platforms based on rack-and-pinion technology are relevant.

## Number of power plants globally




Source: IEA World Energy Outlook, 2014.

## Number of service elevators for wind power plants globally




Source: Consult MAKE, 2016.

1) The Group’s relevant after sales market for rack-and-pinion technology includes after sales for the Group’s installed base of rack-and-pinion technology and its relevant market for rack-and-pinion rental includes only selected countries where the Group is active on the rental market: France, Benelux, Germany and Australia.

### Industrial market segment

Customer demand in the global industrial market is for industrial elevators which are permanently installed. The demand for vertical access solutions is determined primarily by the end market for infrastructure development and the industrial sector. Variations in investments in the various industrial verticals impact the need for industrial equipment. The primary markets are found in the power industry (including the wind power industry), oil and gas, petrochemicals, the cement industry, ports and shipyards, and manufacturing plants. The industrial market segment also includes permanently installed solutions for building maintenance units.

The global market consists of both mature and emerging markets. In recent years, the mature markets have had stable growth while the emerging markets continue to demonstrate good growth while the pace of investment in oil and gas has weakened globally.

#### *The power industry*

Industrial elevators are primarily used in power plants for carrying personnel on paths along scrubbers, in gas purification plants, high structures, boilers and transmission towers. While growth over the past few years has been slow on the mature markets, this has been compensated in part by the emerging markets. China's and Southeast Asia's increasing need for electrical power makes continued expansion of electrical power production necessary, something which opens up possibilities on the market for vertical access solutions. The global number of coal and nuclear power plants is also anticipated to increase from approximately 7,500 in 2014 to approximately 9,400 in 2035, as illustrated by the diagram below. The Group believes that this increase in the number of power plants is an opportunity for vertical access solutions.

Service elevators are primarily used in wind power plants for transportation of personnel inside the wind power tower. The global demand for service elevators for wind power plants is expected to increase by approximately 4% per year from 2016 to 2020, as illustrated in the diagram below. This growth is driven primarily by new wind power parks, the continually increasing height of the wind power towers, and continued focus on increased safety and productivity.

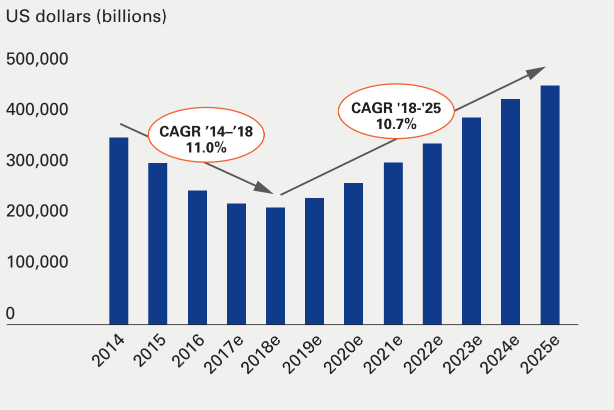
#### *The oil and gas industry*

In offshore projects, industrial rack-and-pinion elevators are used on drilling decks and in hull columns (platform legs), while traction elevators are used primarily in living quarter platforms. Sometimes, explosion-proof rack-and-pinion elevators are required in areas, such as drilling, where hydrocarbons might be present. In onshore projects, industrial elevators are primarily used on liquefied natural gas ("LNG") tanks for maintenance purposes, in refineries and terminals, and on process columns at distillers and crackers. The low and unstable oil prices in 2015 and 2016 have led to significantly reduced investments in the oil and gas industry, primarily in the offshore segment which, in the opinion of the Group, affects both the market for new elevators as well as the market for maintenance and renovation of existing elevators. The diagram below illustrates global investments in the oil industry which demonstrates a decrease in the sector but at the same time also optimism regarding a gradual recovery over the medium term.

#### *Cement*

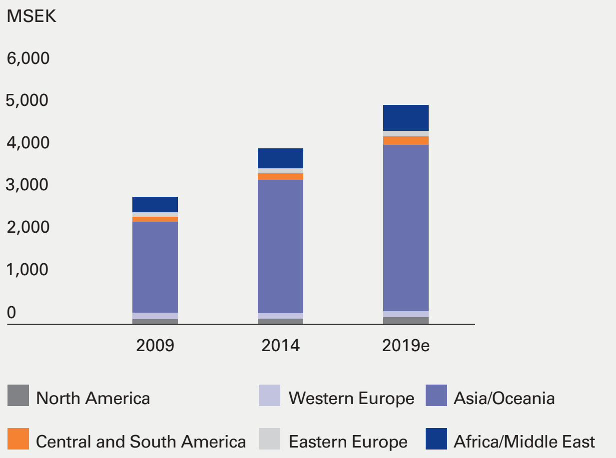
In the cement industry, industrial vertical access solutions are used in, or in the vicinity of, high structures in cement plants. Growth in the cement industry is driven, among other things, by the long term prospects of the construction industry. The diagram below illustrates the global demand for cement which is expected to demonstrate continued positive growth in investments in new manufacturing plants.

### Global investments in the oil industry




Source: Rystad Energy Ucube, Jan. 2017

### Global demand for cement




Source: World Cement, 2015.

### *Ports and shipyards*

Industrial elevators are important components in container cranes, among other things, which are used in ports around the world. The expansion of ports and the need for container cranes are therefore important drivers of the demand for vertical access solutions in this sector. It is the Group's opinion that the market in this segment decreased from 2007 to 2012 but since then has demonstrated a slow recovery and demand on the market even increased somewhat in 2016 as compared with 2015. This trend is expected to be supported by an increasing global demand in container trade as illustrated in the diagram below.

### *Production facilities*

Industrial elevators are also an important part of transportation and logistics in manufacturing facilities and warehouses. Expansion of manufacturing, warehousing and, above all, facilities on multiple floors are therefore important drivers of demand for vertical access solutions in the segment. It is the opinion of the Group that the market within this segment decreased from 2008 to 2014 but, since then, demand on the market has demonstrated a slow recovery.

### *Permanently installed solutions for building maintenance units ("BMUs")*

Vertical access solutions are used for building maintenance located on, or in, tall buildings, and are commonly referred to as BMUs. The growth is driven in part by the number of new skyscrapers being built, but also by architecture and the development of facade materials and increased requirements for the safety and productivity of work carried out at high heights. Investments in tall buildings are expected to increase and the trend toward multi-functional facade materials is anticipated to continue, entailing that the demand for BMUs is expected to continue to grow. The diagram below illustrates the historical trend for buildings with a height of over 200 meters, illustrating the development of complex buildings which, in turn, contributes to the demand for building maintenance.

## Construction market sector

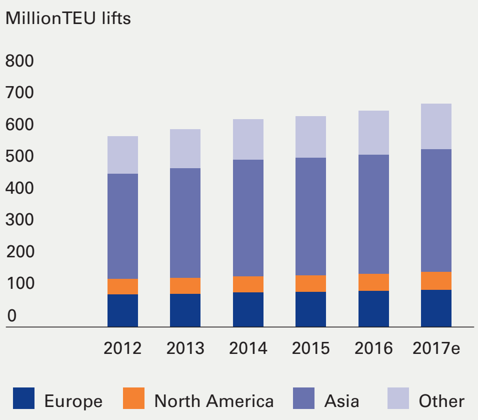
The construction industry requires vertical access solutions in the form of construction hoists, work platforms, transport platforms and materials elevators which are installed temporarily during the course of a construction project. A significant part of the market consists of rental operations. The demand varies greatly between the most important geographic regions which consist of APAC (including Oceania), Europe, Latin America and North America. Population growth and urbanization, as well as an increased focus on health, safety and the environment, generate demand for solutions for construction and renovation projects and drive the market within the construction sector. In addition, there is a significant demand for tower crane elevators in order, among other things, to fulfill stricter legislative requirements in Europe to equip tower cranes over 60 meters with elevators in order to make it easier for the crane operator to climb up to the operator cabin. Beginning in 2017, even stricter rules will be applied on certain European markets for a maximum climbing height of 30 meters.

### *APAC*

In China, which was previously the engine of the construction industry in Asia, growth has decreased as a consequence of the general cooling off of the Chinese economy. The Company believes that demand for construction equipment will probably pick up again, but likely at a more moderate rate of growth. According to the current Chinese regulations, construction hoists may not be used for more than between five and eight years which creates a continuous demand for new elevators.

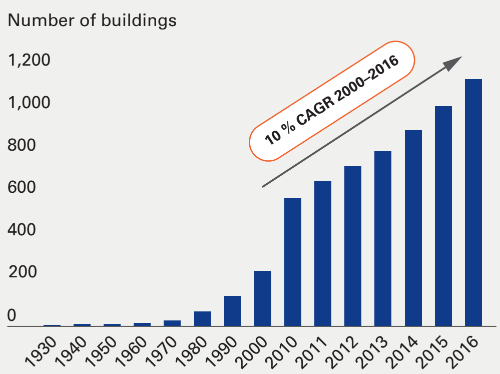
In the other parts of APAC, the urbanization and development underway towards megacities is driving the need for increased residential construction and thus increased demand for construction products and services.

## Global demand in container trade




Source: Clarkson Research Services, 2016.

## Number of buildings taller than 200 meter




Source: Skyscraper database

### *Europe*

Following the 2008 financial crisis, the European construction market has experienced a steep decline. Increased new construction and renovation of commercial buildings is expected to contribute to continued growth. Despite a generally weak trend in Europe, growth is strong in certain parts of the region, where the Group particularly believes that the markets in Great Britain and Scandinavia demonstrate strong demand. In 2015 and 2016, the markets in the central and southern parts of Europe, for example Spain, also demonstrated clear signs of recovery.

### *North America*

In the opinion of the Group, demand in North America has once again increased following the long decline which followed after the financial crisis. In the United States, the pace of recovery varies between various market segments and regions. Most of the growth over the next few years will come from commercial and industrial projects.

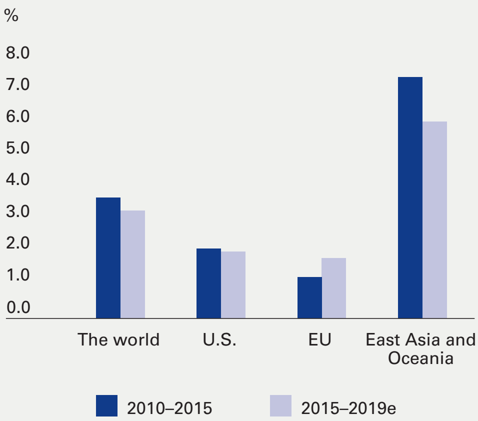
### *Latin America*

The largest drivers on the Latin American market are strong GDP growth in several countries and a rapid growth in population and urbanization. Up until 2015, the Latin American market for construction hoists and platforms grew at a slower pace than the global average and differences exist between countries. Brazil, which is the single largest market, pursued a strong policy of cost savings in 2016 and was shaken by political scandals, which affected the construction sector negatively. Other markets in Latin America, however, demonstrated signs of recovery.

### *Other parts of the world*

In the opinion of the Group, the Middle East demonstrated sound growth in the construction sector in 2016 with a large number of new projects. Activities on the African continent also increased, primarily in the western portions, while activities in Russia have declined somewhat during 2016 according to the Group.

## GDP trend on relevant markets, %




Source: Macrobond, January. 2017

## After sales market segment

After sales services in the form of installation, training, service, maintenance, spare parts, renovations and refurbishment are primarily affected by developments in the industrial market as a whole. After sales services are, however, more resistant to sudden swings on the markets since they are driven by use and thus instead follow the age profile of the equipment installed. The total lifecycle for an industrial elevator is 25–30 years. Following installation, maintenance services are largely required for between 10 and 15 years, following which a renovation phase of 10 to 15 years occurs before major critical components must be replaced. This entails that a new sale normally generates after sales services corresponding to three times the original sales value. Construction hoists and platforms also often require after sales services during and between each project since they are installed temporarily at various buildings and are critical to the progress of the project.

In the opinion of the Group, the market for after sales services developed positively in several areas in 2016. Growth in construction and spare parts was very good. However, the market was affected negatively by the significant decline in demand in the offshore, oil and gas industry as well as the mining industry.

## Rental market segment

Due to the temporary nature of construction projects, many construction customers choose to rent, instead of purchasing equipment for such projects. Following the financial crisis, Alimak has focused its own rental operations on a few mature markets in Australia and Europe where it has a significant market share. A smaller regional rental business in the United States was sold in 2016. Just as is the case with operations in vertical access solutions for the construction industry, the rental industry is affected by the industry-wide trends. Growth on the rental market is driven by the level of activity and growth in the construction sector. Historically, customers on certain markets have been more interested in renting equipment than purchasing it. Amongst the companies active on the various rental markets, there are both companies which manufacture equipment themselves as well as pure rental companies whose range of products are based on equipment purchased from third parties.

The construction market in Australia continued to develop strongly in 2016. In Europe, the Group has noted continued recovery with increased demand in Germany, Belgium and the Netherlands. The French market was characterized, however, by continued swings in demand but was somewhat more stable during the latter part of 2016.

## COMPETITION

### Industrial market

The Group offers both rack-and-pinion technology as well as traction elevator technology in the industrial market segment. The Group believes that, at present, it is the only supplier with an extensive global presence which can offer both rack-and-pinion technology and traction elevator technology-based vertical access solutions.

The industrial market is broadly divided between emerging and mature markets, with different competitive dynamics in each market. Within both mature and emerging markets, the competitors can broadly be classified into smaller local competitors and larger regional competitors.

The market for industrial rack-and-pinion applications on emerging markets is characterized by a high level of concentration where, in the opinion of the Group, the three primary competing companies, including Alimak, make up approximately 50% – 75% of the market for rack-and-pinion technology. The situation is similar on mature markets where, in the Group's opinion, the three largest competing companies, including Alimak, make up approximately 75% of the market for industrial rack-and-pinion technology.

Competition in the industrial traction-based elevator system sector varies depending on the market. The most important market segments in the global market for industrial traction-based elevator systems include the power industry, petrochemical factories, oil and gas (offshore rigs), cement, ports and shipyards and marine (cargo ships). The market is generally fragmented with a mixture of large multinational companies and smaller local companies (which sometimes cooperate with their multinational equivalents or base their solutions on components from these). Competition in the oil and gas segment consists primarily of niche companies, where the Group estimates its market share based on revenues to be approximately 20% – 30%.

Through the acquisition of Avanti, the Group, in the Group's view, has acquired a global leading position for service elevators with wind power applications where, in the opinion of the Group, the competition is characterized by a high degree of concentration where the Group estimates that the four largest companies covers approximately 75% of the market.

The competition for permanently installed solutions for building maintenance units (BMUs) is generally fragmented and characterized by a mixture of larger global companies but also many smaller regional and local companies, the latter being primarily active in the more standardized segment. Through the acquisition of Facade Access, the Group believes it has acquired a leading position globally in the equipment sector focusing on highly and moderately complex solutions.

### Construction market

The construction market, exclusively based on rack-and-pinion technology, is based on different price and capacity levels, broadly consisting of premium, mid-range and low-end segments. The mid-range and low-end segments consist of simple and relatively standardized construction products offered at a lower purchase price as compared to premium products which consist of more productive and tailored construction equipment suitable for a wider range of applications. The Group estimates that mid-range and low-end segments account for the majority share of the market based on units, with the mid-range segment comprising approximately half of the share.

The market for rack-and-pinion driven applications for the construction industry in emerging markets is large and, to a significant extent, driven by the domestic Chinese construction market. The Chinese market is dominated by local Chinese competitors and has a low market concentration with seven-eight major companies which, according to the Group, cover for just over 50% of the market for rack-and-pinion technology.

The market for rack-and-pinion driven applications for the construction industry on mature markets is characterized by a higher level of market concentration where the five main companies, in the opinion of the Group, cover approximately 75% of the market, where the Company considers itself the leading company globally. The Group believes that safety, reliability, and sustainability constitute important factors for customers in the construction industry on mature markets. The Group also believes that the Company has strengthened its global market position over the past two years by taking market shares on both mature markets as well as emerging markets, with the exception of the local Chinese market.

### Rental market

Competitors in the rental market consist primarily of companies which manufacture equipment themselves or pure rental companies whose products are based on purchased equipment.

Competition continued to be intensive on all markets in 2016. An increased level of utilization of capacity in Europe has led to a better balance between supply and demand which is approaching normal levels.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# Business description

This section focuses on the Group's business before the acquisitions of Facade Access and Avanti. The Group's business and product range is being expanded through the Acquisitions; see the sections entitled "*Description of the acquisitions*" and "*The new group*".

## OVERVIEW

The Group, with its headquarters in Stockholm, is a global industrial group which designs, develops, manufactures, sells, distributes and maintains vertical access solutions. The range of products includes construction and industrial elevators as well as work platforms, transport platforms and tower crane elevators. The Group also offers a complete range of after sales services. The foundation of the Group's product range consists of rack-and-pinion technology elevators, platforms and traction elevators. Most of the products are based on rack-and-pinion technology which constitutes a niche in the market for vertical access solutions.

For almost 70 years, the Group has been a pioneer in the industry and one of the leading suppliers of elevators, construction hoists and work platforms. The Group is now active in the premium and midrange segments on both mature as well as emerging markets. Customers' needs vary over the various industries and geographical areas. The Group offers a broad and competitive product portfolio containing both customer-specific as well as modular elevators and standard elevators. The portfolio is adapted for varying customer needs and market segments. The Group believes that its trademarks have a high degree of market recognition and that its products are globally recognized for their high level of safety, reliability and productivity.

On 31 December 2016, the Group's installed base consisted of approximately 22,000 rack-and-pinion operating units which are used on a number of different end markets throughout the world. This constitutes the largest rack-and-pinion operated installed base in the world[1]. The Group believes that this globally installed base is evidence of the Group's broad technical experience and global list of references. The Group's diversified product portfolio includes both fundamental and more advanced configurations and is supplemented by a full-coverage range of services adapted to the specific needs of the customer including after sales services, sales of used equipment and, on certain markets, rental services. The Group's after sales services constitute an important part of the services offered to its customers and has historically generated stable revenues at attractive margins.

In 2015, 34%, 31%, 30% and 5% of the Group's revenues came from Europe, North and South America, APAC and the rest of the world, respectively. The Group provides products and services to its global customer base through a combination of direct sales and third-party distributors on a number of end markets. The Group believes that it is the only global supplier of vertical access solutions based on rack-and-pinion technology and traction-based elevator systems for industrial and construction applications with an actual global distribution and service network. On 31 December 2016, the Group had 23 wholly-owned sales and service offices. In addition, the Group had close cooperation with over 80 distributors around the world which market and sell the Group's products and services. The distributors, who complement the in-house sales organization, offer local presence in a cost-efficient manner. The Group has a well-established manufacturing structure on both mature markets as well as emerging markets with integrated production and research and development facilities in Sweden and China.

The Group's business is organized in four business areas which reflect and supply customers with varying end-user needs:

### Construction Equipment

The Construction Equipment business area designs, develops, manufactures, sells and distributes a broad range of elevators, work and transport platforms, and materials and tower crane elevators for temporary use in construction and renovation projects. For some time, Alimak has focused on mature markets and offered premium products which are primarily module-based. On emerging markets such as Asia, however, standard elevators make up most of the market and, since 2013, Alimak has therefore been developing these types of elevators and platforms for the midrange segment on both mature and emerging markets. Standard elevators and platforms constitute a cost-efficient addition to Alimak's product portfolio. In 2015, the Construction Equipment business area generated 27% of the Group's revenues and 17% of the Group's operating profit (EBIT).

### Industrial Equipment

The Industrial Equipment business area designs, develops, sells, and distributes a broad range of permanently installed solutions for use in many different end markets, including oil and gas, harbors and shipbuilding, energy, and cement. In 2015, the Industrial Equipment business area generated 24% of the Group's revenues and 12% of the Group's operating profit (EBIT).

1) The installed base consists of the Group's own industrial and construction equipment, installed by the Group or a third-party, calculated on the basis of the Group's available sales and installation register and based on an estimated lifecycle of 25–30 years for industrial elevators and 25 years for construction equipment.

### Rental

The Rental business area conducts rental operations in respect of Alimak's in-house manufactured construction elevators and platforms for the building industry in France, Belgium, the Netherlands, Luxembourg, Germany, Switzerland, Austria and Australia. The rentals are complemented with a comprehensive range of varied support services such as project planning, assembly, disassembly, maintenance, transportation and general service. The business area also sells used equipment which primarily comes from the rental operations. In 2015, the rental business area generated 15% of the Group's revenues and 8% of the Group's operating profit (EBIT).

### After Sales

The After Sales business area provides a range of after sales services for the Group's installed base of approximately 22,000 units, such as installation, maintenance, repair, spare parts, contract-based service, renovation, technical applications, remote monitoring systems, and direct customer training over the lifecycle of the equipment. In 2015, the After Sales business area generated 34% of the Group's revenues and 63% of the Group's operating profit (EBIT).

## STRATEGY

Alimak's business idea is to provide modern and cost-efficient vertical access solutions and after sales services to construction and industrial customers. The vision is for Alimak to be the leading supplier of vertical access solutions for the industrial and construction sectors globally:

- Alimak will broaden and develop its product portfolio and increase sales in the Construction Equipment, Industrial Equipment and After Sales business areas.
- The After Sales business area will grow through increased penetration of Alimak's installed base.
- Alimak will focus on more efficient designs and lower cost of ownership and operation of the Group's products and services.
- Alimak will further expand its global sales and service network to create growth and proximity to customers.
- Alimak will evaluate potential acquisitions within selected niches in order to strengthen its market position.

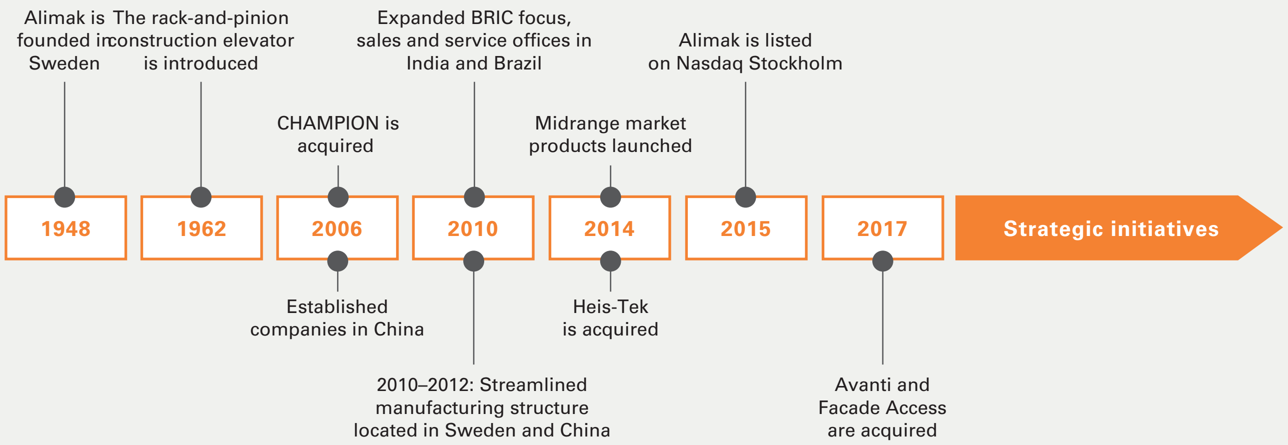
## THE HISTORY OF THE GROUP

Alimak was founded in Skellefteå in 1948. Initially, the business focused primarily on the development and manufacturing of industrial elevators, construction elevators and work platforms. The Company introduced the first personnel and materials elevators based on a steel construction in 1953 and the first rack-and-pinion driven climbing platform in 1956.

A breakthrough came in 1962 when Alimak revolutionized the use of rack-and-pinion technology through the launching of the first construction elevator based on rack-and-pinion technology. Between 1968 and 2001, Alimak expanded its operations and its geographic presence by expanding its range of products and services. The customer base grew in a number of markets and a series of strategic acquisitions were carried out. In 1973, Alimak supplied its first elevator to the offshore industry. In 2001, a merger was carried out between Alimak and the Dutch company, Hek, which had been manufacturing construction elevators and work platforms since 1961. In 2006, Alimak established a manufacturing unit in China and, in order to strengthen its presence in the United States, acquired Texas-based rack-and-pinion manufacturer, Champion Elevators. From the beginning of 2008, the Group increased its strategic investments in BRIC markets and opened sales offices in India and Brazil between 2008 and 2011. Between 2009 and 2012, an optimization program was also carried out in the manufacturing structure in order to strengthen and focus manufacturing to two locations: Skellefteå, Sweden and Changshu, China. In May of 2014, the Group broadened its range of products through the acquisition of the traction elevator company, Heis-Tek, with products and services primarily for oil and gas applications in the North Sea. In June of 2015, Alimak's shares were admitted to trading on Nasdaq Stockholm. The Group acquired Avanti and Facade Access in 2017. See more about the acquisitions under the section entitled "*Description of the Acquisitions*".

The timeline below illustrates the Group's historical milestones.

## Timeline



## BUSINESS AREAS

### Construction Equipment

The Construction Equipment business area designs, develops, sells and distributes construction elevators and platforms which are installed for temporary use in conjunction with construction and renovation projects. The Group's products in this area range from basic work platforms to high-speed construction elevators.

Many of the Group's building products are based on module designs, which makes them flexible with respect to size and usefulness in many different contexts, including in the construction and renovation of tall buildings, bridges, smoke stacks and facades. Many fundamental components in the Group's construction products are designed to be flexible and to include replaceable parts and they can be used with the aid of a single mast. The Group further believes that its use of module designs increases customer demand for accessories and yields a higher customer value while reducing assembly time and maintenance costs.

***Product range***

The Group's construction products are designed for a number of different uses where work safety, reliability, versatility and price are key requirements for the customer. The Group's products in the Construction Equipment business area include rack-and-pinion operated construction elevators for passengers and materials, tower crane elevators, transport platforms and materials elevators for vertical transportation of people and materials, as well as mobile work platforms.

***Customers***

The customer base is extensive and fragmented with a few large regional customers and many local customers. The end customers are generally local construction companies or rental companies.

### Industrial Equipment

The Industrial Equipment business area designs, develops, manufactures, sells and distributes a broad range of permanently installed elevators for many different end markets, including oil and gas, harbors and shipbuilding, energy, and cement. The Industrial Equipment business area is a project-oriented business in which purchases by customers from the Group normally constitute a smaller part of large complex engineering, procurement and construction projects, such as the construction and expansion of oil refineries, liquid natural gas terminals, and chemical factories. The Group's industrial elevators are therefore often specially adapted to suit specific customer applications and requirements with respect to size, load capacity, height, speed and other factors all for the purpose of ensuring the delivery of the right equipment for each individual job. With an average lifecycle of approximately 25–30 years, industrial elevators have a long anticipated lifecycle. The Group believes that the long anticipated lifecycle of industrial elevators positions the Group for future recurring revenue streams from after sales services such as distance monitoring, repairs, spare parts and re-fittings.

***Product range***

The Group's industrial elevators are designed to safely and efficiently transport people and materials, which means improved access to important areas at the customers' facilities and improved monitoring and service of these areas. The Group's industrial elevators, including its explosion-proof elevators and its elevators for special applications benefit from the Group's significant technological experience and are often designed to function under extreme conditions and in corrosive environments while offering reliability, quality and efficiency.

***Customers***

A significant portion of the business of the Industrial Equipment business area consists of solutions in which the orders customers place with Alimak comprise only a part of large and complicated projects. EPC companies (engineering, procurement and construction) are important customers and other customer categories include end-users and distributors. End-users include all major oil companies as well as companies in the shipbuilding industry, harbors, cement, mining, energy, chemicals and manufacturing. The customers are broken down over the following regions: Europe, North and South America and APAC.

### Rental

The Rental business area provides rentals of the Group's in-house designed, developed, and manufactured construction elevators and platforms for customers on four main markets: France, Belgium, the Netherlands, Luxemburg, Germany and Australia, and offers sales of the Group's used construction products. The Group's rental operations cover short-term or long-term rental agreements under which the Group's equipment is rented in combination with services such as assembly, disassembly, maintenance, operating assistance, technology, transportation and insurance. The Rental business area also includes sales of used construction products manufactured by the Group which are primarily derived from replacements and adjustments in the capacity of the rental equipment, and to a lesser extent from trade-ins and repurchases.

***Offer of service and used products***

The Group offers its construction products for rental to customers in France, Benelux, Germany, Switzerland, Austria and Australia, either directly or through its rental partners. In conjunction with the rental of the Group's construction products, the Group offers its customers a complete range of support services covering monitoring of projects from the idea stage to completion. The Group's project leader and training personnel are able to analyze the needs of the customer, identify the need for tailored solutions, and determine which of the Group's products best fulfill the needs of the customer. The Group's experts are also available to offer customers training on site. In addition, the Group's services include transportation of the product to the site and assembly, service and disassembly of the product.

The Group's sales of used products derive largely from its own stocks of rental equipment where the Group offers units of various ages and with varying capacity and specifications.

***Customers***

The Business Area has a broad customer base on the markets in France, Benelux, Germany, Switzerland, Austria and Australia, either directly or through its rental partners. The customers consist primarily of large and small construction and facade companies in need of Alimak's construction equipment for various projects.

## After Sales

The After Sales business area provides a range of different after sales services for industrial and construction equipment such as installation, maintenance, repair, spare parts, contract-based service, renovation, technical applications, remote monitoring systems and customer training extending over the lifecycle of the equipment and benefiting from the Group's installed base of approximately 7,500 units. On 31 December 2016, the Group's installed base consisted of approximately 7,500 industrial units and approximately 14,500 construction units. Within the After Sales business area, the Group offers services focused on ensuring continuous production and efficiency by limiting costs related to potential disruptions in machinery operation and thus stoppages in operations. Based on the Group's installed base worldwide, and its broad sales and service network, the Group is currently the only supplier of rack-and-pinion driven vertical access solutions and traction-based elevator systems covered by global master service agreements under which the Group can perform maintenance on its customers' facilities throughout the world.

For after sales services, the market penetration is significantly higher for industrial customers than for construction customers. The Group believes that this high level of market penetration for the industrial customer base is based on several factors, including the complicated nature of industrial products where minimization of stoppages in operations is of great significance and the fact that customers outsource service and maintenance in order to reduce the operating risks and costs. The Group believes that construction customers historically often prefer to have more control since construction products and construction applications are used in temporary installations and make up a significant portion of the earnings opportunity for construction customers. As a result of this, construction customers often perform their own service and repair work. The Group estimates that after sales constitutes approximately 75% of the revenue potential in relation to the total lifecycle of a typical industrial elevator.

The typical lifecycle for an industrial elevator is 25–30 years with renovation possibilities primarily beginning in year 15 and going forward. Considering the age profile of the Group's installed base, the Group believes that it has great potential to further increase its opportunities for after sales and renovation services. In addition, the Group complements its extensive range of services in rack-and-pinion technology and traction-based elevator systems by addressing certain competing equipment.

***Range of services***

After sales services are an important part of the services provided to the Group's customers since the Group's products are normally installed in a production environment, often with demanding applications or difficult and corrosive environments. The Group's extensive expertise in vertical access solutions and broad experience in geographic and end market applications contributes to its competitive range of services. The Group believes that it is the only company with a global operating service network which offers spare parts, service and maintenance for both rack-and-pinion technology and traction elevator technology. The range of services in the After Sales business area includes installation, maintenance, repair, spare parts, contract-based services, renovation, technical applications, remote monitoring systems and customer training.

***Customers***

After Sales customers are found in many industries but the main areas are harbors, oil and gas, and the power, cement, mining and construction industries.

## TRADEMARK PORTFOLIO

The Group's trademark portfolio consisted of four primary trademarks: Alimak, Hek, Heis-Tek and Champion. The Group offers its products and services primarily within the scope of the Alimak, Hek and Heis-Tek trademarks. Alimak and Hek are global trademarks under which the Group manufactures and sells its premium and midrange segment products focusing on rack-and-pinion technology. The trademarks have been marketed to customers for almost 70 years and are associated with the launch of the first rack-and-pinion driven construction elevators and platforms. The Alimak trademark focuses particularly on industrial elevators and materials elevators while the Hek trademark covers work platforms and duel-functionality transport platforms and construction elevators. The Group's Heis-Tek trademark for traction-based elevator systems has over 20 years of customer recognition on the vertical access solutions market, particularly with respect to applications in the oil and gas offshore market where safety and reliability are crucial. The Group believes that all of its trademarks are characterized by strong safety statistics, reliability, sustainability and high quality.

## Safety and reliability

Safety and reliability are important qualities for all products sold under the Group's trademarks. With almost 70 years of industry experience in several geographic areas and end markets, the Group manufactures proven and reliable technical solutions for its customers. Many of the Group's products have overload protection and safety features which ensure the safety of the operator and extend the lifecycle of the equipment. All of the Group's safety features are tested in specially designed test facilities before delivery from the manufacturing plants.

### Quality

The quality of the Group's products is one of the most important characteristics distinguishing the Group from its competitors. The Group's strict control systems guarantee the high quality of its products, as evidenced by a number of domestic and international certifications of the quality of the Group's products. The Group's manufacturing plants in Skellefteå, Sweden and Changshu, China have received ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:207 certifications. The Group's quality control procedures begin with quality assurance of parts and components which includes an evaluation of the Group's suppliers and inspection of parts and components upon arrival at the Group's plants. All components used in the Group's products undergo wear and tear testing for the purpose of ensuring a long lifecycle, performance and quality. The Group believes that its extensive product testing and industry certifications are evidence of the technical capacity of the Group's manufacturing processes and contribute to generating customer confidence.

### Strength

The Group uses advanced materials and applies market-leading technologies and designs in order to ensure the strength and durability of its products and parts. The Group believes that durability and sustainability are important purchasing criteria, particularly for industrial products on mature and emerging markets.

## CUSTOMERS AND GEOGRAPHICAL BREAKDOWN

The map below illustrates the Group's sales offices and manufacturing sites per December 2016.

Revenues for 2015, according to a geographical breakdown, were 34% in Europe, 31% in North and South America, 30% in APAC and 5% from the rest of the world.

For the Group's industrial and construction customers, the customer agreements are generally project-specific and based on the customer's standardized construction agreement. Within the After Sales business area, the Group enters into global master service agreements with certain customers, and local master service agreements with other customers. The Group's agreements in the Rental business area are generally standardized and based on the Group's standard agreements.

In addition, through a number of security arrangements and on request, the Group provides performance security and security for warranties in order to ensure that the Group will fulfill its obligations under the agreement or perform its warranty undertakings during the stated warranty period. The typical duration of security provided for completion is approximately 12 months from commencement of performance, while the typical duration of security provided for warranties can vary from 12 to 24 months from the time of delivery of the product to the customer. The duration of performance security and warranty security varies, however, depending on the business area and project.

The Group's customers appreciate the opportunity for special technical consultation by the Group's experts as well as product and service packages tailored to meet their needs. The Group believes that its long-term relationships with many of its customers are based on the Group's broad expertise, application knowledge, full coverage range of products and services, and global sales and service network.

## PURCHASING AND MANUFACTURING

### Purchasing

Alimak's purchasing operations supply the manufacturing units with various components such as steel, drive units, electronics and cables. The purchasing is coordinated globally providing flexibility and economies of scale. Global transparency regarding purchasing information and a joint management organization and joint key ratios ensures that the advantages derived from economies of scale are utilized.

Cost and performance guide the choice of supplier both locally and internationally. At the same time, it is important to maintain long-term relationships with suppliers. The Group has master agreements with key suppliers of important component goods.

The purchasing organization has a large number of prioritized areas, including reducing the total purchasing costs, reducing the number of suppliers, and increasing purchases from low-cost countries.

### Global platform for manufacturing

Before the Acqusitions, the Group had two manufacturing units, one in Sweden and one in China. These manufacturing units are managed globally in order to ensure quality, coordination and cost efficiency. The manufacturing consists of elements such as welding, processing, and laser cutting for producing key components such as masts, elevator baskets, platforms and gearboxes. Final assembly testing in-house is essential to ensure safety and quality. The manufacturing in Sweden, which takes place in Skellefteå, began in 1948. The plant maintains a high degree of automation with robotic welding, laser cutting and manufacturing-controlled machines with robotic handling. The manufacturing is largely based on a module system which means that the end product can be efficiently adapted to specific requirements. This provides the capacity to manufacture customer-specific solutions and modular elevators which can be adapted from one area of use to another.

Alimak began manufacturing in Changshu in eastern China in 2007. An additional manufacturing unit focusing on more standardized products and components started up in Changshu at the end of 2014. The manufacturing process in China consists of the production of elevator baskets, platforms, components and masts but is less automated than the Swedish plant.

## LOGISTICS

Proximity to the customer, punctual deliveries, and the high quality of service are important components of what Alimak offers its customers and result in long-term customer relationships. Many deliveries of industrial elevators are project-based and require a tailored design and customer adaptation. The transportation is often determined by the customer's requests, but to the greatest extent possible the products are shipped by boat or train in order to minimize the Company's impact on the environment.

## RESEARCH AND DEVELOPMENT

In order to meet its customers' needs and ensure an updated product portfolio, the Group integrates research and development with marketing, sales, manufacturing and customer-driven product development. The Group's product development team works continuously to improve existing products and to develop new products and product applications for its growing customer base. The Group's manufacturing plants in Sweden and China have cost-efficient production with cost-efficient purchasing and a large research and development capacity. The Group believes that these functions yield significant competitive advantages in the development of vertical access solutions for various applications on mature and emerging markets. The Group's product development team focuses on:

– Developing new products, features and applications; and

– Modifying existing products in order to increase efficiency or improve performance in relation to cost.

Some of the Group's earlier and current examples of research and development initiatives include:

– Construction Equipment: Standard construction elevators focused on the midrange segment on emerging markets and Europe.

– Industrial Equipment: Lighter service elevators, basic explosion-proof elevators and elevators for use in extreme temperatures.

– After Sales: a New safety feature concept for replacement of elevators, platforms and remote monitoring applications.

## EMPLOYEES

The table below illustrates the equivalent of the Group's average number of full-time employees for the financial years stated:

| | 2015 (audited) | 2014 (audited) | 2013 (audited) |
|---|---|---|---|
| Average number of employees | 1,077 | 996 | 865 |

The following table illustrates the geographic breakdown of the Group's average number of employees for the financial years stated:

| | 2015 (audited) | 2014 (audited) | 2013 (audited) |
|---|---|---|---|
| Europe | 571 | 562 | 498 |
| APAC | 396 | 330 | 267 |
| North and South America | 110 | 104 | 100 |
| **Total** | **1,077** | **996** | **865** |

## CODES AND RULES

The Group's business and products must comply with certain legislation and norms in the jurisdictions where the products are sold and manufactured. The Group's manufacturing plants are subject to operating licenses in the jurisdictions where they are located. The Group has received and renewed all licenses, permits and authorizations necessary in order to continue the Group's current business. The Group is also subject to a large number of other rules and norms. Technical standards, product safety regulations, environmental requirements, export controls and competition requirements regarding the Group's manufacturing plants, products, exports and sales are constantly under review and revision. The Group maintains internal guidelines and processes in order to ensure that all relevant requirements are complied with, that such compliance is documented, and in order to proactively adapt to changes and to incorporate these rule changes.

## HEALTH, SAFETY AND THE ENVIRONMENT

The operation of the Group's manufacturing plants and work environment and safety at the Group's manufacturing plants are subject to various rules and requirements in each jurisdiction. The local managing directors are responsible for conducting their operations in accordance with local legislation and relevant customer requirements, and compliance at group level is handled by the Group's compliance manager. The Group has received all significant environmental permits needed to conduct its manufacturing in Sweden and China. In addition, the Group voluntarily complies with most third-party certifications through, for example, the International Organization for Standardization (ISO). The Group's manufacturing is subject to a number of laws and regulations regarding health, safety and the environment, including those related to emissions of air and water, waste management (including hazardous and poisonous waste), pollutants, the use of chemicals, and work health and safety.

# Selected historical financial information

The condensed financial statements presented below (as well as measures defined under IFRS) pertaining to full years have been derived from Alimak's audited consolidated report for the financial years 2013–2014 and annual report for 2015, and the unaudited consolidated financial statements for the Company for the fiscal- and calendar year of 2016, which has been prepared in accordance with International Financial Reporting Standards (IFRS) (as adopted by the EU). The audited consolidated report for the financial years 2013–2014 and the annual report for 2015 have been audited by the Company's auditors, while the year-end report for the financial- and calendar year 2016 has not been audited. Below, certain key ratios are presented, of which some are not required or defined in accordance with IFRS. As Alimak believes that these key ratios are important in connection with investors' assessment of the Company and the offer, these ratios are however presented in the Prospectus. The sections should be read together with the sections "*Risk Factors*", "*Comments on the financial performance of Alimak*" and "*Capitalization, indebtness and other financial information*", and the Company's consolidated accounts with the associated notes, which have been incorporated by reference in this Prospectus.

**Condensed statement of comprehensive income, group**

| MSEK | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| Revenues | 2,048.6 | 2,036.3 | 1,742.5 | 1,517.1 |
| Cost of goods sold | –1,230.7 | –1,216.6 | –1,000.7 | –858.9 |
| **Gross Profit** | **817.9** | **819.7** | **741.8** | **658.3** |
| Total operating expenses | –511.1 | –523.5 | –454.2 | –391.0 |
| **Operating profit (EBIT)** | **306.8** | **296.2** | **287.6** | **267.3** |
| Net financial items | –25.4 | –97.9 | –195.9 | –148.3 |
| **Result before tax (EBT)** | **281.4** | **198.3** | **91.7** | **119.0** |
| Tax on profit for the period | –87.4 | –63.3 | –45.2 | –39.9 |
| **Profit for the period** | **194.0** | **135.0** | **46.5** | **79.0** |
| Attributable to the parent company's shareholders | 194.0 | 135.0 | 46.5 | 79.0 |

## Condensed statement of financial position, group

| MSEK | 31 December 2016 (Unaudited) | 31 December 2015 (Audited) | 31 December 2014 (Audited) | 31 December 2013 (Audited) |
|---|---|---|---|---|
| Intangible fixed assets | 1,789.2 | 1,729.7 | 1,703.7 | 1,554.6 |
| Tangible fixed assets | 258.7 | 268.1 | 276.6 | 260.8 |
| Financial and other non-current assets | 48.0 | 74.6 | 104.1 | 93.8 |
| **Total non-current assets** | **2,095.9** | **2,072.4** | **2,084.4** | **1,909.1** |
| Inventories | 394.6 | 343.9 | 313.1 | 251.7 |
| Trade receivables | 408.8 | 365.8 | 337.8 | 284.4 |
| Other receivables | 146.4 | 127.5 | 134.0 | 98.8 |
| Cash and cash equivalents | 230.6 | 450.0 | 384.7 | 189.9 |
| **Total current assets** | **1,180.3** | **1,287.2** | **1,169.6** | **824.7** |
| **TOTAL ASSETS** | **3,276.2** | **3,359.6** | **3,254.0** | **2,733.8** |
| **EQUITY AND LIABILITIES** | | | | |
| **Shareholders' equity** | **2,202.1** | **2,052.1** | **864.2** | **673.4** |
| **Non-current liabilities** | | | | |
| Interest bearing debt | 446.5 | 743.3 | 692.2 | 699.4 |
| Liabilities to parent company | – | – | 918.8 | 835.3 |
| Other long term liabilities | 128.5 | 120.9 | 149.8 | 96.4 |
| **Total non-current liabilities** | **575.0** | **864.2** | **1,760.8** | **1,631.0** |
| **Current liabilities** | | | | |
| Interest bearing debt | 78.7 | 77.8 | 248.5 | 173.5 |
| Accounts payable | 219.3 | 195.9 | 192.9 | 134.4 |
| Other current liabilities | 201.2 | 169.6 | 187.6 | 121.5 |
| **Total current liabilities** | **499.1** | **443.3** | **629.0** | **429.4** |
| **TOTAL EQUITY AND LIABILITIES** | **3,276.2** | **3,359.6** | **3,254.0** | **2,733.8** |

## Cash flow statement, group

| MSEK | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| **Operating activities:** | | | | |
| Profit before tax | 281.4 | 198.3 | 91.7 | 119.0 |
| Reversal of depreciation and amortisation | 50.5 | 51.9 | 48.6 | 49.6 |
| Taxes paid | –39.3 | –39.3 | –32.3 | –38.0 |
| Adjustments for other non-cash item | –31.8 | 78.0 | 189.0 | 50.7 |
| **Cash flow from operating actvities before change in working capital** | **260.8** | **288.9** | **297.0** | **181.3** |
| **Change in working capital:** | | | | |
| Change in inventory | –40.5 | –22.2 | –25.1 | –4.3 |
| Change in operating receivables | –29.5 | –14.9 | –39.8 | –46.3 |
| Change in operating liabilities | 33.2 | –12.0 | 77.4 | –22.9 |
| **Cash flow from working capital** | **–36.8** | **–49.1** | **12.5** | **–73.5** |
| **Cash flow from operating activities** | **224.0** | **239.8** | **309.5** | **107.8** |
| **Investing activities:** | | | | |
| Acquisitions of businesses | – | – | –58.6 | – |
| Investment in intangible fixed assets | –0.1 | –0.3 | –0.8 | –0.3 |
| Investment in tangible fixed assets | –57.0 | –42.8 | –66.0 | –38.3 |
| Sales/disposal of tangible fixed assets | 20.1 | 14.3 | 7.5 | 3.2 |
| Changes in financial fixed assets | 0.0 | 0.0 | –3.3 | 3.3 |
| **Cash flow from investing activities** | **–36.9** | **–28.8** | **–121.2** | **–32.0** |
| **Financing activities:** | | | | |
| Dividend | –86.7 | – | – | – |
| New loans and repayments, net | –338.9 | –134.6 | –18.2 | –73.3 |
| **Cash flow from financing activities** | **–425.5** | **–134.6** | **–18.2** | **–73.3** |
| **Cash flow for the period** | **–238.4** | **76.4** | **170.1** | **2.5** |
| Cash and cash equivalents at beginning of period | 450.0 | 384.7 | 189.9 | 192.6 |
| Translation differences | 18.9 | –11.1 | 24.6 | –5.1 |
| Cash & cash equivalents at end of period | 230.6 | 450.0 | 384.7 | 190.0 |

## Key figures, group

| MSEK (unless otherwise stated) | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| Order intake | 2,143.9 | 2,109.1 | 1,789.3 | 1,561.0 |
| Revenues | 2,048.6 | 2,036.3 | 1,742.5 | 1,517.1 |
| Operating profit (EBIT) before items affecting comparability | 329.6 | 350.3 | 316.9 | 275 |
| Operating margin (EBIT) before items affecting comparability (%) | 16.1,% | 17.2,% | 18.2,% | 18.1,% |
| Operating profit (EBIT) | 306.8 | 296.2 | 287.6 | 267.3 |
| Operating margin (EBIT) (%) | 15.0,% | 14.5,% | 16.5,% | 17.6,% |
| Profit for the period | 194.0 | 135.0 | 46.5 | 79.0 |
| Total comprehensive income | 236.5 | 227.5 | 190.7 | 58.9 |
| Cash flow from operating activities | 224.0 | 239.8 | 309.5 | 107.8 |
| Total cash flow | –238.4 | 76.4 | 170.1 | 2.5 |
| Total assets | 3,276.2 | 3,359.6 | 3,254.0 | 2,733.8 |
| Cash and cash equivalents end of period | 230.6 | 450.0 | 384.7 | 190.0 |
| Equity | 2,202.1 | 2,052.1 | 864.2 | 673.4 |
| Capital employed | 2,496.7 | 2,423.2 | 2,339.1 | 2,191.6 |
| Net debt | 294.6 | 371.1 | 556.0 | 682.9 |
| Equity ratio (%) | 67.2,% | 61.1,% | 26.6,% | 24.6,% |
| Return on equity (%) | 9.1,% | 9.3,% | 6.0,% | n/a |
| Return on capital employed goodwill excluded (%) | 43.3,% | 44.2,% | 44.5,% | 41.8,% |
| Return on capital employed (%) | 12.5,% | 12.4,% | 12.7,% | 12.2,% |
| Net debt/EBITDA ratio | 0.8 | 1.1 | 1.7 | 2.2 |
| Average number of employees | 1,171 | 1,077 | 1,061 | 865 |

## Data per share

| MSEK (unless otherwise stated) | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| Undiluted/diluted number of shares | 43,326 | 43,326 | 1,000 | 1,000 |
| Average amount of undiluted/diluted number of shares, thousands | 43,326 | 27,204 | 1,000 | 1,000 |
| Undiluted/diluted earnings per share | 4.5 | 3.1 | 46.5 | 79.0 |
| Undiluted/diluted earnings per share[1)] | 4.5 | 3.1 | 1.1 | 1.8 |
| Total cash flow per share[1)] | –5.5 | 1.8 | 3.9 | 0.1 |
| Undiluted/diluted equity per share[1)] | 50.8 | 47.4 | 20.0 | 15.5 |

1) Calculated to existing number of shares, 43,326,289

## Reconciliation of non-IFRS measures

The non-IFRS measures below are presented since Alimak considers them to be important in connection with the investor's assessment of the Company. Operating margin presents to assess the Company's possibilities to reach an expected industry level profitability. EBITDA is presented to show the Company's profitability in operating activities. Capital employed is used for the calculation of return on capital employed (ROCE), which is presented to show the Company's return regardless of funding. Return on equity is used to assess the Company's possibilities to reach an reasonable expected industry level of the return on the Group's equity. Net debt is presented to clarify the capital the lenders have made available, adjusted for cash and cash equivalents and is used for the calculation of Net debt /EBITDA-ratio which is a financial objective that the Board has adopted. Equity ratio is presented to make it clear for investors what proportion of the Group's assets that is financed with equity.

| MSEK (unless otherwise stated) | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited data) | 1 January – 31 December 2014 (12 months) (Audited data) | 1 January – 31 December 2013 (12 months) (Audited data) |
|---|---|---|---|---|
| Revenue | 2,048.6 | 2,036.3 | 1,742.5 | 1,517.1 |
| Operating profit (EBIT) | 306.8 | 296.2 | 287.6 | 267.3 |
| Operating margin (EBIT), % | 15.0,% | 14.5,% | 16.5,% | 17.6,% |
| Operating profit (EBIT) | 306.8 | 296.2 | 287.6 | 267.3 |
| Depreciation | 50.5 | 51.9 | 48.6 | 49.7 |
| Impairments | – | – | – | – |
| EBITDA | 357.3 | 348.1 | 336.2 | 317.0 |
| Total assets | 3,276.2 | 3,359.6 | 3,254.0 | 2,733.8 |
| Cash and cash equivalents | 230.6 | 450.0 | 384.7 | 189.9 |
| Non-interest bearing liabilities | 549.0 | 486.4 | 1,449.1 | 1,187.6 |
| Capital employed | 2,496.7 | 2,423.2 | 2,339.1 | 2,191.6 |
| Operating profit (EBIT) | 306.8 | 296.2 | 287.6 | 267.3 |
| Return on capital employed, % | 12.5,% | 12.4,% | 12.7,% | 12.2,% |
| Shareholders' equity | 2,202.1 | 2,052.1 | 864.2 | n/a |
| Profit for the period | 194.0 | 135.0 | 46.5 | n/a |
| Return on equity, % | 9.1,% | 9.3,% | 6.0,% | n/a |
| Interest-bearing long-term liabilities | 446.5 | 743.3 | 692.2 | 699.4 |
| Interest-bearing current liabilities | 78.7 | 77.8 | 248.5 | 173.5 |
| Cash and cash equivalents | –230.6 | –450.0 | –384.7 | –189.9 |
| Net debt | 294.6 | 371.1 | 556.0 | 682.9 |
| Shareholders' equity | 2,202.1 | 2,052.1 | 864.2 | 673.4 |
| Net debt/EBITDA | 0.8 | 1.1 | 1.7 | 2.2 |
| Shareholders' equity | 2,202.1 | 2,052.1 | 864.2 | n/a |
| Total assets | 3,276.2 | 3,359.6 | 3,254.0 | n/a |
| Equity ratio, % | 67.2,% | 61.1,% | 26.6,% | n/a |

## Data per segment

### Order Intake

| MSEK | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| Construction Equipment | 779.1 | 547.3 | 456.1 | 253.3 |
| Industrial Equipment | 342.8 | 530.9 | 465.1 | 512.7 |
| Rental | 369.5 | 328.8 | 299.4 | 276.8 |
| After Sales | 652.5 | 702.0 | 568.9 | 518.6 |
| **Total** | **2,143.9** | **2,109.0** | **1,789.3** | **1,561.0** |

### Revenues

| MSEK | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| Construction Equipment | 685.9 | 553.3 | 333.4 | 242.5 |
| Industrial Equipment | 373.5 | 485.5 | 545.3 | 496.4 |
| Rental | 308.9 | 308.6 | 278.5 | 285.2 |
| After Sales | 680.3 | 689.0 | 585.2 | 493.1 |
| **Total** | **2,048.6** | **2,036.3** | **1,742.5** | **1,517.1** |

### Operating Profit (EBIT)

| MSEK | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| Construction Equipment | 72.7 | 38.3 | –9.9 | –22.0 |
| Industrial Equipment | –22.1 | 27.5 | 96.5 | 100.7 |
| Rental | 38.8 | 20.4 | 1.5 | 19.2 |
| After Sales | 217.4 | 209.9 | 199.6 | 169.4 |
| **Total** | **306.8** | **296.2** | **287.7** | **267.3** |

### Operating margin (EBIT)

| | 1 January – 31 December 2016 (12 months) (Unaudited) | 1 January – 31 December 2015 (12 months) (Audited) | 1 January – 31 December 2014 (12 months) (Audited) | 1 January – 31 December 2013 (12 months) (Audited) |
|---|---|---|---|---|
| Construction Equipment | 10.6 % | 6.9,% | –3.0,% | –9.1,% |
| Industrial Equipment | –5.9 % | 5.7,% | 17.7,% | 20.3,% |
| Rental | 12.6 % | 6.6,% | 0.5,% | 6.7,% |
| After Sales | 32.0 % | 30.5,% | 34.1,% | 34.4,% |
| **Total** | **15.0 %** | **14.5,%** | **16.5,%** | **17.6,%** |

## DEFINITIONS

### Financial definitions

***Undiluted/diluted equity per share***

Shareholders' equity in relation to the outstanding undiluted number of shares at the end of the period

***Diluted average numbers of shares***

Weighted average number of shares outstanding during the period as well as potential additional shares

***Undiluted average number of shares***

Weighted average number of shares outstanding during the period

***Order intake***

All orders for which contracts have been signed during the accounting period and which have been confirmed. Canceled orders affect order intake if booked and canceled in the same year

***Undiluted/diluted earnings per share***

After tax result in relation to the undiluted and diluted average number of shares

***Non-IFRS Financial Measures***

Throughout the Prospectus, the Company presents certain financial measures and adjustments that are not presented in accordance with IFRS or any other internationally accepted accounting principles, including, return on equity, EBITDA, return on capital employed (ROCE), net debt, operating margin and equity ratio. The Company consider these Non-IFRS Financial Measures to be relevant for investors who want to assess the Company's financial ability.

***Return on equity***

Profit after tax for the period, rolling twelvemonth value, as a percentage of the average shareholders' equity excluding shares without controlling interests

***Return on capital employed (ROCE), %***

Operating profit (EBIT), rolling twelve-month value, as a percentage of the average capital employed. Capital employed means net debt plus shareholders' equity plus shareholders' loans

***Return on capital employed (ROCE), excluding goodwill %***

The ratio of operating profit (EBIT) and average capital employed less goodwill

***EBITDA***

Operating profit before depreciation and amortization

***Net debt***

The net amount of interest bearing liabilities (shareholders' loans excluded) and assets as well as cash and cash equivalents

***Net debt/EBITDA-ratio (leverage)***

Average net debt in relation to operating profit before depreciation and amortization (EBITDA), rolling twelve-month value

***Operating margin (EBIT) %***

Operating profit (EBIT) as a percentage of revenues during the period

***Operating profit (EBIT)***

Profit before financial items and tax

***Equity ratio***

Shareholders' equity as a percentage of total assets

***Capital employed***

The sum of total equity, shareholder loans and net debt

# Comments on the financial performance of Alimak

The information presented below should be read together with "*Selected Historical Financial Information*" and "*Capitalization, Indebtness and other Financial Information*" which is reproduced in the Prospectus. This overview contains forward-looking statements which involve risks, uncertainties and assumptions. Factors which may entail that future results differ significantly from the anticipated results presented in forward-looking statements include, but are not limited to, those discussed below and in other parts of the Prospectus; see "*Risk Factors*" and "*Important Information*". The audited consolidated financial statements have been prepared in accordance with IFRS.

## KEY FACTORS WHICH AFFECT THE GROUP'S FINANCIAL POSITION AND EARNINGS

The Group believes that a number of factors directly or indirectly affect its financial position and earnings. These factors may constitute opportunities for the Group, but they can also constitute challenges and risks which the Group must handle successfully in order to be able to continue to develop its operations and improve its financial position and earnings. These factors include in particular:

– Changing economic conditions and the conditions on the customers' end markets
– Strategic initiatives such as new products, expanded sales activities and acquisitions
– The mix of products and services
– Prices for manufacturing components
– Goodwill
– Currency fluctuations
– Interest expenses
– Tax expenses
– Seasonal effects

## SEGMENTS

The Group's business is broken down into four business areas, Construction Equipment, Industrial Equipment, Rental and After Sales, which also constitute the Group's operating segments. The operating segments correspond to the internal reporting which is submitted to the highest ranking executive decision-maker. The Group has identified the parent company's president and CEO as the highest executive decision-maker. The Group's CEO is responsible for the allocation of resources and assessment of the earnings of the operating segments. The segments are followed up and managed based on revenues and costs down to the operating profit level, while net financial items and taxes and balance sheet and cash flow are not reported per segment. Operating profit for the segments is consolidated according to the same principles as for the Group as a whole. The segments consist of separate business areas within the companies which comprise the Group.

## ITEMS IN THE ACCOUNTS

Revenues and earnings have been taken from the Group's income statement. The comments regarding cash flow are based on the Group's cash flow analysis and the comments regarding financial position are based on the Group's balance sheet. Revenues and operating profit per operating segment have been taken from the Group's financial reports.

## THE PERIOD ENDING 31 DECEMBER 2016 AS COMPARED WITH THE PERIOD ENDING ON 31 DECEMBER 2015

### Earnings

#### *Revenues*

Revenues increased by SEK 12.3 million, or 0.6 % to SEK 2,048.6 million for the period ending on 31 December 2016, from SEK 2,036.3 million for the period ending on 31 December 2015. This increase was largely a consequence of increased volumes for the period within the business area Construction Equipment.

*Revenues for business area*

The table set forth below reports the Group's consolidated revenues per business area: Construction Equipment, Industrial Equipment, Rental and After Sales, for each period presented, based on the unaudited consolidated financial statements for the Company for the fiscal- and calendar year of 2016.

| | 2016 (unaudited) | | 2015 (audited) | |
|---|---|---|---|---|
| **Business area** | **Revenues (MSEK)** | **Share of the Group's revenues (%)** | **Revenues (MSEK)** | **Share of the Group's revenues (%)** |
| Construction Equipment | 685.9 | 33.5 | 553.3 | 27.2 |
| Industrial Equipment | 373.5 | 18.2 | 485.5 | 23.8 |
| Rental | 308.9 | 15.0 | 308.6 | 15.2 |
| After Sales | 680.3 | 33.2 | 689.0 | 33.8 |
| **Total** | **2,048.6** | **100.0** | **2,036.3** | **100.0** |

Revenues for the Construction Equipment business area increased by SEK 132.5 million, or 23.9 %, to SEK 685.9 million during period ending on 31 December 2016, from SEK 553.3 million for the period ending on 31 December 2015. The increase was primarily due to continued geographical expansion and increased market shares.

Revenues for the Industrial Equipment business area decreased by SEK 112.0 million, or 23.1 %, to SEK 373.5 million during period ending on 31 December 2016, from SEK 485.5 million for the period ending on 31 December 2015. The decrease was primarily due to that the business area is affected by continued low demand within oil and gas.

Revenues for the Rental business area increased by SEK 0.3 million, or 0.1 %, to SEK 308.9 million during period ending on 31 December 2016, from SEK 308.6 million for the period ending on 31 December 2015.

Revenues for the After Sales business area decreased by SEK 8.7 million, or 1.3 %, to SEK 680.3 million during period ending on 31 December 2016, from SEK 689.0 million for the period ending on 31 December 2015. The decrease was primarily due to the decrease within oil and gas, and mining.

### *Operating profit (EBIT)*

As a result of the above-mentioned, operating profit (EBIT) increased by SEK 14.6 million to SEK 306.8 million for the period ending on 31 December 2016 from SEK 292.2 million for the period ending on 31 December 2015. Operating profit (EBIT) before items affecting comparability in the amount of SEK 22.8 million, related primarily to the acquisitions of Facade Access and Avanti, amounted for the period ending on 31 December 2016 to SEK 324.6 million, which was an increase of SEK 20.7 million as compared with operating profit (EBIT) before items affecting comparability for the period ending on 31 December 2015 which amounted to SEK 350.3 million. For the period ending on 31 December 2015, items affecting comparability amounted to SEK 54.1 million.

## Cash flow

### *Cash flow from operating activities*

Cash flow from operating activities decreased by SEK 15.9 million to SEK 224.0 million for the period ending on 31 December 2016, as compared with SEK 239.8 million for the period ending on 31 December 2015.

### *Cash flow from investment activities*

Cash flow from investment activities decreased by SEK 8.1 million to SEK –36.4 million for the period ending on 31 December 2016, as compared with SEK –28.9 million for the period ending on 31 December 2015.

### *Cash flow from financing activities*

Cash flow from financing activities decreased by SEK 290.9 million to SEK –425.5 million for the period ending on 31 December 2016, as compared with SEK –134.6 million for the period ending on 31 December 2015. This decrease was primarily a result of amortization of bank credits and paid out dividend according to the Company's annual general meeting 2015.

## Financial position

For the period ending on 31 December 2016, net liabilities amounted to SEK 294.6 million, as compared with SEK 371.1 million for the period ending on 31 December 2015. The decrease was primarily a result of cash and cash equivalents and positive cashflows partially being used to amortize interest bearing debt.

For the period ending on 31 December 2016, the debt/equity ratio was 67.2%, as compared with 61.0% for the period ending on 31 December 2015.

## THE 2015 FINANCIAL YEAR AS COMPARED WITH THE 2014 FINANCIAL YEAR

### Earnings

***Revenues***

Revenues increased by SEK 293.8 million, or 16.9%, to SEK 2,036.3 million for the 2015 financial year from SEK 1,742.5 million for the 2014 financial year. This increase was primarily due to strong demand on mature markets for the Group's premium elevators while at the same time elevators for the midrange segment reported sales successes on emerging markets.

*Revenues by business area*

The table set forth below presents a summary of the Group's consolidated revenues per business area: Construction Equipment, Industrial Equipment, Rental and After Sales for each period presented, based on the Company's consolidated accounts for 2015 financial year.

| | 2015 (audited) | | 2014 (audited) | |
|---|---|---|---|---|
| **Business area** | **Revenues (MSEK)** | **Share of the Group's revenues (%)** | **Revenues (MSEK)** | **Share of the Group's revenues (%)** |
| Construction Equipment | 553.3 | 27.2 | 333.4 | 19.1 |
| Industrial Equipment | 485.5 | 23.8 | 545.5 | 31.3 |
| Rental | 308.6 | 15.2 | 278.5 | 16.0 |
| After Sales | 689.0 | 33.8 | 585.2 | 33.6 |
| **Total** | **2,036.3** | **100.0** | **1,742.5** | **100.0** |

Revenues for the Construction Equipment business area increased by SEK 219.9 million, or 66%, to SEK 553.3 million for the 2015 financial year, from SEK 333.4 million for the 2014 financial year. This increase was primarily a result of continued success in Australia, Mexico, Korea, Canada, the United States, Great Britain and Turkey, in the form of, among other things, an important cooperation agreement with the US industrial group, Manitowoc, regarding joint development and sales of tower crane elevators.

The revenues for the Industrial Equipment business area declined by SEK 59.8 million, or 11%, to SEK 485.5 million for the 2015 financial year, from SEK 545.3 million for the 2014 financial year. This decrease was primarily a result of poor performance and uncertainty in the oil and gas industry which historically has been a major market for the Group.

The revenues for the Rental business area increased by SEK 30.1 million, or 10.8%, to SEK 308.6 million for the 2015 financial year, from SEK 278.5 million for the 2014 financial year. This increase was primarily a result of the continued positive trend towards larger numbers of construction projects in several regions in Australia. In addition, the European market continued to demonstrate signs of recovery in 2015. And efficiency program also had a positive effect on profitability.

The revenues for the After Sales business area increased by SEK 103.8 million, or 17.7%, to SEK 689 million for the 2015 financial year, from SEK 585.2 million for the 2014 financial year. This increase was primarily due to the fact that interest in master agreements for service and maintenance, commonly referred to as master service agreements, continued to grow during the year and that the Company continued to increase its market penetration in the construction industry. The increase took place despite the difficult situation for the oil and gas industry which, in 2015, led to lower demand for major renovations and upgrades.

***Operating profit (EBIT)***

As a result of the aforementioned, operating profit (EBIT) increased by SEK 8.5 million to SEK 296.2 million for the 2015 financial year, from SEK 287.7 million during the 2014 financial year. The operating profit (EBIT) before items affecting comparability in the amount of SEK 54.1 million, concerning primarily the IPO and restructuring of loans, amounted to SEK 350.3 million in 2015, which was an increase of SEK 33.4 million as compared with the operating profit (EBIT) for 2014 before items affecting comparability which amounted to SEK 316.9 million. For the 2014 financial year, items affecting comparability amounted to SEK 29.2 million.

*Operating profit (EBIT) per business area*

The table below provides a summary of the Group's operating profit (EBIT) per business area: Industrial Equipment, After Sales, Construction Equipment and Rental for each period presented, based on the consolidated accounts for the Company for the 2015 financial year:

| | 2015 (audited) | | 2014 (audited) | |
|---|---|---|---|---|
| **Business area** | **EBIT (MSEK)** | **Share of total EBIT (%)** | **EBIT (MSEK)** | **Share of total EBIT (%)** |
| Construction Equipment | 38.3 | 12.9 | –9.9 | –3.4 |
| Industrial Equipment | 27.5 | 9.3 | 96.5 | 33.6 |
| Rental | 20.4 | 6.9 | 1.5 | 0.5 |
| After Sales | 210.0 | 70.9 | 199.6 | 69.4 |
| **Total** | **296.2** | **100.0** | **287.7** | **100.0** |

## Cash flow

***Cash flow from operating activities***

Cash flow from operating activities decreased by SEK 69.7 million to SEK 239.8 million for the 2015 financial year, as compared with SEK 309.5 million for the 2014 financial year. The decrease was primarily a result of a strong second half of 2014 with positive effects from the start up of manufacturing in China, deliveries of new intermediary market products, and the acquisition of Heis-Tek.

***Cash flow from investment activities***

Cash flow from investment activities increased by SEK 92.4 million to SEK –28.8 million for the 2015 financial year, as compared with SEK –121.2 million for the 2014 financial year. This increase was largely a result of the acquisition of Heis-Tek.

## Cash flow from financing activities

Cash flow from the financing activities decreased by SEK 116.4 million to SEK –134.6 million for the 2015 financial year, as compared with SEK –18.2 million for the 2014 financial year. This decrease was largely a result of refinancing with a restructuring of bank loans in conjunction with the Company's IPO.

## Financial position

For the financial year ending on 31 December 2015, net debt amounted to SEK 371.1 million, as compared with SEK 556.0 million for the period ending on 31 December 2014. The decrease was primarily due to the effects of the Company's IPO, including conversion of a shareholder loan from liabilities to shareholders' equity and a refinancing of the Company.

For the financial year ending on 31 December 2015, the debt/equity ratio was 61,1%, as compared with 27% for the period ending on 31 December 2014. The increase was primarily due to the effects of the Company's IPO, including conversion of a shareholders' loan from liabilities to shareholders' equity and a refinancing of the Company.

## THE 2014 FINANCIAL YEAR AS COMPARED WITH THE 2013 FINANCIAL YEAR

### Earnings

***Revenues***

Revenues increased by SEK 225.3 million, or 14.9%, to SEK 1,742.5 million for the 2014 financial year, from SEK 1,517.1 million for the 2013 financial year, the increase was primarily attributable to the partial recovery of the construction market which led to increased revenues for the Group in the Construction Equipment and After Sales business areas. The increase was also a consequence of positive currency recalculation effects and the acquisition of Heis-Tek, each of which accounted for 3.8 percentage points of the total increase of 14.9%. Excluding the currency recalculation effects and the effects of the acquisition, the increase in revenues would have been 7.2%. This increase in the Group's revenues was somewhat offset by a small drop in revenues in the Group's rental activities.

*Revenues per business area*

The table below sets forth a summary of the Group's operating profit (EBIT) per business area: Industrial Equipment, After Sales, Construction Equipment and Rental for each period presented, based on the consolidated financial statements for the Company for the 2014 financial year:

| | 2014 (audited) | | 2013 (audited) | |
|---|---|---|---|---|
| **Business area** | **EBIT (MSEK)** | **Share of total EBIT (%)** | **EBIT (MSEK)** | **Share of total EBIT (%)** |
| Construction Equipment | 333.4 | 19.1 | 242.5 | 16.0 |
| Industrial Equipment | 545.3 | 31.3 | 496.4 | 32.7 |
| Rental | 278.5 | 16.0 | 285.1 | 18.8 |
| After Sales | 585.2 | 33.6 | 493.1 | 32.5 |
| **Total revenues from the business areas** | **1,742.5** | **100.0** | **1,517.1** | **100.0** |

Revenues for the Construction Equipment business area increased by SEK 90.9 million, or 37.5%, to SEK 333.4 million for the 2014 financial year, from SEK 242.5 million for the 2013 financial year.

This increase was primarily due to improved conditions on the construction market on certain mature markets such as the United States, Australia and Great Britain and, to a certain extent, due to a sound level of order intake for the midrange segment of building elevators on emerging markets, which was launched during the second quarter of 2014.

The revenues for the Industrial Equipment business area increased by SEK 48.9 million, or 9.9%, to SEK 545.3 million for the 2014 financial year, from SEK 496.4 million for the 2013 financial year. This increase was primarily a consequence of a strong industrial order intake in 2013 due to improved demand on end markets for harbors and oil and gas. The acquisition of Heis-Tek and the subsequent strengthening of the Group's industrial sales in Norway also had positive effects on revenues in this business area in 2014.

Revenues for the Rental business area decreased by SEK 6.6 million, or 2.3%, to SEK 278.5 million for the 2014 financial year, from SEK 285.1 million for the 2013 financial year. This decrease was primarily a result of lower sales volumes in Benelux and Australia, but was offset somewhat by an increase in revenues from sales of construction products.

Revenues for the After Sales business area increased by SEK 92.1 million, or 18.7%, to SEK 585.2 million for the 2014 financial year, from SEK 493.1 million for the 2013 financial year. This increase was primarily due to improved sales of spare parts and a large number of re-fittings orders, foreign currency rates, and the acquisition of Heis-Tek. The Group's increased service activities, which was a result of the focus by group management on growth in the After Sales business area, also contributed to the increase in revenues.

***Operating profit (EBIT)***

As a result of the aforementioned, operating profit (EBIT) increased by SEK 20.4 million to SEK 287.7 million for the 2014 financial year, from SEK 267.3 million for the 2013 financial year. Operating profit (EBIT) before items affecting comparability in the amount of SEK 29.2 million was SEK 316.9 million, which was an increase of SEK 41.7 million as compared with the 2013 operating profit (EBIT) before items affecting comparability which was SEK 275.2 million.

*Operating profit (EBIT) by business area*

The table below sets forth a summary of the Group's operating profit (EBIT) by business area: Construction Equipment, Industrial Equipment, Rental and After Sales, for each period presented, based on the consolidated financial statements for the Company for the 2014 financial year:

| | 2014 (audited) | | 2013 (audited) | |
|---|---|---|---|---|
| **Business area** | **EBIT (MSEK)** | **Share of total EBIT (%)** | **EBIT (MSEK)** | **Share of total EBIT (%)** |
| Construction Equipment | –9.9 | –3.5 | –22.0 | –8.2 |
| Industrial Equipment | 96.5 | 33.6 | 100.7 | 37.7 |
| Rental | 1.5 | 0.5 | 19.2 | 7.2 |
| After Sales | 199.6 | 69.4 | 169.4 | 63.4 |
| **Total** | **287.7** | **100.0** | **267.3** | **100.0** |

## Cash flow

### *Cash flow from operating activities*

Cash flow from operating activities increased by SEK 201.8 million to SEK 309.5 million for the 2014 financial year, as compared with SEK 107.7 million for the 2013 financial year. The increase was largely due to a significant increase in positive adjustments for non-cash flow impacting items and a positive cash flow which was a result of changes in operating capital during the 2014 financial year, as compared with a significant negative cash flow as a result of changes in operating capital during the 2013 financial year.

The significant increase in positive adjustments for non-cash items was primarily due to SEK 73.5 million related to unrealized currency exchange differences as a result of a strengthening of the Group's primary foreign currencies vis-à-vis SEK during the 2014 financial year, as compared with a net amount of SEK 1.7 million related to unrealized currency exchange differences in the 2013 financial year. In addition, positive adjustments for non-cash impacting items were driven primarily by changes in other provisions in the amount of SEK 21.0 million for the 2014 financial year, as compared with negative changes in other provisions in the net amount of SEK 0.4 million for the 2013 financial year.

Cash flow from changes in operating capital during the 2014 financial year was largely a result of a significant increase in operating liabilities which was primarily due to increases in accrued costs and short-term claims.

### *Cash flow from investment activities*

Cash flow from investment activities decreased by SEK 89.2 million to SEK –121.2 million for the 2014 financial year, as compared with SEK –32.0 million for the 2013 financial year. The decrease was largely a result of the acquisition of Heis-Tek in June 2014 and investments in the manufacturing plants and rental equipment (net after sales) corresponding to SEK 58.4 million in 2014, as compared with 2013 (SEK 35.1 million).

### *Cash flow from financing activities*

Cash flow from financing activities increased by SEK 55.1 million, to SEK –18.2 million for the 2014 financial year, as compared with SEK –73.3 million for the 2013 financial year. The increase was largely attributable to the buyout of the Group's leased rental assets in 2013 which led to lower borrowing costs under the Group's loan agreements in 2014 as compared with 2013.

## Financial position

For the financial year ending on 31 December 2014, net liabilities amounted to SEK 556.1 million as compared with SEK 682.9 million for the period ending 31 December 2013.

For the financial year ending on 31 December 2014, the debt/equity ratio was 27%, as compared with 25% for the period ending 31 December 2013.

# Capitalization, indebtness and other financial information

The table set forth below illustrates the Company's capitalization and net debt as per 31 December 2016. For information regarding the Company's share capital and the number of outstanding shares, see "*Share Capital and Ownership Structure*"

## Capitalization

| MSEK | As per 31 December 2016 |
|---|---|
| **Current interest-bearing liabilities** | |
| Secured by surety or guarantee | – |
| Secured | – |
| Without guarantee or security | 78.7 |
| **Current liabilities** | **78.7** |
| **Long-term interest-bearing liabilities** | |
| Secured by surety or guarantee | – |
| Secured | – |
| Without guarantee or security | 446.5 |
| **Long-term liabilities** | **446.5** |
| **Shareholders' equity** | |
| Share capital | 0.9 |
| Reserve fund | – |
| Other reserves | 2,201.2 |
| **Shareholders' equity** | **2,202.1** |

## Net debt

| | As per 31 December 2016 |
|---|---|
| (A) Cash[1] | 230.6 |
| (B) Cash and bank | – |
| (C) Readily realisable securities | – |
| **(D) Liquidity (A)+(B)+(C)** | **230.6** |
| (E) Current financial liabilities | 0.0 |
| (F) Current bank liabilities[2] | 78.7 |
| (G) Current portion of long-term liabilities | – |
| (H) Other current liabilities | – |
| (I) Current liabilities (F)+(G)+(H) | 78.7 |
| **(J) Net current liabilities (I)–(E)–(D)** | **–151.9** |
| (K) Long-term bank loans[3] | 446.5 |
| (L) Bonds issued | – |
| (M) Other long-term liabilities | – |
| (N) Long-term liabilities (K)+(L)+(M) | 446.5 |
| (O) Net debt (J)+(N) | 294.6 |

1) This item is reported as "Cash and cash equivalents" in the Company's unaudited year-end report for 2016.
2) This item is reported as "Interest bearing debt", under "Current liabilities", in the Company's unaudited year-end report for 2016.
3) This item is reported as "Interest bearing debt", under "Non-current liabilities", in the Company's unaudited year-end report for 2016.

### STATEMENT REGARDING OPERATING CAPITAL

As of the date of this Prospectus, Alimak's opinion is that the existing operating capital is sufficient to cover the needs of the day-to-day operations over the upcoming 12-month period.

### LIQUIDITY AND CAPITAL

For the 2013, 2014, 2015 and 2016 financial years, the Group's primary source of liquidity has been the net cash which the operations generate and short term and long-term bank loans, primarily under a senior revolving credit facility which the Group and Svenska Handelsbanken AB (publ) originally entered into on 8 May 2015, which was modified and confirmed on several occasions and now amounts to SEK 2,000 million. In order to finance the aquisition of Avanti, the revolving credit facility was increased with a bridge facility of SEK 800 million.

The Group's ability to generate liquid funds from its operations is dependent upon its future earnings in the business which, in turn, is dependent to a certain extent on general economic, financial, competition, market, and liquidity factors and other factors, several of which are beyond the control of the Group, as well as the other factors set forth in the section entitled "*Risk factors*".

## INDEBTNESS

The table below illustrates the Group's total short-term and long-term loans as per 31 December 2016, 2015, 2014 and 2013.

| (MSEK) | 2016 (unaudited) | 2015 (audited) | 2014 (audited) | 2013 (audited) |
|---|---|---|---|---|
| **Long-term liabilities** | | | | |
| Loans from financial institutions | n/a1) | 743.3 | 692.2 | 699.4 |
| Long-term leasing liabilities | n/a1) | 0.0 | 0.0 | 0.0 |
| Other long-term liabilities | n/a1) | 0.0 | 0.5 | 11.4 |
| Liabilities to group companies | n/a1) | 0.0 | 918.8 | 835.3 |
| **Total borrowing** | **446.5** | **743.3** | **1,611.5** | **1,546.1** |
| **Current liabilities** | | | | |
| Short-term bank loans | n/a2) | 77.8 | 227.8 | 128.7 |
| Bank overdraft facilities | n/a2) | 0.0 | 20.8 | 44.7 |
| Current financial leasing undertakings | n/a2) | 0.0 | 0.0 | 0.0 |
| **Total current liabilities** | **78.7** | **77.8** | **248.6** | **173.4** |
| **Total** | **525.2** | **821.1** | **1,860.1** | **1,719.5** |

1) These items are commonly reported as "Interest bearing debt", under "Non-current liabilities", in the Company's unaudited year-end report for 2016.
2) These items are commonly reported as "Interest bearing debt", under "Current liabilities", in the Company's unaudited year-end report for 2016.

## INVESTMENTS

The following table illustrates the main investment items on 31 December 2016, 2015, 2014 and 2013.

| (MSEK) | 2016 (unaudited) | 2015 (audited) | 2014 (audited) | 2013 (audited) |
|---|---|---|---|---|
| Land and buildings | n/a1) | 2.6 | 1.5 | 2.4 |
| Plants and machinery | n/a1) | 9.7 | 23.0 | 19.0 |
| Equipment, tools and instruments | n/a1) | 7.0 | 14.6 | 4.7 |
| Rental equipment | n/a1) | 24.4 | 26.8 | 12.2 |
| Capitalized expenditures for development work and similar work | n/a1) | 0.0 | 0.8 | 0.3 |
| **Total** | **57.0** | **43.7** | **66.7** | **38.6** |

1) These items are not reported in the Company's unaudited year-end report for 2016. Instead, for 2016, "Total" refers to the Company's investment in tangible fixed assets.

The Group's most recent investments focus primarily on equipment for manufacturing and replacement equipment for the rental stock.

During 2015 and 2016, the Group focused its capacity investments on the manufacturing plants in China and its productivity investments on the manufacturing plant in Skellefteå, Sweden. Total investments amounted to SEK 43.7 million for the 2015 financial year. The investments related primarily to rental equipment (SEK 24.4 million), machinery and other technical fixed assets (SEK 9.7 million) and equipment, tools and instruments (SEK 7.0 million).

For the 2014 financial year, total investments amounted to SEK 66.7 million. The investments related primarily to rental equipment (SEK 26.8 million), machinery and other technical facilities (SEK 23.0 million) and equipment, tools and instruments (SEK 14.6 million). In 2014, the Group continued to focus its capacity investments on the manufacturing plants in China and productivity investments on the manufacturing plant in Skellefteå, Sweden.

For the 2013 financial year, total investments amounted to SEK 38.6 million, primarily related to machinery and other technical facilities (SEK 19.0 million) and rental equipment (SEK 12.2 million). In 2013, the Group's investments primarily focused on investments in manufacturing plants and increases in capacity in the Group's manufacturing facilities in China and increased productivity in the manufacturing plant in Sweden.

## CONTRACTUAL UNDERTAKINGS

As per 31 December 2016, there are no contractual undertakings which have not yet been booked other than the types of undertakings which arise in the day-to-day operations.

## CONTRACTUAL UNDERTAKINGS

Set forth below are the Group's assets pledged as per 31 December 2016, 2015, 2014 and 2013.

| (MSEK) | 2016 (unaudited) | 2015 (audited) | 2014 (audited) | 2013 (audited) |
|---|---|---|---|---|
| Floating charges | n/a[1] | 0.0 | 98.6 | 98.6 |
| Shares | n/a[1] | 0.0 | 2,184.0 | 2,063.3 |
| Fixed assets | n/a[1] | 0.0 | 12.0 | 12.5 |
| Receivables | n/a[1] | 0.0 | 63.1 | 63.6 |
| Inventories | n/a[1] | 0.0 | 90.4 | 59.8 |
| Other | n/a[1] | 8.5 | 3.1 | 0.3 |
| **Total** | **10.5** | **8.5** | **2,451.2** | **2,298.1** |

1) These items are reported as "Pledged assets" in the Company's unaudited year-end report for 2016.

Set forth below are the Group's contingent liabilities as per 31 December 2016, 2015, 2014 and 2013.

| (SEK '000) | 2016 (unaudited) | 2015 (audited) | 2014 (audited) | 2013 (audited) |
|---|---|---|---|---|
| Guarantee commitments | n/a[2] | 0.6 | 0.7 | 0.7 |
| Other contingent liabilities | n/a[2] | 98.0 | 206.9 | 92.5 |
| **Total** | **10.9** | **98.6** | **207.5** | **93.2** |

2) These items are reported as "Contingent liabilities" in the Company's unaudited year-end report for 2016.

*Guarantee commitments*: The Group's undertakings towards FPG/PRI are reported as guarantee commitments.

*Other contingent liabilities*: Other contingent liabilities are mainly related to indemnity bonds for commitments of Group companies to their customers.

The Group has issued a general guarantee to Handelsbanken under the Senior Revolving Credit Facility and for the other obligations of the Group companies towards Handelsbanken. A parent company guarantee has also been issued to Swedbank's branch in China for a loan in the amount of CNY 100 million which was granted to Alimak Hek Vertical Access Equipment (Changshu) Co. Ltd.

## TRANSACTIONS NOT REPORTED IN THE BALANCE SHEET

Other than the items listed under "Assets pledged and contingent liabilities" above, the Group is not a party to any transactions, agreements or contracts to which any company not consolidated with the Group is a party, according to which the Group has:

– given undertakings according to guarantee agreements which are not reflected in the annual accounts;

– a retained or contingent interest in assets which have been transferred to companies not consolidated with the Group or similar arrangements which act as credit, liquidity or market risk support for such assets;

– given undertakings under a derivative instrument which is both linked to the Group's shares and classified as shareholders' equity, or which is not reflected in the Group's balance sheet;

– given undertakings, including contingent undertakings, which are related to affiliated companies which are not consolidated with the Group, where such entity offers support to the Group with respect to financing, liquidity, market risk or credit risk, or which together with the Group participates in leasing, hedging or research and development services.

## TANGIBLE ASSETS

Alimak's tangible assets amounted to SEK 258.7 million on 31 December 2016 and consist primarily of machinery, rental equipment and equipment.

## TENDENCIES AND SIGNIFICANT EVENTS

The development on the global markets that Alimak is acting on is well in line with what is presented in Alimak's year-end report for the period January – December 2016. Other paramaters, such as cost situation, market processing and reputation, continue to be stable. The acquisitions of Avanti and Facade Access are anticipated to contribute positively to earnings-per-share[1] as early as the 2017 financial year. In addition, the acquisitions have strengthened Alimak's range of products and market coverage which has strengthened its position on the market. Other than the completion of the Acquisitions, and the publication of the size and terms and conditions of the new share issue, no events of material significance to Alimak's financial position or position on the market have occurred since 31 December 2016.

1) Based on the amount of shares before the new issue.


ALIMAK

# Description of the Acquisitions

This section focuses on the acquired companies, Facade Access and Avanti. Alimak's business and product range is being expanded through the acquisition; see the section entitled "*The New Group*". For more detailed information regarding Alimak before the Acquisitions, see the section entitled "*Business Description*".

The acquisition of Facade Access and Avanti is in line with the strategy which the Company presented in conjunction with its IPO on Nasdaq Stockholm in June of 2015. By acquiring companies in selected niche areas, such as Facade Access and Avanti, the Company is strengthening its market position as a global leader in vertical access solutions. In addition, the Company's range of products and services in the Industrial Equipment segment is being strengthened at the same time as the Company is able to further develop its range of products and services in after sales when the installed base increases from 22,000 units to approximately 66,000 units. The Company's sales work is being expanded further and the global sales platform now comprises approximately 66 in-house sales offices and over 100 distributors.

## DESCRIPTION OF FACADE ACCESS

The Company announced its acquisition of Facade Access on 28 October 2016. The enterprise value of Facade Access was AUD 120 million (corresponding to approximately SEK 833 million[1)]) and was financed through an increase in the Group's existing credit facilities.

### Introduction

Facade Access is a global market leader in permanently installed solutions for building maintenance, commonly referred to as Building Maintenance Units ("**BMUs**"). The products are characterized by a high level of safety requirements and a long life cycle, with needs for service and after sales services. Facade Access offers high technology solutions for the world's tallest and most complex building structures.

The Facade Access Group's headquarters is located in Melbourne, Australia while all production capacity is located in Europe with four manufacturing plants; two in Spain and one in Germany and one in the Netherlands. The company conducts operations under two trademarks: CoxGomyl and Manntech. In the financial year 2015/2016, the company's sales amounted to approximately AUD 177.0 million and operating earnings to approximately AUD 10.7 million, corresponding to an operating margin of 6.0%. Facade Access is reported in Alimak's accounts commencing on 1 March 2017.

The company has an international presence with a relatively equal distribution between the major continents. In 2016, APAC accounted for approximately 43% of total sales while Europe, North and South America and the Middle East and Africa accounted for approximately 30%, 15% and 12%. On 31 December 2016, the company had approximately 700 employees.

## HISTORY

Facade Access has its origins in the Australian company, E W Cox which was founded in 1955. An international expansion began in the 1980s with the establishment of offices in strategically chosen cities, such as Hong Kong, New York and Dubai. The company expanded significantly in 2008 with the acquisition of its Spanish competitor, Gomyl, and the British company, Cradle Runways. Together, CoxGomyl was formed which employs approximately 350 specialists around the world. In 2015, a German competitor was acquired, Manntech, which provides similar products for building maintenance for the most complicated building structures in the world.

### Product range

The company focuses on vertical access solutions for building maintenance. BMUs are installed on, for example, skyscrapers, tall buildings and bridges but also on lower buildings such as airports and shopping centers. The products are often based on specially designed and innovative solutions with high safety demands and stringent demands on reliability. The products are often installed on the roofs of buildings or high up in other structures. BMUs have a long lifecycle (approximately 30 years) with a continuous need for service and after sales services.

The company offers a broad product range of BMU solutions which is supplemented by both fall prevention systems and other access solutions. The company's sales include everything from tailored access solutions to more standardized systems broken down into four segments:

- High complexity
- Moderate complexity
- Standard
- Service

1) Based on an AUD/SEK exchange rate of 6.9404 on 28 February 2017.

***1. High complexity***

In the product segment for the most complicated solutions, the company offers tailored integrated solutions, fully designed, and adaptable to each unique project. The products are used for buildings with the most complex facades. The company is one of few recognized companies on the market offering vertical solutions for building facade maintenance with a high level of complexity.

***2. Medium complexity***

Within the medium complexity segment, the company offers complex products based on earlier configurations, primarily for tall buildings with complex facades. The company is one of a handful of companies on the market able to offer medium complex vertical access solutions for building facade maintenance.

***3. Standard***

The company also offers simpler products and standard solutions which can be used on buildings with a lower degree of complexity. Within this segment, the company primarily competes with regional and local companies.

***4. Service***

Service includes after sales, maintenance of BMUs and spare parts. Service is available for all of the products the company provides. Within this segment, the company largely competes with local competitors.

In addition to BMUs, Facade Access also has a smaller business in crane equipment for trains.

### Customers and distribution

The customers are largely found in the construction and property sector, where BMUs are part of the building's design and adapted based upon the architecture of the building. Marketing, sales and service takes place through a global network of 27 in-house sales offices (located in Great Britain, France, Spain, Germany, Holland, Russia, the United Arab Emirates, Singapore, Hong Kong, China, Australia and the United States), and 15 service units and distributors in 36 countries.

## THE REASONS UNDERLYING THE ACQUISITION OF FACADE ACCESS

### Strategic reasons

Through the acquisition of Facade Access, the Company is broadening its existing product portfolio to permanently installed solutions for facade maintenance. The acquisition also provides certain new knowledge in the area of hydraulics-based applications. At the same time, the Company's international platform is being strengthened with several new manufacturing plants, sales offices and distributors.

***Alimak is expanding within the global niche market for BMUs***

The acquisition of Facade Access makes possible expansion in an adjoining global niche market BMUs for vertical access solutions and provides access to the end market for facade maintenance for properties on which the Company was not previously active. This niche market demonstrates good conditions for future growth. CoxComyl and Manntech are, according to the Company, the two leading global trademarks in this niche market.

The number of tall and complex buildings in the world has increased in recent years. Starting in 2000, the number of buildings which are over 200 meters high has increased at an annual rate of approximately 10%. As big cities grow, the demand for higher or more complex buildings increases, driving the demand for products provided by Facade Access. Safety and productivity are also valued more highly which increases the need for mechanical solutions as opposed to conventional solutions. In the opinion of the Group, the BMU market is estimated to be approximately SEK 4–5 billion in 2016 where Facade Access has a leading market position.

***Possibilities to further develop the range of services in after sales***

Facade Access offers permanently installed solutions for facade maintenance based on high safety standards and long lifecycles. The long lifecycle for BMUs opens up possibilities for after sales services such as service and maintenance throughout the entire lifecycle. The Company's installed base of BMUs is currently approximately 14,000 units. The Company's current after sales model is based on local offers with maintenance contracts, spare parts, repairs and renovations of older units. As a part of Alimak, the Group believes that there are possibilities to develop and expand Facade Access' after sales range of services to comprise a larger part of the Company's sales by utilizing the Group's global presence and existing knowledge in this area.

## DESCRIPTION OF AVANTI

On 5 December 2016, the Company announced the acquisition of Avanti. The enterprise value amounted to EUR 91 million (corresponding to approximately SEK 860 million[1)]). Alimak is financing the acquisition through a bridge loan which is intended to be repaid primarily using the proceeds from the new share issue.

### Introduction

Avanti is active within in vertical access solutions for the wind power sector and has a strong market position. Avanti's headquarters are located in Helleröd in Denmark. Over the past 15 years, Avanti has delivered over 30,000 vertical access systems which constitutes the company's installed base. Avanti, with over 400 employees in 10 countries, had sales of approximately DKK 707 million with operating earnings of approximately DKK 52 million in 2015 corresponding to an operating margin of approximately 7.4%. Avanti is reported in Alimak's accounts commencing on 1 February 2017. The company has an international presence with Europe has the largest market which accounted, in 2015, for approximately 49% of sales while APAC and North America accounted for approximately 26% of sales, respectively.

### History

Avanti was founded in Copenhagen, Denmark in 1885 and originally manufactured wooden ladders. Manufacturing of aluminum ladders began in 1970 and the first aluminum ladder for the wind power industry was launched in 1993.

The first service elevator was introduced in 2000 after which the product range was broadened and the international expansion commenced. Today, Avanti has over 30,000 service elevators installed globally.

### Product range

Avanti offers a broad product range of vertical access solutions exclusively for the wind power industry. The program includes service elevators, safety ladders, and fall protection and safety equipment. The company also has an after sales business which primarily consists of the installation of products and systems and regular inspections and service as well as safety training programs. In total, it is estimated that there are approximately 75,000 installed service elevators in the world, of which approximately 40% were installed by Avanti.

### Customers and distribution

Avanti has a sound customer base consisting of companies requiring service elevators and safety ladders for wind power plants. The customer base includes global and regional manufacturers of wind turbines, suppliers of wind power towers, and power companies in the form of owners of wind power parks. Examples of customers include Vestas, Siemens, Gamesa, Acciona, Goldwind, United Power and Suzlon.

Avanti has sales offices in the United States, Canada, Brazil, Germany, Spain, Great Britain, India, China, South Korea and Australia. The company's production facilities are located in the near vicinity of several of the company's sales offices. Avanti has a total of six manufacturing/assembly plants located in Denmark, Spain, China, the United States and Brazil.

## REASONS FOR THE ACQUISITION OF AVANTI

### Strategic reasons

#### *Alimak is broadening and diversifying its product portfolio for vertical access solutions*

Through the acquisition of Avanti, the company is broadening and diversifying its existing product portfolio for permanently installed access solutions for the wind power sector. The acquisition of Avanti also contributes to an increase in the company's presence for smaller, mechanized but still safety-related products such as ladders and less complex elevator systems. Avanti's elevators are based on a less complex traction elevator technology which complements both the Company's current traction elevator range and its smaller rack-and-pinion-based products.

#### *Alimak is expanding into a new growing market*

Through the acquisition of Avanti, the Company is expanding into a growing area in renewable energy.

The underlying market for wind power is good which is further reinforced by the trend towards higher heights for wind power plants and thereby increased demands for safety. The global demand for elevators for wind power plants is expected to grow by approximately 4% between the years 2016 and 2020. Higher towers are also expected to drive the penetration of elevator installations while at the same time the focus on safety and productivity is expected to increase.

#### *Possibilities to strengthen the range of services in after sales*

Avanti offers solutions based on permanently installed elevator and ladder systems where strict demands are placed on safety and where the elevators must have a long lifecycle with good productivity. Avanti's current after sales market model is largely based on installations, inspections and repairs of existing solutions. As a part of Alimak, there are possibilities to utilize the Group's global presence and existing knowledge in this area and in this way strengthen Avanti's after sales range of services.

1) Based on an EUR/SEK exchange rate of 9.4568 on 30 January 2017.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# The new group

## INTRODUCTION

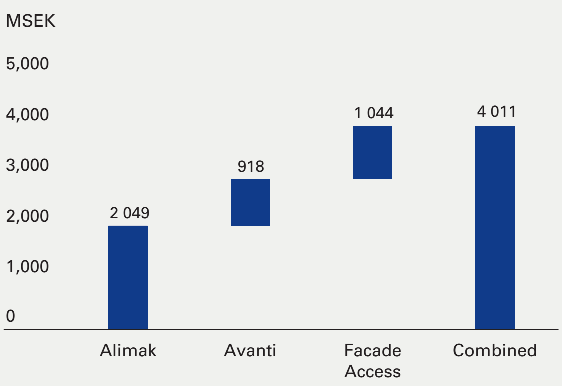
Alimak is a global industrial group which designs, develops, manufactures, sells, distributes and performs maintenance on vertical transport access solutions based on rack-and-pinion and traction-based elevator technology. Following the acquisition of Facade Access and Avanti, the Company strengthens its position as one of the leading global niche companies in vertical access solutions. This is taking place by complementing its earlier product portfolio with building facade maintenance and wind power plant applications. Alimak operates its business through four business areas – Construction Equipment, Industrial Equipment, Rental and After Sales. The Acquisitions will primarily be included in the Industrial Equipment business area which, in the future, will comprise a larger part of the Company where BMUs and Wind Power are included. The After Sales business area will also grow thanks to the acquisitions. The Company intends to continue to market the products after the Acquisitions under the trademarks Alimak, Avanti, CoxGomyl and Manntech.

Alimak's sales and operating earnings will increase through the Acquisitions. For 2016, sales will increase from SEK 2.049 million to SEK 4.011 million, corresponding to an increase of approximately 95.8%, while the operating profit will increase from SEK 307 million to SEK 386 million, corresponding to an increase of 25.7%. The Company expects synergies of two percentage points on the EBITA margin with full effect 2019.

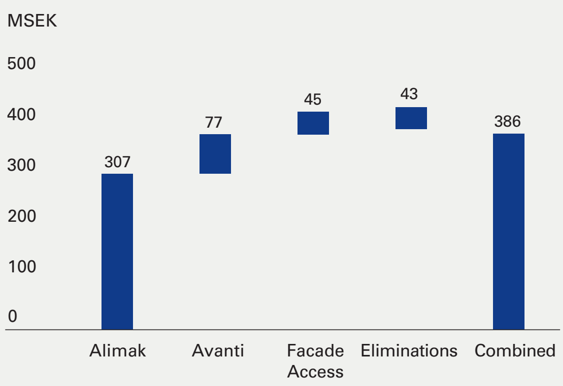
### Products

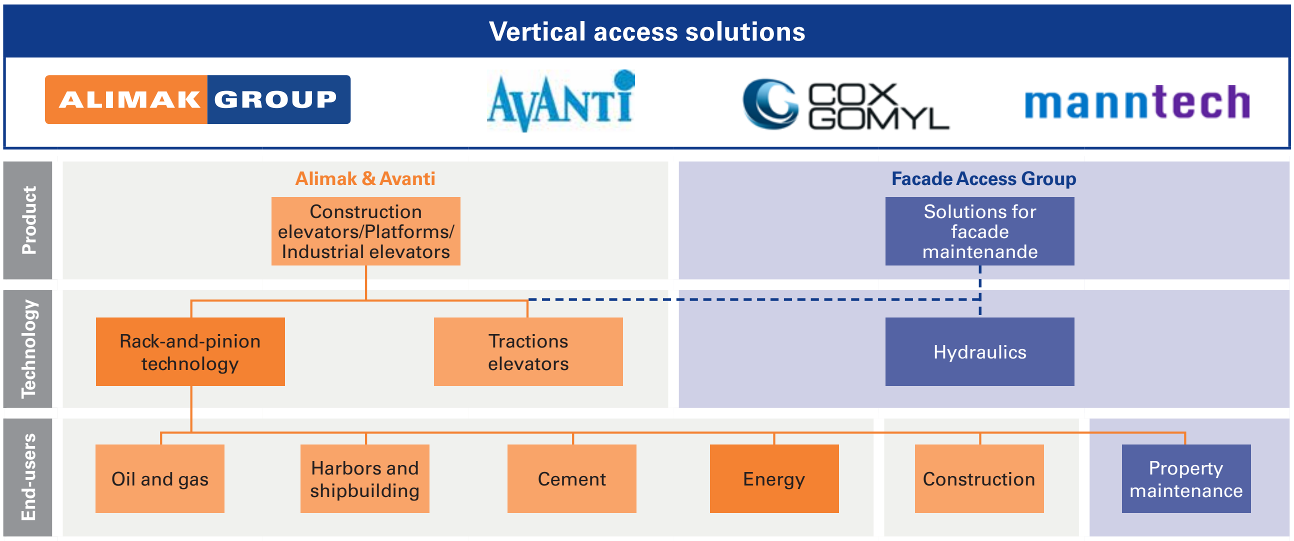
Alimak has historically primarily been active in the premium and midsize segment for elevator systems based on rack-and-pinion technology for industrial and construction applications in most of the various end markets such as construction, oil and gas, ports and shipbuilding, energy and cement. Since 2014, it has also been active in traction-based elevator systems for industrial applications, primarily in oil and gas. Through the acquisition of Facade Access, the Company gains access to a new end market and new products, while Avanti provides new traction-based products at the same time as the Company is strengthening its range of products and services for the power industry in renewable energy. In addition, the Company's presence in fall protection and safety equipment is being broadened. These product areas complement Alimak's current products well while at the same time the installed base of vertical access solutions increases from approximately 22,000 to approximately 66,000 units. With a larger installed base of vertical access solutions, the Company's possibilities in the After Sales business area also increase.

### Combined revenue




### Combined EBIT

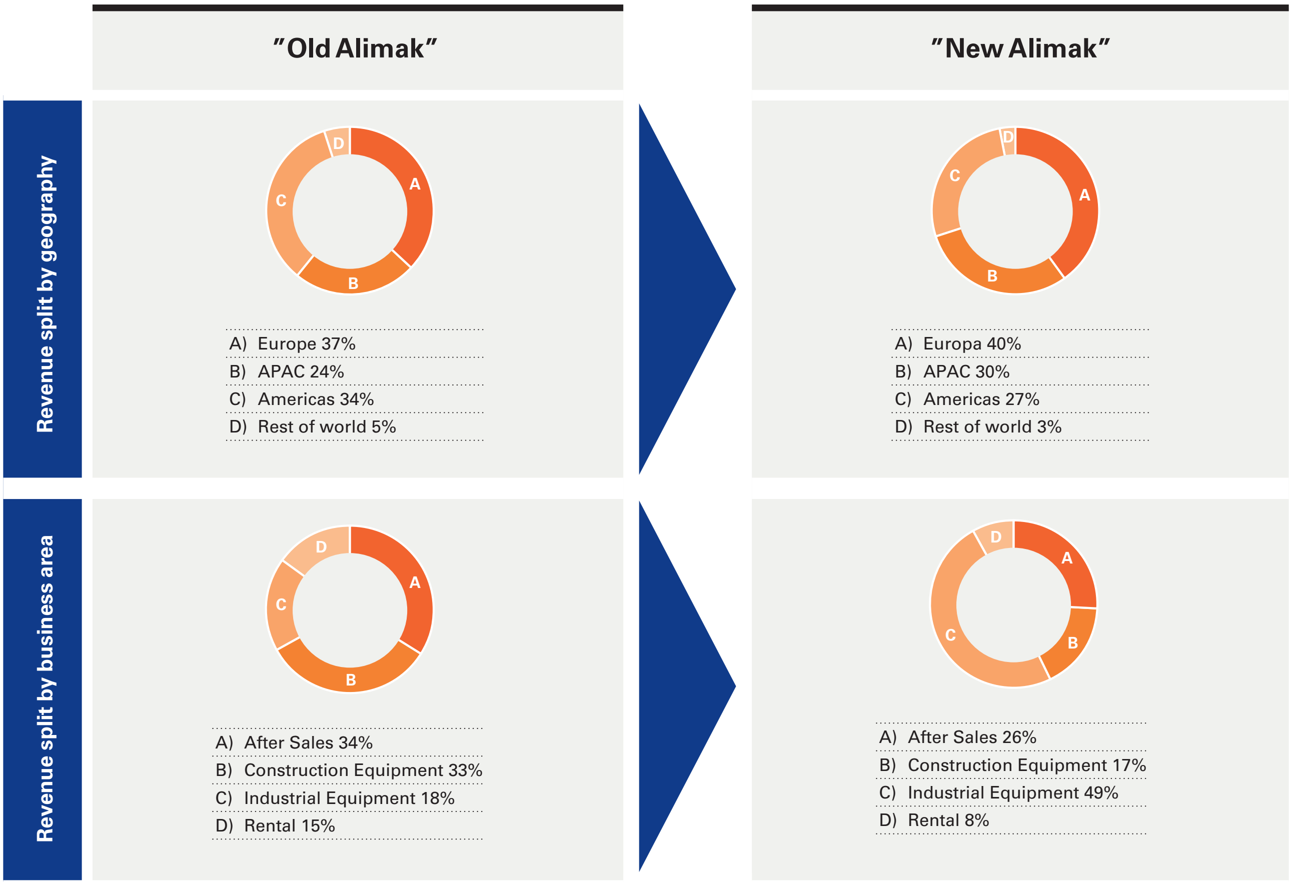





## Customers and distribution

The end markets for the Company's products consist of oil and gas, construction, ports and shipbuilding, energy and cement. The Company has several global companies as customers in the various end markets such as Shell, DP World, Skanska and Bouygues but also many more regional and local companies as customers. As is the case with Alimak, the companies acquired, Facade Access and Avanti, have both global and local customer bases in each niche market. Together with the acquired companies, the new Group will have a broader and more diversified customer base with sales in over 100 countries and a presence on all six continents.

In addition, the Company's international platforms will be supplemented with additional strategic distributors, sales offices and manufacturing plants. The number of distributors will increase to over 100 and the number of sales and service offices will increase from 23 to approximately 66 while the number of manufacturing units will increase from 2 to 12.



## FINANCIAL TARGETS

The Company's financial targets have been amended in 2017 due to the acquisitions of Facade Access and Avanti affecting the Group's business mix. The Company aims to gradually reach its mid-term financial targets over a time span of 3–4 years. The prolonged downturn in oil and gas is also reflected in the revised growth target. Growth will remain a central pillar of the Company's strategy also in the future, but there will be an increased focus on profitability going forward. The Company has chosen to use EBITA as a new profitability target instead of EBIT, due to the Acquisitions and the related amortizations.

### Revenue growth

The Group's mid-term target is to have an average annual organic revenue growth of at least 6%.

### EBITA margin

The Group's mid-term target is to reach an operating EBITA margin of at least 15%.

### Leverage (net debt/EBITDA)

The Company will maintain an effective capital structure with a net debt of around twice EBITDA. The capital structure will be flexible and allow for strategic initiatives.

For a description of the Company's dividend and dividend strategy, see "*Share Capital and Ownership Structure – Right to dividends and any surpluses on liquidation*".

## STRENGTHS AND COMPETITIVE ADVANTAGES

The Group believes that it has a number of important strengths and competitive advantages which differentiate it from its competitors. These strengths and competitive advantages are:

- Strong global market positions with high trademark recognition
- Attractive business model and a stable and profitable after sales range of products and services
- Strong international presence on mature and emerging markets
- Good profitability and stable generation of cash flow
- Well positioned to take advantage of growth and trends on the market

### Strong global market positions with strong trademark recognition

Alimak has historically been a global market leader for industrial rack-and-pinion driven applications and is today a global industrial group in several end markets for vertical access solutions for industrial and construction applications. Through the acquisitions, the Group's global market position is strengthened in vertical access solutions with strong trademarks in vertical access for the wind power sector and building facade maintenance, commonly referred to as BMUs (Building Maintenance Units).

The Group's long history in supplying its customers and suppliers with products with a high level of safety, quality and reliability has strengthened the Group's market position, trademarks and customer relationships as well as contributing to creating confidence in new customers and suppliers on the market. This has made it possible for the Group to build up product sales and retain existing customers while at the same time increasing sales by offering customers after sales services, which provide a strong platform for maintaining and further increasing the Group's position.

### Attractive business model and a stable and profitable after sales range of services

The Group derives advantages from its business model which is designed to offer vertical access solutions on the global market for the industrial and construction sectors focusing on the various specific needs of customers. With its broad portfolio of products and services, the Group covers the needs of both the midrange and premium segments for both simple and more advanced applications. The products and services are crucial success factors for a high rate of productivity and efficiency in customers' businesses. The Group is active throughout the entire chain from design, product development, manufacturing, marketing, distribution and sales to maintenance and services.

Alimak's broad range of after sales services, focused primarily on the Group's installed base of 66,000 units, is an important contributing factor to the stability of the Group's cash flow. The after sales market tends to be more stable and fluctuates less than the demand for new sales. It is also directly linked to the age profile of the installed base. The general average lifecycle of an industrial elevator, for example, is 25–30 years and, following this, there is a renovation phase of 10–15 years before major critical components must be replaced. During the lifecycle of the equipment, the after sales services for industrial equipment can generate three times the revenues as compared with the original sales revenue. To a certain extent, the market can be described as protected from competition and the presence of other service suppliers in the Group's area for products and services is small. Through the acquisitions, the Group is strengthening its position on the after sales market globally. In the newly acquired companies, the range of after sales services is not as developed which is why an important synergy is to create a global after sales organization which covers all of the Group's trademarks and technologies.

### Strong international presence on mature and emerging markets

The Group believes that it is the only global manufacturer on the market which can offer a combination of its own product and service solutions for rack-and-pinion technology and traction-based and hydraulic-based elevator systems for applications in industry, construction and BMUs.

The Group has a large number of customers in over 100 countries located in different geographic and end markets, including the power industry, oil and gas, cement, ports and shipbuilding, manufacturing facilities and BMUs. Since most of the Group's competitors are regional or local in their operations, the Group believes that its established global platform sets the Group apart from its competitors and provides the Group with strategic advantages including diversification, market information, and the ability to serve its customers throughout the world. Through the acquisitions, the Group will acquire additional global and local customers, further strengthening the Group's global presence and resulting in a more diversified customer base.

The most important components of the Group's competitive platform consist of the Group's global sales and services and distribution network with over 100 distributors, and the large base consisting of approximately 66,000 installed units.

The Group derives advantages from having a well-invested manufacturing infrastructure with modern production, and research and development plants which constitute a large part of how the Group differentiates itself from its competitors and derives benefits from future growth opportunities. The most important components in manufacturing are cost level in combination with many years of product and technology expertise, well-invested manufacturing facilities, and a globally optimized manufacturing and supply chain.

The Group's manufacturing makes it possible to derive benefits from both production flexibility and economies of scale advantages which establish a competitive cost base for its products in the premium and mid-range segments. The Group's Swedish production facility is primarily focused on manufacturing premium solutions for mature markets, while the facilities in China focus on production of mid-range segment products for emerging markets and certain products and components for mature markets. The Group cooperates closely with local purchasing experts in China in order to be able to make possible low-cost production while retaining quality and supply reliability. The Group is broadening its manufacturing platform and going from 2 to 12 production facilities with 10 new plants in China, Brazil, the United States, Spain, Germany, the Netherlands and Denmark.

### Strong profitability and good cash flow generation

The Group has a long history of strong profitability and good cash flow generation. In 2016, 2015 and 2014, EBIT was 15%, 14.5% and 16.5% respectively. The Group's strong cash conversion in 2016, 2015 and 2014 was 70% on average. The Group believes that the strong financial results are attributable to the Group's cost-efficient manufacturing operations, its sound management of capital, and the increased share of revenues from after sales services.

### Positioned to take advantage of growth and trends on the market and its own growth initiatives

The Group believes it is well-positioned to be able to take advantage of important macro-economic trends on both mature markets as well as emerging markets which form the basis for market growth. The following macro growth trends have been identified as particularly important:

– Urbanization and mechanization: urbanization is expected to drive the development of megacities and the construction of skyscrapers which will increase the demand for vertical access solutions in construction and BMUs. Increased mechanization, organization, and operating efficiency in industrial production increases the demand for industrial elevators.
– Market trends: an increase in global commerce and energy consumption is expected to stimulate the industrial end markets, while end markets in construction are forecasted to experience increased demand over the mid-range term, after a longer period of underinvestment.
– Health, safety and environmental rules: stricter work environment legislation and the increased focus on product safety is increasing demand for vertical access solutions on both mature markets as well as emerging markets.

The Group is well-positioned to benefit from the macro growth trends identified above on both mature markets as well as emerging markets. The Group already has offices in countries such as China, Brazil and India where there are opportunities to benefit from additional macro trends. Based on the Group's positioning and experience in the industry, the Group can offer well-structured, safe, reliable and cost-efficient vertical access solutions to meet the global macro growth trends on both mature as well as emerging markets.

Alimak does also consider itself to be well positioned to capitalize on its own growth initiatives within Construction Equipment, Industrial Equipment and After Sales. Within Construction Equipment, the Company aims to strengthen the global platform and continue with product innovation for increased safety and effeciancy. The Group sees oppurtunities to adapt the offer within Industrial Equipment to growth markets and to strengthen the offer within selected industry nisches. The Company furthermore intends to increase the penetration of the installed base of approximately 66,000 units and to continue to develop the offer within After Sales.

## ORGANISATION

After the Acquisitions, Alimak's management group will be similar to the one before the acquisition. However, it will be complemented with new global business area managers for BMU and wind power. It will consist of 14 individuals: the president, vice-president, CFO, global business area managers, product manager, production manager, purchasing manager and communications and IR manager. All leading positions will be held by the same individuals as prior to the Acquisitions and the new business area managers will come from the units acquired. Alimak had 1,171 full-time employees on 31 December 2016. Alimak's headquarters remain in Stockholm.

## SYNERGIES AND INTEGRATION

In addition to the strategical motives to the Acquisitions, which are described in the section "*Description of the Acquisitions*", the Company sees possibilities to synergies in terms of optimizing the purchasing- and manufacturing organization and developing the after market offers. These synergies are expected to contribute to an increased EBITA margin of two percentage points with full effect from 2019. The integration work is expected to be finalized in 2019 and lead to integration costs of approximately SEK 110 million, which are expected to be taken under 2017 and 2018.

# Selected historical information for Facade Access and Avanti

Below, selected financial information from Facade Access and Avanti's historical financial years is presented. For Avanti, these years ended 31 December 2015, 2014 and 2013 respectively and have been prepared in accordance with the Danish årsregnskabsloven for major companies (regnskabsklasse C) and audited by Avanti's auditors. For Facade Access there is selected financial information for the historical financial years that ended 30 June 2016, 2015 and 2014 respectively, which have been prepared in accordance with Australian GAAP and audited by Facade Access auditors.

Information in this section should be read together with the section "*Comments on the Financial Performance of Facade Access and Avanti*".

## FACADE ACCESS

### Income statement

| | MAUD (Audited) | 1 July 2015 – 30 June 2016 (12 months) MSEK[1)] (Unaudited) | MAUD (Audited) | 1 July 2014 – 30 June 2015 (12 months) MSEK[2)] (Unaudited) | MAUD (Audited) | 1 July 2013 – 30 June 2014 (12 months) MSEK[3)] (Unaudited) |
|---|---|---|---|---|---|---|
| Revenues | 177.0 | 1083.9 | 96.3 | 622.7 | 67.0 | 401.8 |
| Cost of goods sold | –91.8 | –562.0 | –43.4 | –280.8 | –30.7 | –184.3 |
| **Gross profit** | **85.2** | **521.9** | **52.9** | **341.9** | **36.3** | **217.5** |
| Total operating expenses | –76.5 | –468.6 | –48.8 | –315.7 | –36.7 | –220.0 |
| **Operating profit/loss (EBIT)** | **8.7** | **53.3** | **4.1** | **26.2** | **0.4** | **–2.6** |
| Net financial items | –6.5 | –39.7 | –3.8 | –24.8 | –2.6 | –15.8 |
| **Profit/loss before tax, EBT** | **2.2** | **13.6** | **0.2** | **1.4** | **–3.1** | **–18.4** |
| Tax | –0.8 | –4.7 | –0.1 | –0.6 | 0.0 | –0.2 |
| **Profit/loss for the period** | **1.4** | **8.9** | **0.1** | **0.8** | **–3.1** | **–18.6** |

1) Based on an average exchange rate for the period of AUD/SEK 6.1248
2) Based on an average exchange rate for the period of AUD/SEK 6.4688
3) Based on an average exchange rate for the period of AUD/SEK 5.9988

## Balance sheet

| | 30 June 2016 | | 30 June 2015 | | 30 June 2014 | |
|---|---|---|---|---|---|---|
| | MAUD (Audited) | MSEK[1] (Unaudited) | MAUD (Audited) | MSEK[2] (Unaudited) | MAUD (Audited) | MSEK[3] (Unaudited) |
| Intangible assets | 22.8 | 140.3 | 22.2 | 143.0 | 15.2 | 95.1 |
| Tangible assets | 16.7 | 102.7 | 16.7 | 107.8 | 7.2 | 44.8 |
| Financial and other fixed assets | 1.8 | 11.3 | 1.6 | 10.1 | 0.4 | 2.8 |
| **Total fixed assets** | **41.4** | **254.2** | **40.4** | **260.9** | **22.8** | **142.7** |
| Inventories | 38.6 | 236.8 | 32.6 | 210.1 | 16.6 | 104.0 |
| Accounts receivable and other current receivables | 39.1 | 240.3 | 29.8 | 192.3 | 16.2 | 101.6 |
| Cash and bank | 9.9 | 60.9 | 11.8 | 76.1 | 5.5 | 34.7 |
| **Total current assets** | **87.6** | **538.1** | **74.2** | **478.6** | **38.4** | **240.3** |
| **Total assets** | **129.0** | **792.3** | **114.6** | **739.5** | **61.2** | **382.9** |
| **EQUITY AND LIABILITIES** | | | | | | |
| Equity | 29.0 | 178.0 | 27.2 | 175.3 | 16.6 | 103.7 |
| Long-term liabilities | | | | | | |
| Interest-bearing long-term liabilities | 30.2 | 185.2 | 24.5 | 158.1 | 14.3 | 89.6 |
| Other long-term liabilities and provisions | 10.1 | 61.9 | 8.6 | 55.6 | 0.6 | 4.0 |
| **Total long-term liabilities** | **40.2** | **247.2** | **33.1** | **213.7** | **14.9** | **93.6** |
| Current liabilities | | | | | | |
| Interest-bearing current liabilities | 10.6 | 65.2 | 9.5 | 61.1 | 11.2 | 70.2 |
| Other current liabilities | 49.2 | 301.9 | 44.8 | 289.4 | 18.4 | 115.5 |
| **Total current liabilities** | **59.8** | **367.2** | **54.3** | **350.5** | **29.7** | **185.7** |
| **TOTAL EQUITY AND LIABILITIES** | **129.0** | **792.3** | **114.6** | **739.5** | **61.2** | **382.9** |

1) Based on the exchange rate on 30 June 2016 of AUD/SEK 6.1413
2) Based on the exchange rate on 30 June 2015 of AUD/SEK 6.4534
3) Based on the exchange rate on 30 June 2014 of AUD/SEK 6.2603

## Cash flow

| | MAUD (Audited) | 1 July 2015 – 30 June 2016 MSEK[1)] (Unaudited) | MAUD (Audited) | 1 July 2015 – 30 June 2015 (12 månader) MSEK[2)] (Unaudited) | MAUD (Audited) | 1 July 2015 – 30 June 2014 (12 månader) MSEK[3)] (Unaudited) |
|---|---|---|---|---|---|---|
| Cash flow from operations | 0.2 | 1.4 | –1.6 | –10.5 | –1.7 | –10.1 |
| Cash flow from investment operations | –4.2 | –25.4 | –2.4 | –15.5 | –0.6 | –3.7 |
| *of which acquisitions of tangible assets* | –1.2 | –7.1 | –1.9 | –12.1 | –0.6 | –3.8 |
| Cash flow from financing operations | 1.3 | 7.7 | 9.7 | 62.9 | 6.5 | 38.9 |
| *of which loans raised and repaid* | 1.3 | 7.7 | 3.4 | 22.0 | 6.7 | 40.2 |
| *of which new issue/ dividend* | 0.0 | 0.0 | 6.3 | 40.8 | 0.0 | 0.0 |
| **Total cash flow for the period** | **–2.7** | **–16.4** | **5.7** | **36.9** | **4.2** | **25.1** |

1) Based on an average exchange rate for the period of AUD/SEK 6.1248
2) Based on an average exchange rate for the period of AUD/SEK 6.4688
3) Based on an average exchange rate for the period of AUD/SEK 5.9988

## AVANTI

### Income statement

| | MDKK (Audited) | 1 January – 31 December 2015 (12 months) MSEK[1)] (Unaudited) | MDKK (Audited) | 1 January – 31 December 2014 (12 months) MSEK[2)] (Unaudited) | MDKK (Audited) | 1 January – 31 December 2013 (12 months) MSEK[3)] (Unaudited) |
|---|---|---|---|---|---|---|
| Revenues | 706.6 | 886.3 | 634.2 | 774.0 | 531.0 | 615.9 |
| Cost of goods sold | –506.3 | –635.1 | –504.8 | –616.0 | –387.9 | –449.9 |
| **Gross profit** | **200.3** | **251.2** | **129.5** | **158.0** | **143.1** | **166.0** |
| Total operating expenses | –148.2 | –186.0 | –121.2 | –147.9 | –113.8 | –132.0 |
| **Operating profit/loss (EBIT)** | **52.0** | **65.2** | **8.2** | **10.0** | **29.3** | **34.0** |
| Net financial items | –12.1 | –15.2 | –4.0 | –4.9 | –11.3 | –13.1 |
| **Profit/loss before tax, EBT** | **39.9** | **50.0** | **4.2** | **5.2** | **18.0** | **20.9** |
| Tax | –16.4 | –20.6 | –15.1 | –18.4 | –11.8 | –13.7 |
| **Profit/loss before minority interests** | **23.4** | **29.4** | **–10.9** | **–13.3** | **6.2** | **7.2** |
| Minority interests | –9.3 | –11.7 | 3.7 | 4.5 | –2.8 | –3.2 |
| **Profit/loss for the period** | **14.1** | **17.7** | **–7.2** | **–8.8** | **3.4** | **4.0** |

1) Based on an average exchange rate for the period of DKK/SEK 1.2544
2) Based on an average exchange rate for the period of DKK/SEK 1.2203
3) Based on an average exchange rate for the period of DKK/SEK 1.1599

## Balance sheet

| | MDKK (Audited) | 31 December 2015 MSEK[1] (Unaudited) | MDKK (Audited) | 31 December 2014 MSEK[2] (Unaudited) | MDKK (Audited) | 31 December 2013 MSEK[3] (Unaudited) |
|---|---|---|---|---|---|---|
| Intangible assets | 136.7 | 169.4 | 150.6 | 190.0 | 164.4 | 197.5 |
| Tangible assets | 24.3 | 30.2 | 24.2 | 30.6 | 29.3 | 35.1 |
| Financial and other fixed assets | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| **Total fixed assets** | **161.1** | **199.7** | **174.9** | **220.7** | **193.8** | **232.8** |
| Inventories | 128.5 | 159.3 | 115.6 | 145.9 | 88.4 | 106.2 |
| Accounts receivable and other current receivables | 201.1 | 249.2 | 184.4 | 232.7 | 169.8 | 203.9 |
| Cash and bank | 46.1 | 57.2 | 16.2 | 20.5 | 22.3 | 26.8 |
| **Total current assets** | **375.7** | **465.8** | **316.3** | **399.1** | **280.5** | **336.9** |
| **Total assets** | **536.9** | **665.5** | **491.2** | **619.8** | **474.3** | **569.7** |
| EQUITY AND LIABILITIES | | | | | | |
| Equity | 132.8 | 164.7 | 116.1 | 146.5 | 121.1 | 145.4 |
| Minority interests | 79.2 | 98.1 | 68.3 | 86.1 | 70.6 | 84.7 |
| **Long-term liabilities** | | | | | | |
| Interest-bearing long-term liabilities | 19.1 | 23.6 | 44.4 | 56.0 | 89.6 | 107.6 |
| Other long-term liabilities and provisions | 8.4 | 10.4 | 5.6 | 7.1 | 3.2 | 3.9 |
| **Total long-term liabilities** | **27.4** | **34.0** | **50.0** | **63.1** | **92.9** | **111.5** |
| **Current liabilities** | | | | | | |
| Interest-bearing current liabilities | 169.9 | 210.6 | 133.1 | 168.0 | 87.3 | 104.9 |
| Other current liabilities | 127.5 | 158.0 | 123.7 | 156.1 | 102.5 | 123.1 |
| **Total current liabilities** | **297.4** | **368.7** | **256.8** | **324.1** | **189.8** | **228.0** |
| **TOTAL EQUITY AND LIABILITIES** | **536.9** | **665.5** | **491.2** | **619.8** | **474.3** | **569.7** |

1) Based on an exchange rate on 31 December 2015 of DKK/SEK 1.2396
2) Based on an exchange rate on 31 December 2014 of DKK/SEK 1.2618
3) Based on an exchange rate on 31 December 2013 of DKK/SEK 1.2010

## Cash flow

| | MDKK (Audited) | 1 January – 31 December 2015 (12 months) MSEK[1)] (Unaudited) | MDKK (Audited) | 1 January – 31 December 2014 (12 months) MSEK[2)] (Unaudited) | MDKK (Audited) | 1 January – 31 December 2013 (12 months) MSEK[3)] (Unaudited) |
|---|---|---|---|---|---|---|
| Cash flow from operations | 22.6 | 28.4 | 0.4 | 0.5 | 3.6 | 4.2 |
| Cash flow from investment operations | –3.9 | –4.9 | –7.1 | –8.7 | –3.8 | –4.4 |
| *of which acquisitions of tangible assets* | –4.4 | –5.5 | –7.2 | –8.8 | –3.7 | –4.2 |
| Cash flow from financing operations | –26.9 | –33.7 | –25.7 | –31.4 | –12.8 | –14.8 |
| *of which loans raised and repaid* | | | | | | |
| *of which new issue/ dividend* | | | | | | |
| **Total cash flow for the period** | **–8.2** | **–10.1** | **–32.4** | **–40.9** | **–12.9** | **–15.0** |

1) Based on an average exchange rate for the period of DKK/SEK 1.2544
2) Based on an average exchange rate for the period of DKK/SEK 1.2203
3) Based on an average exchange rate for the period of DKK/SEK 1.1599

# Comments on the financial performance of Facade Access and Avanti

The information in this section should be read together with the section entitled "*Selected Historical Financial Information for Facade Access and Avanti*".

## FACADE ACCESS

### The period ending on 30 June 2016 as compared with the period ending on 30 June 2015

***Earnings***

*Revenues*

Revenues increased by AUD 80.7 million, or 83.8%, to AUD 177.0 million for the period ending on 30 June 2016, from AUD 96.3 million for the period ending on 30 June 2015. Of the growth of a total of AUD 80.7 million, the organic growth amounted to approximately AUD 25.5 million, while the acquisition of Manntech contributed with approximately AUD 55.2 million.

*Operating profit (EBIT)*

Operating profit increased by AUD 4.6 million to AUD 8.7 million for the period ending on 30 June 2016, from AUD 4.1 million for the period ending on 30 June 2015. This corresponds to an operating margin of 4.9% for the period ending on 30 June 2016 as compared with 4.1% for the period ending on 30 June 2015.

The cost of goods sold increased to 51.9% for period ending on 30 June 2016, from 45.1% for the period ending on 30 June 2015.

Total operating costs in relation to revenues decreased to 43.2% for the period ending on 30 June 2016, from 52.6% for the period ending on 30 June 2015.

***Cash flow***

*Cash flow from operating activities*

Cash flow from operating activities increased by AUD 1.8 million to AUD 0.2 million for the period ending on 30 June 2016, as compared with AUD –1.6 million for the period ending on 30 June 2015.

*Cash flow from investment activities*

Cash flow from investment activities decreased by AUD 1.8 million to AUD –4.2 million for the period ending on 30 June 2016, as compared with AUD –2.4 million for the period ending on 30 June 2015. The decrease was partly due to a final payment for the acquisition of Manntech, amounting to AUD 3.0 million.

*Cash flow from financing activities*

Cash flow from financing activities decreased by AUD 8.4 million to AUD 1.3 million for the period ending on 30 June 2016, as compared with AUD 9.7 million for the period ending on 30 June 2015.

***Financial position***

For the period ending on 30 June 2016, shareholders' equity amounted to AUD 29.0 million, as compared with AUD 27.2 million for the period ending on 30 June 2015. The debt/equity ratio for the period was therefore 22.3% as compared with 23.6% for the preceding period.

### The period ending on 30 June 2015 as compared with the period ending on 30 June 2014

***Earnings***

*Revenues*

Revenues increased by AUD 29.3 million, or 43.7%, to AUD 96.3 million for the period ending on 30 June 2015, from AUD 67.0 million for the period ending on 30 June 2014. This increase was partly a consequence of the acquisition of the Manntech Group, which affected the last two months of the financial year. Excluding the acquisition, the underlying growth was 32% thanks to a strong workflow from Asia while, at the same time, the Middle East and North America continue to show strong growth.

*Operating profit (EBIT)*

Operating profit increased by AUD 4.5 million for the period ending on 30 June 2015 to AUD 4.1 million, from AUD –0.4 million for the period ending on 30 June 2014. This corresponds to an operating margin of 4.2% for the period ending on 30 June 2015 as compared with –0.6% the period ending on 30 June 2014.

The cost of goods sold decreased to 45.9% during period ending on 30 June 2015, from 45.9% the period ending on 30 June 2014.

Total operating costs in relation to revenues decreased to 50.7% for the period ending on 30 June 2015, from 54.8% for the period ending on 30 June 2014.

***Cash flow***

*Cash flow from operating activities*

Cash flow from operating activities increased by AUD 0.1 million to AUD –1.6 million for the period ending on 30 June 2015, as compared with AUD –1.7 million for the period ending on 30 June 2014.

*Cash flow from investment activities*

Cash flow from investment activities decreased by AUD 1.8 million to AUD –2.4 million for the period ending on 30 June 2015, as compared with AUD –0.6 million for the period ending on 30 June 2014.

*Cash flow from financing activities*

Cash flow from financing activities increased by AUD 3.2 million to AUD 9.7 million for the period ending on 30 June 2015, as compared with AUD 6.5 million for the period ending on 30 June 2014.

***Financial position***

For the period ending on 30 June 2015, shareholders' equity amounted to AUD 27.2 million, as compared with AUD 16.6 million for the period ending on 30 June 2014. The debt/equity ratio for the period was therefore 23.7% as compared with 23.6% for the preceding period.

**AVANTI**

**The period ending on 31 December 2015 as compared with the period ending on 31 December 2014**

***Earnings***

*Revenues*

Revenues increased by DKK 72.3 million, or 11.4%, to DKK 706.6 million for the period ending on 31 December 2015, from DKK 634.2 million for the period ending on 31 December 2014. This increase was primarily attributable to positive development in all product categories with a particularly strong increase in sales of service platforms. The sales of ladders systems and service and training also increased but to a lesser degree.

*Operating profit (EBIT)*

Operating profit (EBIT) increased by DKK 43.8 million to DKK 52.0 million for the period ending on 31 December 2015, from DKK 8.2 million for the period ending on 31 December 2014. This corresponds to an operating margin (EBIT %) of 7.4% for the period ending on 31 December 2015 as compared with 1.3% for the period ending on 31 December 2014. This increase in operating profit (EBIT) was primarily a consequence of a strong increase in revenues in combination with significantly decreased costs for goods sold in relation to revenues. Total operating costs, however, affected operating profit (EBIT) negatively.

The cost of goods sold in relation to revenues decreased to 71.7% for the period ending on 31 December 2015, from 79.6% for the period ending on 31 December 2014.

Total operating costs in relation to revenues increased, however, to 21.0% during the period ending on 31 December 2015, from 19.1% for the period ending on 31 December 2014.

***Cash flow***

*Cash flow from operating activities*

Cash flow from operating activities increased by DKK 22.2 million to DKK 22.6 million for the period ending on 31 December 2015, as compared with DKK 0.4 million for the period ending on 31 December 2014. This increase was primarily a consequence of the developments in the operating profit.

*Cash flow from investment activities*

Cash flow from investment activities increased by DKK 3.2 million to DKK –3.9 million for the period ending on 31 December 2015, as compared with DKK –7.1 million for the period ending on 31 December 2014. This increase was primarily a consequence of acquisitions of tangible assets.

*Cash flow from financing activities*

Cash flow from financing activities decreased by DKK 1.2 million to DKK –26.9 million for the period ending on 31 December 2015, as compared with DKK –25.7 million for the period ending on 31 December 2014.

***Financial position***

For the period ending on 31 December 2015, shareholders' equity amounted to DKK 132.8 million as compared with DKK 116.1 million for the period ending on 31 December 2014. The debt/equity ratio the period was therefore 24.7% as compared with 23.6% for the preceding period.

**The period ending on 31 December 2014 as compared with the period ending on 31 December 2013**

***Earnings***

*Revenues*

Revenues increased by DKK 130.2 million, or 19.4%, to DKK 634.2 million for the period ending on 31 December 2014, from DKK 531.0 million for the period ending on 31 December 2013.

*Operating profit (EBIT)*

Operating profit decreased by DKK 21.1 million to DKK 8.2 million for the period ending on 31 December 2014, from DKK 29.3 million for the period ending on 31 December 2013. This corresponds to an operating margin of 1.3% for the period ending on 31 December 2014 as compared with 5.5% for the period ending on 31 December 2013. The lower operating profit was a result of significantly higher startup costs in Brazil.

The cost of goods sold in relation to revenues increased to 79.6% for the period ending on 31 December 2014, from 73.1% for the period ending on 31 December 2013.

Total operating costs in relation to revenues decreased to 19.1% for the period ending on 31 December 2014, from 21.4% for the period ending on 31 December 2013.

***Cash flow***

*Cash flow from operating activities*

Cash flow from operating activities decreased by DKK 3.2 million to DKK 0.4 million for the period ending on 31 December 2014, as compared with DKK 3.6 million for the period ending on 31 December 2013.

*Cash flow from investment activities*

Cash flow from investment activities decreased by DKK 3.2 million to DKK –7.1 million for the period ending on 31 December 2014, as compared with DKK –3.8 million for the period ending on 31 December 2013.

*Cash flow from financing activities*

Cash flow from financing activities decreased by DKK 12.9 million to DKK –25.7 million for the period ending on 31 December 2014, as compared with DKK –12.8 million for the period ending on 31 December 2013.

***Financial position***

For the period ending on 31 December 2014, shareholders' equity amounted to DKK 116.1 million as compared with DKK 121.1 for the period ending on 31 December 2013. The debt/equity ratio for the period was therefore 23.6% as compared with 25.5% for the preceding period.

# Pro forma

## BACKGROUND

On 4 December 2016, Alimak entered into an agreement, through its subsidiary Alimak Hek Group AB, regarding the acquisition of all of the shares in Avanti. On 27 October 2016, Alimak entered into a further agreement, through its subsidiary Alimak Hek Group AB, regarding the acquisition of all of the shares in Facade Access. The acquisition of Avanti was completed on 30 January 2017 and the acquisition of Facade Access was completed on 28 February 2017.

The consideration paid for the acquisitions consisted of cash. The financing of the acquisition of Facade Access consisted of the utilization of a revolving credit facility which becomes due and payable in June 2020 (the Revolving Credit Facility). The acquisition of Avanti was financed through a bridge loan.

Alimak intends to carry out a rights issue for the purpose of repaying the bridge loan financing for the acquisition of Avanti. This Prospectus has been prepared as a consequence of the rights issue. If the rights issue is carried out, the bridge loan financing will be repaid in an amount corresponding to the proceeds of the rights issue. No new issue proceeds have been taken into consideration in the pro forma accounts.

The acquisitions of Facade Access and Avanti have a significant direct impact on Alimak's future earnings, financial position and cash flow, and therefore pro forma accounts have been prepared.

For the auditor's report over the review of the pro forma accounts, please see the section entitled "*Auditor's Report on Pro Forma*".

## PURPOSE OF THE PRO FORMA ACCOUNTS

The purpose of the pro forma accounts is to present an overarching illustration of the effects the Acquisitions and financing would have had on:

(iii) Alimak's consolidated income statement for the financial year ending on 31 December 2016 if the Acquisitions had been carried out and completed as per 1 January 2016;

(iv) Alimak's consolidated balance sheet as per 31 December 2016 if the Acquisitions had been completed at this time.

The financial information presented in the pro forma accounts is only intended to describe a hypothetical situation and has been presented solely for illustrative purposes in order to inform and is thus not intended to show the financial position or the earnings for the period if the above-stated events had occurred on the dates mentioned. Nor do the pro forma accounts show the financial position or earnings of the business at a future point in time. This should be taken into consideration in any investment decision.

## GROUNDS FOR THE PRO FORMA ACCOUNTS

The pro forma income statement and balance sheet are based on Alimak's unaudited press release of annual earnings for the 2016 financial year and calendar year, unaudited internal financial reports for Facade Access for the 2016 calendar year, and unaudited internal financial reports for Avanti for the 2016 financial year and calendar year.

The accounting principles applied by Alimak are IFRS, as adopted by the EU (IFRS-EU). Facade applies Australian accounting standards and interpretation statements and the Corporations Act regarding the preparation and content of financial reports. Avanti applies the Danish Annual Accounts Act regarding major companies (accounts class C). The pro forma accounts have been prepared in accordance with Alimak's accounting principles as described in the 2015 annual report, which is incorporated by reference into this prospectus.

Facade Acccess' income statement has been recalculated from AUD to SEK applying an average exchange rate for 2016 (according to the Swedish Riksbank) and Facade Acccess' balance sheet has been recalculated from AUD to SEK applying an exchange rate as per 31 December 2016 (according to the Swedish Riksbank).

Avanti's income statement has been recalculated from EUR to SEK applying an average exchange rate for 2016 (according to the Swedish Riksbank) and Avanti's balance sheet has been recalculated from EUR to SEK applying an exchange rate as per 31 December 2016 (according to the Swedish Riksbank).

No pro forma adjustments for integration costs and synergies have been made in the pro forma income statement.

## PRO FORMA ADJUSTMENTS

The pro forma adjustments are described in more detail in notes to the pro forma income statement and balance sheet below. The following description is of a more overall nature.

### The acquisitions

#### *Consideration*

*Facade Access*

The consideration for Alimak 's acquisition of the shares in Facade has been calculated in the pro forma accounts as AUD 76.6 million corresponding to SEK 502.9 million based on an exchange rate on 31 December 2016 (according to the Swedish Riksbank).

The calculated consideration consists of a purchase price of AUD 79.7 million paid on the closing date corresponding to SEK 523.5 million and an adjustment of the purchase price in the amount of AUD –3.1 million corresponding to SEK –20.6 million.

The adjustment to the purchase price has been calculated as the difference between Facade's net assets on 31 December 2016 totaling AUD 26.3 million and corresponding to SEK 172.7 million and AUD 29.4 million corresponding to SEK 193.3 million.

The adjustment in the consideration according to the share purchase agreement, however, will be based on the net assets as per the completion date and not 31 December 2016 and will also take into consideration changes in certain adjustments to net liabilities which entails that the final consideration will differ from the calculated consideration set forth in the pro forma accounts.

*Avanti*

The consideration attributable to the initial purchase price for Alimak's acquisition of the shares in Avanti amounted to EUR 70.1 million. The initial purchase price was financed with a bridge loan in SEK in the amount of SEK 665.6 million.

In addition to the initial purchase price, there will be an adjustment to the purchase price based on the difference between certain items such as operating capital and net loan liabilities as per 31 December 2016 and amounts for these items based on the outcome on 30 June 2016 which formed the basis for calculation of the purchase price paid on the completion date, which entails that the final consideration will differ from the consideration set forth in the pro forma accounts. In addition, interest is payable annually in the amount of 3.5% on payments made commencing 1 January 2017 until the payment date.

*Financing*

Financing of the initial purchase price regarding the acquisition of Facade, as set forth above, and refinancing of loans (including accrued interest) in Facade was carried out through the utilization of the Revolving Credit Facility. The adjustment of the purchase price is intended to be financed via the Revolving Credit Facility.

The financing of the acquisition of Avanti consisted of the Bridge Loan Financing. In addition to the financing of the acquisition price, loans (including accrued interest) in Avanti were also refinanced. These loans will be financed through the Bridge Loan Financing and Revolving Credit Facility.

Interest expenses regarding the refinanced loans have been reversed which increased profit before taxes. Increased tax costs have been taken into consideration.

Since a part of the financing replaces existing loans, only the financing of the acquired shares in Facade and Avanti have been taken into consideration in the pro forma balance sheet with a deduction for loan expenses.

The Bridge Loan has been classified as a current interest-bearing liability and the Revolving Credit Facility has been classified as a long-term interest-bearing liability.

Financial expenses in Facade and Avanti related to the refinanced loans have been replaced with financial expenses related to the Revolving Credit Facility and the Bridge Loan Financing.

Interest expenses for the Revolving Credit Facility and the Bridge Loan Financing are based on a base rate per currency plus a margin. Interest expenses in the 2016 pro forma income statement are based on the base rate at the time of the closing on the shares in Avanti.

A pro forma adjustment has been made for the higher financial expenses which could have encumbered the 2016 income statement due to changed loan terms and conditions if the new financing had existed in 2016.

Net financial items in the pro forma income statement are thus higher than the financial expense which would had been shown if the share issue had been presented in pro forma form, in part as regards the pro forma financial expenses for the bridge loan financing and – due to changed loan terms and conditions – also changed financial expenses related to the revolving credit facility.

Loan expenses have been allocated over the lifecycle of the loans and reported as financial expenses in the pro forma income statement. Lower tax expenses have been taken into consideration.

Adjustments for financing in foreign currency have been recalculated from local currency to SEK in the pro forma income statement applying an average exchange rate for 2016 and in the pro forma balance sheet applying an exchange rate as per 31 December 2016 (exchange rates according to the Swedish Riksbank).

**Adjustment for fair value – acquisition method**

Alimak has prepared preliminary acquisition analyses in accordance with IFRS 3 Business Combinations where the fair value has been allocated to the identifiable assets and liabilities of the acquired group.

The difference between payment made and market value of the acquired, identifiable net assets is reported as goodwill in Alimak's consolidated balance sheet. No depreciation is made on goodwill; instead, an annual impairment assessment of the value of goodwill is carried out.

The difference between fair values of identifiable assets and liabilities and carrying amounts in the acquired company's or group's balance sheet are usually designated as surplus values or discount values.

Adjustments have been made for surplus values in the pro forma balance sheet. The effects of deferred taxes have been taken into consideration in identified surplus values.

In the preliminary acquisition analysis of Facade, surplus values have been allocated to intangible assets such as order book, customer contracts, customer relationships, trademarks and technology. In the preliminary acquisition analysis of Avanti, surplus values have been allocated to intangible assets such as customer relationships, trademarks and technology.

Adjustments have been made in the pro forma accounts for depreciation of identified surplus values regarding intangible assets.

Adjustments for fair value have been recalculated from the local currency to SEK in the pro forma income statement applying an average exchange rate for 2016 and in the pro forma balance sheet applying an exchange rate as per 31 December 2016 (exchange rates according to the Swedish Riksbank).

### Transaction costs

Transaction costs relate to acquisition-related costs and encumber the income statement and shareholders' equity.

### Differences in accounting principles

An analysis has been carried out between the IFRS accounting principles applied by Alimak and the accounting principles applied by the acquired companies. With respect to Facade, the assessment is that no significant differences exist. Avanti's internal financial reports include depreciation of goodwill related to earlier acquisitions by Avanti. According to IFRS principles, no depreciation is made of the goodwill which arises in Alimak's acquisition analysis regarding Avanti, resulting in the fact that the goodwill depreciation made previously is reversed in the pro forma income statement. The assessment is otherwise that no significant differences exist.

## Pro forma income statement in summary, the Group 1 January – 31 December 2016

| MSEK | Alimak[1)] | Facade Access[2)] | Avanti[3)] | Pro forma-adjustments | Notes | Pro forma |
|---|---|---|---|---|---|---|
| Revenues | 2,048.6 | 1,044.4 | 918 | | | 4,011.0 |
| Cost of goods sold | –1,230.7 | –815.6 | –682.5 | 0.0 | | –2,728.8 |
| **Gross profit** | **817.9** | **228.8** | **235.5** | **0.0** | | **1,282.2** |
| Total operating costs | –511.1 | –183.5 | –158.7 | –43.1 | 4),5),6),7),8) | –869.5 |
| **Operating profit (EBIT)** | **306.8** | **45.2** | **76.8** | **–43.1** | | **385.7** |
| Net financial items | –25.4 | –56.1 | 6.8 | –17.1 | 9) | –91.7 |
| **Profit before tax (EBT)** | **281.4** | **–10.8** | **83.6** | **–60.2** | | **294.0** |
| Tax on profit for the period | –87.4 | 0.0 | –27.3 | 19.9 | 10) | –94.7 |
| **Profit/Loss for the period** | **194.0** | **–10.8** | **56.3** | **–40.3** | | **199.2** |

1) Based on financial information included in Alimak's unaudited press release of annual earnings for the 2016 financial year.

2 Based on unaudited internal financial reports for Facade for the period 1 January to 31 December 2016. The income statement has been recalculated from AUD to SEK applying an AUD/SEK exchange rate of 6.372 which is the average rate for 1 January to 31 December 2016.

3) Based on unaudited internal financial reports for Avanti for the period 1 January to 31 December 2016. The income statement has been recalculated from EUR to SEK applying an EUR/SEK exchange rate of 9.470 which is the average rate for 1 January to 31 December 2016.

4) The reversal of the depreciation of goodwill in Avanti reduces operating expenses by SEK 10.9 million. The adjustment does not affect taxes on the profits of the period since the goodwill depreciation is not deductible. The adjustment is expected to have a lasting effect on Alimak.

5) Operating expenses have increased with respect to the 2017 acquisition related costs in the amount of SEK 9.5 million, of which SEK 2.4 million relates to the acquisition of Avanti and SEK 7.1 million relates to the acquisition of Facade. The adjustment is not expected to have a lasting effect on Alimak. The adjustment does not affect taxes on the profit for the period since the acquisition related expenses are not deductible.

6) Depreciation of customer relationships and technology identified in Avanti's acquisition analysis is carried out on a linear basis over the estimated period of use of 10 years which corresponds to an annual increase in operating expenses in the form of depreciation in the amount of SEK 25.6 million. Adjustments related to depreciations which have been identified in the acquisition analysis are expected to have a lasting effect on Alimak.

7) Reversed depreciation in Facade related to intangible assets which have been reevaluated in the acquisition analysis amount to SEK 3.3 million. Depreciation of order book, customer contracts, customer relations, and technology which has been identified in Facade's acquisition analysis is carried out on a linear basis over the estimated period use of 1.5, 5, 13 and 10 years which corresponds to an annual increase in operating costs in the form of depreciations in the amount of SEK 27.1 million. Adjustments related to depreciation are expected to have a lasting effect on Alimak.

8) Reversal of loan costs related to existing loans in Facade which have been refinanced amount to SEK 4.8 million.

9) Interest expenses regarding the refinanced loans in Avanti and Facade have been reversed which has increased net financial items by SEK 36.8 million, of which SEK 5.0 million relates to Avanti and SEK 31.8 million relates to Facade.

Interest expenses for the financing of the acquisition of the shares, and the refinancing of existing loans, in Avanti and Facade via the Bridge Loan Financing and the Revolving Credit Facility, according to the description in the text regarding pro forma adjustments above, has reduced net financial items by SEK 39.7 million (of which SEK 16.0 million relates to the Bridge Loan Financing and SEK 23.7 million relates to the Revolving Credit Facility). The 2016 interest expenses are calculated on full utilization of the Bridge Loan Financing of SEK 800 million with an interest rate of 2% and an average utilization of the Revolving Credit Facility of SEK 793.7 million with a rate of interest of 3.42% for loans in AUD and an interest rate of 1.65% for loans in DKK, EUR and SEK.

Pro forma adjustments for higher interest expenses regarding the existing financing in Alimak in 2016 which might have encumbered the income statement if the changed financing and loan terms and conditions had existed 2016 amount to SEK 4.8 million.

Pro forma adjustment for other loan expenses in the amount of SEK 15.1 million relates to loan expenses related to the new bridge loan financing and utilization of the revolving credit facility, higher loan expenses regarding the existing financing in Alimak during 2016 which might have encumbered the income statement if the changed financing and loan terms and conditions existed in 2016, and write-downs of loan expenses related to refinanced loans in Facade.

Reversed exchange rate differences related to refinanced loans in Facade have increased net financial items by SEK 5.7 million.

All adjustments to financial items have been translated from foreign currency to SEK applying an average exchange rate for 2016 (according to the Swedish Riksbank).

In total, the adjustments have reduced net financial items by SEK 17.1 million. The increase in net financial items by SEK 6.4 million is anticipated to have a lasting effect based on the pro forma assumption that the share issue is not carried out. If the share issue had been included in the pro forma accounts, the net financial items and the lasting effect of this would have been affected positively due to changed loan terms and conditions for the revolving credit facility and thereby lower financial expenses. The reduction in net financial items by SEK 17.5 million regarding the bridge loan financing is assumed not to have a lasting effect since the financing is short-term and may be replaced by the new share issue and/or other new financing with terms and conditions different from the bridge loan financing. The reduction in the net financial items by SEK 6.0 million is not anticipated to have a lasting effect since this relates to write-downs of loan expenses related to refinanced loans in Facade.

10) Tax on the profit for the period related to acquisition analysis adjustments to total operating expenses has been calculated at SEK 5.8 million regarding Avanti and SEK 7.2 million regarding Facade. The tax has been calculated applying the average tax rates per category of asset between 20% and 23% for Avanti and between 25% and 30% for Facade.

Tax on the profits of the period regarding adjustment of net financial items has been calculated at SEK 6.9 million. Certain adjustments to net financial items have been deemed to be not taxable or not deductible for tax purposes and, for the remainder, tax rates of between 22% and 30% have been employed.

In total, the adjustments have reduced tax on the profit for the period by SEK 19.9 million.

## Pro forma balance sheet in summary, the Group – 31 December 2016

| MSEK | Alimak[1] | Facade Access[2] | Avanti[3] | Pro forma-adjustments[4] | Pro forma |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Intangible assets | 1,789.2 | 145.8 | 165.0 | 844.7 | 2,994.7 |
| Fixed assets | 258.7 | 106.4 | 34.0 | 0.0 | 399.1 |
| Financial and other fixed assets | 48.0 | 13.1 | 0.0 | 0.0 | 61.1 |
| **Total fixed assets** | **2,095.9** | **265.4** | **198.9** | **844.7** | **3,405.0** |
| Inventories | 394.6 | 260.1 | 148.7 | 0.0 | 803.4 |
| Accounts receivable | 408.8 | 214.1 | 252.9 | 0.0 | 875.9 |
| Other current receivables | 146.4 | 54.5 | 23.8 | 0.0 | 224.7 |
| Cash and bank | 230.6 | 49.9 | 50.1 | 0.0 | 330.6 |
| **Total current assets** | **1,180.4** | **578.7** | **475.5** | **0.0** | **2,234.6** |
| **TOTAL ASSETS** | **13,276.3** | **844.1** | **674.4** | **844.7** | **5,639.6** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | **2,202.1** | **172.8** | **320.2** | **–499.2** | **2,195.9** |
| ***Long-term liabilities*** | | | | | |
| Interest-bearing liabilities | 446.5 | 220.1 | 24.6 | 509.1 | 1,200.3 |
| Other long-term liabilities | 128.5 | 63.1 | 3.2 | 169.2 | 363.9 |
| **Total long-term liabilities** | **575.0** | **283.1** | **27.8** | **678.3** | **1,564.2** |
| ***Current liabilities*** | | | | | |
| Interest-bearing liabilities | 78.7 | 74.9 | 165.6 | 665.6 | 984.8 |
| Accounts payable | 219.3 | 254.9 | 128.9 | 0.0 | 603.1 |
| Other current liabilities | 201.2 | 58.5 | 31.9 | 0.0 | 291.6 |
| **Total current liabilities** | **499.2** | **388.2** | **326.4** | **665.6** | **1,879.5** |
| **TOTAL EQUITY AND LIABILITIES** | **3,276.3** | **844.1** | **674.4** | **844.7** | **5,639.6** |

1) Based on financial information included in Alimak's unaudited press release of annual earnings for the 2016 financial year.
2) Based on unaudited internal financial reports for Facade for the 2016 calendar year. The balance sheet has been recalculated from AUD to SEK applying an AUD/SEK exchange rate of 6.569 as per 31 December 2016.
3) Based on unaudited internal financial reports for Avanti for the 2016 calendar and financial year. The balance sheet has been recalculated from EUR to SEK applying an EUR/SEK exchange rate of 9.567 as per 31 December 2016.
4) Specification of pro forma adjustments, SEK millions.

| ASSETS | Total | A) | B) | C) | D) |
|---|---|---|---|---|---|
| Intangible assets | 844.7 | | | 844.7 | |
| Fixed assets | 0.0 | | | | |
| Financial and other fixed assets | 0.0 | | | | |
| **Total fixed assets** | **844.7** | **0.0** | **0.0** | **844.7** | **0.0** |
| Inventories | 0.0 | | | | |
| Accounts receivable | 0.0 | | | | |
| Other current receivables | 0.0 | | | | |
| Cash and bank | –9.5 | | 1,168.5 | –1,168.5 | –9.5 |
| **Total current assets** | **–9.5** | **0.0** | **1,168.5** | **–1,168.5** | **–9.5** |
| **TOTAL ASSETS** | **835.3** | **0.0** | **1,168.5** | **–323.8** | **–9.5** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | **–508.6** | | **–6.2** | **–493.0** | **–9.5** |
| ***Long-term liabilities*** | | | | | |
| Interest-bearing liabilities | 509.1 | | 509.1 | | |
| Other long-term liabilities | 169.2 | | | 168.2 | |
| **Total long-term liabilities** | **678.3** | **0.0** | **509.1** | **169.2** | **0.0** |
| ***Current liabilities*** | | | | | |
| Interest-bearing liabilities | 665.6 | | 665.6 | | |
| Accounts payable | 0.0 | | | | |
| Other current liabilities | 0.0 | | | | |
| **Total current liabilities** | **665.6** | **0.0** | **665.6** | **0.0** | **0.0** |
| **TOTAL EQUITY AND LIABILITIES** | **–835.3** | **0.0** | **1,168.6** | **–323.8** | **–9.5** |

A) No differences in accounting principles that would affect the balance sheet have been identified.

B) The financing of the acquisitions of Facade and Avanti: short term bridge loan financing of the acquisition of the shares in Avanti, after deductions for loan expenses allocated to the correct period, amounts to SEK 665.6 million and long-term financing of the acquisition of the shares in Facade via the Revolving Credit Facility and a write-down of loan expenses related to existing financing in Facade in the amount of SEK 6.2 million amounts to SEK 509.1 million. The financing regarding the acquisition of Facade has been recalculated from AUD to SEK applying an exchange rate as per 31 December 2016 (according to the Swedish Riksbank).

C) Adjustments regarding acquisition elimination based on the calculated consideration for Facade and on the initial purchase price for Avanti according to the table below.

| | Facade | Avanti | Total |
|---|---|---|---|
| Consideration | 502.9 | 665.6 | 1168.5 |
| Book value of net assets | –172.8 | –320.2 | –493.0 |
| Reversal of earlier goodwill/intangible assets | 132.0 | 163.1 | 295.1 |
| Excess value to allocate | 462.2 | 508.5 | 970.7 |
| Trademarks | 151.1 | 129.2 | 280.2 |
| Customer contracts | 88.7 | 0.0 | 88.7 |
| Customer relations | 3.3 | 220.0 | 223.3 |
| Technology | 59.1 | 38.3 | 97.4 |
| Order book | 6.6 | 0.0 | 6.6 |
| Deferred tax liabilities | –82.1 | –87.1 | –169.2 |
| Goodwill | 235.5 | 208.1 | 443.7 |
| **Total** | **462.2** | **508.5** | **970.7** |

Adjustment of intangible assets in the table. The specification of pro forma adjustments above in the amount of SEK 844.74 million relates to Trademarks, Customer Contracts, Customer Relations, Technology, Order Book and Goodwill reduced for reversal of earlier goodwill/intangible assets according to table above.

D) The adjustment relates to estimated acquisition related costs 2017 of SEK 9.5 million, of which SEK 2.4 million is related to the acqusition av Avanti and SEK 7.1 million is related to the acquisition of Facade Access.

# Auditor's report on proforma

*To the board of directors of Alimak Group AB (publ), org. nr. 556714-1857*

We have audited the pro forma financial information presented on pages 86–91 of the prospectus of Alimak Group AB dated March 13, 2017 (the "Prospectus").

The pro forma financial information has been prepared for illustrative purposes only to provide information about how the acquisitions of Facade Access and Avanti might have affected the consolidated statement of income of Alimak Group AB for the financial year 2016 as if the acquisitions had taken place on January 1, 2016, and the consolidated statement of financial position of Alimak Group AB as of December 31, 2016, as if the acquisitions had taken place on December 31, 2016.

### Responsibility of the Board of Directors

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

### The Auditor's responsibility

It is our responsibility to provide an opinion pursuant to Annex II Item 7 of the Prospectus Regulation 809/2004/EC. We are not responsible for expressing any other opinion on the pro forma financial information or any of its constituent elements. We do not accept any responsibility for any financial information used in the compilation of the pro forma financial information beyond that we have for auditor's reports regarding historical financial information issued in the past.

### Work performed

We have conducted our work in accordance with FAR's recommendation RevR 5 *Examination of Financial Information in Prospectuses*. This requires that we comply with ethical requirements and have planned and performed the review to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Alimak Group AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Our work, which involved no independent review or audit of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, assessing the evidence supporting the pro forma adjustments and discussing the pro forma financial information with the management of the company.

We planned and performed our work so as to obtain the information and explanations that we considered necessary to obtain reasonable assurance that the pro forma financial information has been properly complied on the basis stated on pages 86–88 and that such basis is consistent with the accounting policies of the company.

### Other disclosures

This report is issued for the sole purpose of the public offering in Sweden and the admission of shares on Nasdaq Stockholm and other regulated markets in the European Union or European Economic Area, as set out in the Prospectus approved by the Financial Supervisory Authority of Sweden. Our work has not been carried out in accordance with auditing, assurance or other standards and practices generally accepted in the United States and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the public offering described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the sale of securities other than the offer to the public of the shares on Nasdaq Stockholm and other regulated markets in the European Union or European Economic Area, as set out in the Prospectus approved by the Financial Supervisory Authority of Sweden.

### Opinion

In our opinion, the pro forma financial information has been properly compiled on the basis stated on pages 86–88 of the Prospectus; and that basis is consistent with the accounting policies of the group.

Stockholm, March 13, 2017

**Ernst & Young AB**

Rickard Andersson
*Authorized Public Accountant*

# Board of directors, Group management and Auditor

## THE BOARD OF DIRECTORS

According to the Company's articles of association, the board of directors shall consist of at least three and not more than ten directors who are to be appointed by the shareholders' meeting. The board directors currently consists of eight directors with no alternate directors, six of whom were elected at the annual general meeting held on 11 May 2016, serving until the close of the 2017 annual general meeting, and two employee representatives appointed to serve on the board of directors.

| Name | Position | Elected | Independent | Shareholdings in the Company (own and closely associated persons) |
|---|---|---|---|---|
| Anders Thelin | Chairman | 2015 | Yes | 118,866 |
| Carl Johan Falkenberg | Director | 2010 | No[1] | 141,438 |
| Anders Jonsson | Director | 2011 | No[1] | 390,402 |
| Eva Lindqvist | Director | 2015 | Yes | 10,791 |
| Helena Nordman-Knutson | Director | 2016 | Yes | 100 |
| Joakim Rosengren | Director | 2008 | Yes | 141,438 |
| Örjan Fredriksson | Employee representative | 2016 | n/a | 0 |
| Greger Larsson | Employee representative | 2009 | n/a | 0 |

1) Independent in relation to the Company, not independent in relation to the Company's major shareholders.

### Directors

**ANDERS THELIN**
*Director and chairman since: 2015.*
*Born: 1950.*

**Education**: MSc in engineering physics, Uppsala University

**Other current assignments**: Chairman of the board of directors of Logstor A/S, director of Anders Thelin AB, Anders Thelin2 AB, and Essinge Brygga condominium association and alternate director of Lena Thelin AB.

**Previous assignments (past five years)**: External company signatory for Sandvik Aktiebolag, director and CEO of Sandvik Venture AB and Sandvik Tooling AB, director of Sandvik Intellectual Property Aktiebolag, Seco Tools Aktiebolag and Haldex Aktiebolag and chairman of the board of directors of Aktiebolaget Sandvik Process Systems, Aktiebolaget Sandvik Hard Materials, Aktiebolaget Sandvik Coromant, Aktiebolaget Sandvik International and Sandvik Tooling Sverige AB.

**CARL JOHAN FALKENBERG**
*Director since: 2010.*
*Born: 1975.*

**Education**: MSc in Business Administration, Stockholm University

**Other current assignments**: Director of Heraldic Invest AS, Infatek Group AS, Heraldic Security AS, Infratek AS, Assemblin Holding AS, Assemblin AS and Assemblin Oy, Kährs Holding AB, Assemblin El AB, Assemblin VS AB, RMG Falkenberg Associates Aktiebolag, Assemblin Ventilation AB, Assemblin AB and Assemblin Holding AB, external company signatory for Triton Advisers (Sweden) AB, chairman of the board of directors of Apolus Holding AB, Assemblin Sweden AB, Trignition 1 AB, Trignition 2 AB and Assemblin Financing AB and alternate director of Aktieboblaget HFL Ekonomikonsult.

**Previous assignments (past five years)**: Director of Trignition Acquisition AB, Trignition Holding AB and Aktiebolaget Gustaf Kähr, chairman of the board of directors of Trignition Sweden Holding AB and Trignition Sweden AB and alternate director of Ascensor Aktiebolag.

**ANDERS JONSSON**
*Director since: 2011.*
*Born: 1950.*

**Education**: MSc in Mechanical Engineering, Linköping Institute of Technology. Stockholm School of Economics Executive Leadership Program.

**Other current assignments**: Chairman of the board of directors ofTalis GmbH and director of Logstor A/S.

**Previous assignments (past five years)**: Director of Mycronic AB and Rejlers AB.

**EVA LINDQVIST**
*Director since: 2015.*
*Born: 1958.*

**Education**: MSc in Engineering, Linköping Institute ofTechnology and MBA, Melbourne University.

**Other current assignments**: Director of Assa Abloy AB, Bodycote plc, Caverion Oy, Lineco AB, Kährs Holding AB, Com Hem Holding AB, Mr Green & Co AB, Silverforsen Spa AB, Lyran 6 condominium Association and Sweco AB and alternate director of Made By Bees AB.

**Previous assignments (past five years)**: Linköping Institute of Technology, Director of Mycronic AB, Caverion International Services AB, Xer Invest AB, EPiServer Group AB, Revres AB, Revres Holding AB, Almi Företagspartner Aktiebolag,Transmode Systems AB, First Date International AB,Transmode Holding AB, Innovationsbron AB, AP Partnerinvest XLR AB, AP Partnerinvest XLR 2 AB, CEO of Svenska Smakupplevelser AB and Xelex Holding AB and external company signatory for Silverforsen Spa AB.

**HELENA NORDMAN-KNUTSON**
*Director since: 2016.*
*Born: 1964.*

**Education**: MSc in political science, Helsinki University and MSc in Business Administration, Swedish School of Economics in Helsinki.

**Other current assignments**: Director of Rejlers AB, CLX Communications AB, CHR Bygga Bostäder Holding AB and partner in Hallvarsson & Halvarsson AB.

**Previous assignments (past five years)**: Director of Sensys Gatso Group AB,Transmode AB andTransmode Systems AB.

**JOAKIM ROSENGREN**
*Director since: 2008.*
*Born: 1960*

**Education**: MSc in Business Administration, Stockholm School of Economics.

**Other current assignments**: CEO of DeLaval International AB, director and CEO of DeLaval Holding AB and director of DeLaval Hamra Gård.

**Previous assignments (past five years)**: –

**ÖRJAN FREDRIKSSON**
*Director since: 2016.*
*Born: 1968.*

**Education**: –

**Other current assignments**: Holder of the sole proprietorship Fredriksson, Lejf Örjan.

**Previous assignments (past five years)**: –

**GREGER LARSSON**
*Director since: 2009.*
*Born: 1959.*

**Education**: –

**Other current assignments**: –

**Previous assignments (past five years)**: –

## GROUP MANAGEMENT

| Name | Position | Employed since | Shareholdings in the Company (own and closely associated persons) |
|---|---|---|---|
| Tormod Gunleiksrud | President and CEO | 2012 | 406,000 |
| Stefan Rinaldo | COO | 2007 | 266,000 |
| Per Ekstedt | CFO | 2016 | 0 |
| Fredrik Betts | Global business area manager for Construction Equipment | 2014 | 30,020 |
| Mark F. Noble | Global business area manager for General Industry | 2015 | 0 |
| Henrik Teiwik | Global business area manager for Rental and global business development manager | 2013 | 57,137 |
| Antony Combe | Global business area manager for BMU | 2017 (in Facade Access since 2010) | 0 |
| Erik Laursen | Global business area manager for Wind | 2017 (in Avanti since 2011) | 0 |
| Jose Olguin | Global business area manager for Oil & Gas Industry | 1983 | 135,617 |
| Michael Pagendam | Global business area manager for After Sales | 2005 | 236,875 |
| Alexander Pantchev | Purchasing manager | 2014 | 1,136 |
| Rolf J Persson | Chef for global manufacturing and CEO of Alimak Hek AB | 2007 | 200,000 |
| Frank Klessens | Product manager | 1994 | 130,588 |
| Sofia Wretman | Communications and IR manager | 2016 | 0 |

### TORMOD GUNLEIKSRUD

**Position**: President and CEO.

**Born**: 1960.

**Education**: Engineer, Sofienberg Technincal School, Oslo.

**Other current assignments**: –

**Previous assignments (past five years)**: –

### STEFAN RINALDO

**Position**: COO.

**Born**: 1963.

**Education**: BA in Business Administration, Karlstad University.

**Other current assignments**: –

**Previous assignments (past five years)**: Director of Ascensor Aktiebolag.

### PER EKSTEDT

**Position**: CFO.

**Born**: 1964.

**Education**: BA in Business Administration, Umeå University.

**Other current assignments**: Director of Mycronic Inc., Mycronic Pte., Ltd., Mycronic B.V., Mycronic Technologies Corporation, Mycronic Co., Ltd. China, Mycronic Ltd. and Mycronic Co. Ltd. South Korea.

**Previous assignments (past five years)**: CEO of Mycronic S.A.S. and director of Mycronic GmbH, Mycronic AB, Micronic Technologies AB, Mydata Automation AB and Micronic Treasury AB.

### FREDRIK BETTS

**Position**: Global business area manager for Construction Equipment.

**Born**: 1975.

**Education**: BA in Business Administration, Thames Valley University, London.

**Other current assignments**: –

**Previous assignments (past five years)**: –

### MARK F. NOBLE

**Position**: Global business area manager for General Industry.

**Born**: 1951.

**Education**: BA in English, Allegheny College.

**Other current assignments**: –

**Previous assignments (past five years)**: Global manager for After Sales Services at Schindler Management Ltd.

### HENRIK TEIWIK

**Position**: Global business area manager for Rental and global business development manager.

**Born**: 1980.

**Education**: MSc in Business Administration, Stockholm School of Economics.

**Other current assignments**: –

**Previous assignments (past five years)**: Junior partner (Associate Principal) McKinsey & Company.

### ANTONY COMBE

**Position**: Global business area manager for BMU.

**Born**: 1962

**Education**: BA in economics, University of South Australia.

**Other current assignments**: –

**Previous assignments (past five years)**: –

### ERIK LAURSEN

**Position**: Global business area manager for Wind.

**Born**: 1961

**Education**: MSc, Ålborg University and a BA in economics.

**Other current assignments**: Chairman of the board of directors of Treco A/S.

**Previous assignments (past five years)**: Director of Greenoil Standard ApS.

### JOSE OLGUIN

**Position**: Global business area manager for Oil & Gas Industry.

**Born**: 1952.

**Education**: BSc in engineering, University of Mexico.

**Other current assignments**: –

**Previous assignments (past five years)**: –

### MICHAEL PAGENDAM

**Position:** Global business area manager for After Sales.

**Born:** 1966.

**Education:** BA in Business Management, specializing in sales and marketing.

**Other current assignments**: –

**Previous assignments (past five years):** –

### ALEXANDER PANTCHEV

**Position**: Purchasing manager.

**Born**: 1980.

**Education**: BSc Banking and Law, London Metropolitan University.

**Other current assignments**: –

**Previous assignments (past five years)**: Strategic Sourcing Manager at ABB AB.

### ROLF J PERSSON

**Position**: Head of global manufacturing and CEO of Alimak Hek AB.

**Born**: 1965.

**Education**: MSc in Engineering, Luleå University of Technology.

**Other current assignments**: –

**Previous assignments (past five years)**: Director of Zone Systems AB.

### FRANK KLESSENS

**Position**: Product manager.

**Born**: 1964.

**Education**: Degree in Economics and IT, Hogeschool Zuid, The Netherlands.

**Other current assignments**: Chairman of the board of directors of VSB (Dutch industry organization for vertical access).

**Previous assignments (past five years): –**

### SOFIA WRETMAN

**Position**: Communications and IR manager.

**Born**: 1977.

**Education**: MSc in Political Science, Stockholm University.

**Other current assignments**: Alternate director of Ture Credit Advice Aktiebolag.

**Previous assignments (past five years)**: Holder of sole proprietorship of Sofia Kindgren Kommunikation.

## OTHER INFORMATION REGARDING DIRECTORS AND GROUP MANAGEMENT

All of the directors and the group management can be contacted via the Company's address: Brunkebergstorg 5, 111 51 Stockholm or by telephone at +46 (0)8 402 1440.

None of the directors or members of group management have, in their capacity as a director or their position in senior management, been involved in a bankruptcy, compulsory liquidation or bankruptcy administration over the course of the past five years. None of the directors or members of group management have been convicted in a fraud-related case over the past five years. No charges and/or sanctions have been brought against any of the directors or members of group management by any public authorities authorized by law or regulations (including certified professional organizations) over the course of the past five years.

None of the directors or members of group management have been enjoined by a court of law over the course of the past five years from serving in a company's administration, management or supervisory bodies, or from holding senior or overarching functions in a company. There are no family ties between directors or the members of group management. In addition to that which is stated below, none of the directors or members of group management have private interests which might conflict with the interests of the Company. Several directors, members of group management and other senior management personnel have certain financial interests in the Company as a consequence of their direct or indirect holdings of shares in the Company.

None of the directors or members of group management have entered into agreements with the Company or any of its subsidiaries regarding benefits after the conclusion of their services other than as set forth in the Prospectus.

## AUDITORS

The registered auditing company Ernst & Young AB (Jakobsbergsgatan 24, 103 99 Stockholm) has been the Company's auditors since 2013 and was reelected as the Company's auditor at the annual general meeting held on 11 May 2016, to serve for the period until the close of the 2017 annual general meeting. Rickard Andersson (certified public accountant and member of FAR, the Swedish industry organization for accounting consultants, auditors and advisers) has been the auditor-in-charge since 2013.

## CORPORATE GOVERNANCE

Alimak's corporate governance is based on Swedish law, Alimak's articles of association, Nasdaq Stockholm's Rules for Issuers and the Swedish Code of Corporate Governance (the "**Code**") and other applicable rules and recommendations. The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The Code allows the possibility for the Company to disapply the rules provided that any such deviations and the alternative solution which is chosen are described and the reasons for this are explained in the corporate governance report (what is commonly referred to as the "comply or explain principle"). The Company has applied the Code ever since its shares were admitted to trading on Nasdaq Stockholm.

### Committees of the board of directors

The primary duties of the committees are to prepare matters which are presented to the board of directors for decisions. The duties and work procedures for each committee are adopted by the board of directors in written instructions.

#### *The Audit Committee*

Alimak's Audit Committee has three members: Helena Nordman-Knutson (chairman), Carl Johan Falkenberg and Eva Lindqvist. The Audit Committee must fulfill the requirements for accounting and auditing expertise as set forth in the Swedish Companies Act.

The primary task of the Audit Committee is to ensure fulfillment of the board of directors' supervisory duty in relation to internal control, audit, internal audit, risk assessment, accounting and financial reporting. The Audit Committee shall review procedures and routines in the aforementioned areas and, in connection therewith, form an opinion of whether the Company is applying the rules for financial reporting in a consistent and fair way and in accordance with the relevant procedures and routines.

The Audit Committee shall also form an opinion regarding the risk situation in the Company and assess whether the applied procedures for internal control and governance are appropriate and effective and evaluate whether the Company's reporting in the annual accounts regarding risks and the handling of risks is correct and adequate. In addition, the Audit Committee shall monitor the impartiality and independence of the auditor, evaluate the audit work and discuss with the auditor the coordination of the external and internal audit. The Audit Committee shall also assist the Company's Nomination Committee in preparing nominations for auditors and recommendations for audit fees.

#### *The Remuneration Committee*

Alimak's Remuneration Committee has three members Anders Thelin (chairman), Eva Lindqvist and Anders Jonsson.

The duties of the Remuneration Committee are to prepare questions regarding remuneration and other employment terms and conditions for the CEO and the Company's other senior management. Work includes preparing proposals for guidelines for, among other things, the allocation between fixed and variable remuneration and the relationship between results and compensation, the main conditions for bonus and incentive programs, the conditions for other benefits, pensions, termination and severance compensation and to prepare proposals for individual compensation packages for the CEO and other senior management personnel. In addition, the Remuneration Committee shall monitor and evaluate the results of the variable compensation and how the Company is complying with the guidelines for compensation adopted by the shareholders' meeting.

The Remuneration Committee is also responsible for assisting the board of directors in its annual review of senior management personnel, including the CEO, and for facilitating for the board of directors succession planning for senior management.

### Remuneration for the board of directors

The 2016 annual general meeting resolved to pay fees in a total amount of SEK 2,520,000 (including remuneration for committee work), of which SEK 600,000 is payable to the chairman of the board of directors and SEK 300,000 to each of the other directors elected by shareholders meeting until the close of the 2017 annual general meeting. Compensation shall be payable to the chairman of the Audit Committee in the amount of SEK 100,000 and SEK 75,000 to the other members of the Audit Committee. Compensation shall be payable in the amount of SEK 70,000 to the chairman of the Remuneration Committee and SEK 50,000 to the other members of the Remuneration Committee. The members of the board of directors are not entitled to any benefits after their service as directors has terminated. The table set forth below reports the fees which were paid to directors elected by the shareholders' meeting for the 2015 financial year.

**2015 Financial year**

| Name | Position | Directors fees (SEK '000) |
|---|---|---|
| Anders Thelin | Chairman of the board of directors and chairman of the Remuneration Committee | 6,171[1)] |
| Carl Johan Falkenberg | Director and member of the Audit Committee | 370 |
| Anders Jonsson | Director and member of the Remuneration Committee | 350 |
| Eva Lindqvist | Director and member of the Remuneration Committee and the Audit Committee | 420 |
| Göran Gezelius | Director and chairman of the Audit Committee | 400 |
| Joakim Rosengren | Director | 300 |

1) Of which SEK 5,496,000 constitutes variable compensation paid out in connection with Alimak's IPO 2015. For more information please see Alimak's 2015 annual report.

### Remuneration to group management

Remuneration to group management consists of fixed salary, variable salary, pensions and other benefits. Salary and other remuneration was paid to the CEO and group management for the 2015 financial year in accordance with the table set forth below.

**2015 Financial year**

| Position | Fixed salary (SEK '000) | Variable salary (SEK '000) | Pension cost (SEK '000) | Other benefits (SEK '000) | Total (SEK '000) |
|---|---|---|---|---|---|
| CEO | 4,005 | 1,785 | 1,309 | – | 7,099 |
| Other Group management | 15,930 | 2,836 | 3,946 | 371 | 23,083 |

The employment contract for the Company's CEO has a notice of termination period of six months by the CEO and 12 months by the Company. For the other members of group management, a notice of termination period of 6 to 12 months applies if the employment is terminated by the Company. The CEO's severance compensation corresponded to 12 months fixed salary. Four members of group management were entitled to severance compensation during a period of 12 to 18 months.

# Share capital and ownership structure

## SHARES AND SHARE CAPITAL

Pursuant to the articles of association, Alimak's share capital shall not be less than SEK 660,000 and not more than SEK 2,640,000 divided into not fewer than 33,000,000 shares and not more than 132,000,000 shares. The Company has one class of shares. As of the date of this Prospectus, the Company's registered share capital amounted to SEK 866,525.78 divided into 43,426,289 shares with a quota value of SEK 0.02 per share. Following the new share issue, upon full subscription, the Company's share capital will amount to SEK 1,083,157.22 divided into 54,157,861 shares.

The Company's shares have been issued in accordance with Swedish law, have been fully paid for, and are freely transferable and denominated in SEK.

## CERTAIN RIGHTS ASSOCIATED WITH THE SHARES

The rights associated with shares issued by the Company, including those set out in the articles of association, can only be changed in accordance with the procedures set forth in the Swedish Companies Act.

### Shareholders meetings

Notice to attend shareholders' meetings must be given through an advertisement published in the Official Gazette (Post- and Inrikes Tidningar) and through the notice being made available on the Company's website. At the same time as notice is given, the Company must provide notice through an advertisement in Svenska Dagbladet stating that notice has been given and including in the advertisement any information prescribed by law. Shareholders who are registered in the Company's share register five weekdays prior to the meeting and who give notice to the Company of their intention to participate at the meeting not later than the date stated in the notice of the meeting may participate at the meeting.

### Voting rights

At general meetings of shareholders, each share of the Company carries one vote. Each shareholder is entitled to vote for the full number of shares the shareholder holds in the Company, without limitation on voting rights.

### Preferential rights to new shares, etc.

If the Company issues new shares, warrants or convertible debentures in a cash issue or a set-off issue (Sw. *kvittningsemission*), the holders of shares have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue. Nothing in the articles of association limits the Company's ability to issue new shares, warrants or convertible debentures disapplying the shareholders' preferential rights as provided for in the Swedish Companies Act.

### Rights to dividends and surpluses in the event of liquidation

All shares in the Company carry equal rights to dividends and to any surplus in the event of liquidation. Resolutions regarding dividends are adopted by shareholders' meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden AB ("**Euroclear**") on the record date adopted by the shareholders' meeting shall be entitled to receive dividends. If a shareholder cannot be reached through Euroclear, such shareholder still retains its claim to the dividend against the Company, subject to a statutory limitations period of ten years. Upon the expiry of the period of limitations, the dividend vests in Alimak. Subject to any restrictions imposed by banks or clearing systems in the relevant jurisdiction, payments to such shareholders are effected in the same manner as to shareholders domiciled in Sweden. However, shareholders with limited tax liability in Sweden are normally subject to Swedish withholding tax. For additional comments regarding certain tax issues, see also the section "*Certain Tax Issues in Sweden*".

## SHARE CAPITAL DEVELOPMENT

The table below sets forth the changes in the share capital of the Company, the total share capital, and the quota value of the shares since November 2006.

| Year | Event | Increase in the number of shares | Total number of shares | Share capital | Quota value |
|---|---|---|---|---|---|
| 2006 | Formation | 1,000,000 | 1,000,000 | 100,000 | 0.1 |
| 2015 | Bonus issue | 0 | 1,000,000 | 660,000 | 0.66 |
| 2015 | Share split 33:1 | 32,000,000 | 33,000,000 | 660,000 | 0.02 |
| 2015 | Set-off issue | 10,326,289 | 43,326,289 | 866,525.78 | 0.02 |
| 2017 | New issue (if fully subscribed) | 10,831,572 | 54,157,861 | 1,083,157.22 | 0.02 |

## CONVERTIBLE DEBENTURES, WARRANTS, ETC. AND OTHER EQUITIES-RELATED INSTRUMENTS

There are no outstanding warrants, convertible debentures or other equities-related financial instruments in the Company.

## OWNERSHIP STRUCTURE

Alimak had 4,146 shareholders on 30 December 2016. The largest shareholder was Triton[1)] with 28.39% of the capital and votes in the Company[2)]. The Company does not hold any shares in treasury. The table below sets forth the Company's largest shareholders (grouped by ownership) as per 30 December 2016.[3)]

| Shareholder | Number of shares | Percentage of shares and votes |
|---|---|---|
| Triton (through Apolus Holding AB) | 12,298,486 | 28.39% |
| Lannebo Fonder | 5,147,073 | 11.88% |
| Swedbank Robur | 3,175,936 | 7.33% |
| JP Morgan Securities LLC, W9 | 2,378,329 | 5.49% |
| Handelsbanken fonder | 2,196,062 | 5.07% |
| Credit Suisse (Switzerland) Ltd | 1,589,730 | 3.67% |
| SSB Client Omnibus AC OM07 (15 PCT) | 837,712 | 1.93% |
| Afa Försäkring | 656,389 | 1.5% |
| Banque Carnegie Luxembourg S.A. (Funds) | 566,000 | 1.31% |
| State Street Bank and Trust Client | 479,783 | 1.11% |
| **Total of the ten largest shareholders** | **29,325,500** | **67.69%** |
| **Total other shareholders** | **14,000,789** | **32.31%** |
| **Total** | **43,326,289** | **100.00%** |

Source: Euroclear Sweden AB

## AUTHORIZATION

The Company's board of directors was authorized at Alimak's extraordinary general meeting held on 23 January 2017 to resolve, on one or more occasions prior to the next annual general meeting, to carry out a new issue of shares. The share issue can not be made with deviation from the shareholders' preferential rights. Pursuant to a decision based upon the authorization, a maximum number of new shares may be issued corresponding to issue proceeds in a maximum amount of SEK 800 million. The authorization includes the right to resolve to carry out a share issue in exchange for payment in cash. The purpose of the authorization is to allow for optimization of the Company's capital structure and strategic initiatives.

## CENTRAL SECURITIES DEPOSITORY

The shares in Alimak are registered in a central securities depository register in accordance with the Financial Instruments Accounting Act (1998:1479). This register is maintained by Euroclear, Box 191, 101 23 Stockholm. No share certificates are issued for the Company's shares nor will any share certificates be issued for the new shares. Handelsbanken is the issuer agent in conjunction with the new share issue. The ISIN code for Alimak's shares is SE0007158910.

## SHAREHOLDERS' AGREEMENTS, ETC.

To the best knowledge of the board of directors of Alimak, there are no shareholders' agreements or other agreements between shareholders of the company which are intended to create joint control over the Company. Nor is the board of directors aware of any agreements which may lead to changes in control over the Company.

The shares in Alimak are not the subject of any offers made as a consequence of an obligation to make a tender offer or subject to rights of redemption or buyout rights. There have been no public tender offers with respect to the shares in the Company during the current or the previous financial year.

## DIVIDENDS AND DIVIDEND POLICY

As of the date of this Prospectus, the Company has paid dividends in the amount of SEK 86,652,578 (SEK 2.0 per share) for the 2015 financial year. The Company did not pay out any dividends for the 2014 and 2013 financial years.

It is the aim of the Company to pay a dividend to the shareholders of approximately 50% of its net profits for the relevant period. However, in conjunction with decisions regarding dividends, consideration must be given to the Company's financial position, cash flow, acquisition opportunities, strategic considerations and future prospects.

1) Through Apolus Holding AB over which Triton has a controlling influence.
2) With thereafter known changes.
3) With thereafter known changes.

# Articles of association

*Adopted by the Annual General Meeting of shareholders on 11 May, 2015*

**§ 1**
The name of the Company is Alimak Group AB (publ).

**§ 2**
The registered office of the Company's board of directors shall be in Stockholm county, Stockholm municipality.

**§ 3**
The object of the Company's business is to own and manage real property, chattels and securities, either directly or through subsidiaries. The Company shall also coordinate the business conducted by the Company's subsidiaries and/or other group or affiliated companies and conduct other ancillary activities.

**§ 4**
The Company's share capital shall amount to not less than SEK 660,000 and not more than SEK 2,640,000.

**§ 5**
The number of shares in the Company shall be not less than 33,000,000 and not more than 132,000,000.

**§ 6**
The board of directors shall consist of not less than three and not more than ten directors.

**§ 7**
The Company shall appoint not less than one and not more than two auditors, with or without deputy auditor, or one registered accounting firm.

**§ 8**
Notice of an Annual General Meeting of shareholders and notice of an Extra General Meeting of shareholders in which matters regarding amendments to the Articles of Association are to be addressed shall be issued not earlier than six weeks and not later than four weeks prior to the meeting. Notice of any other Extra General Meeting of shareholders shall be issued not earlier than six weeks and not later than two weeks prior to the meeting.
Notice of a general meeting of shareholders shall be provided by way of an announcement in the Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) and by publishing the notice on the company's webpage. At the same time as the notice is given, the Company shall through an advertisement in Svenska Dagbladet inform that notice has been given and in the advertisement provide all information required by law.

**§ 9**
Shareholders who wish to participate in a General Meeting of shareholders shall be recorded as a shareholder in a print-out or other manifestation of the share register five days before the meeting, as set out in Chapter 7 Section 28 third paragraph of the Companies Act (2005:551), as well as give notice to the Company of his or her intention to participate in the meeting no later than the day that is set forth in the notice of the meeting. The last-mentioned day shall not be a Sunday, or any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and not fall prior to the fifth weekday before the meeting.

**§ 10**
The shareholder or nominee who is registered on the record date in the share register and in a central securities depository register pursuant to Chapter 4 of the Financial Instruments Accounts Act (1998:1479) or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18 first paragraph 6–8 of the mentioned Act, shall be deemed to be authorized to exercise the rights set out in Chapter 4, Section 39 of the Companies Act (2005:551).

**§ 11**
An Annual General Meeting of shareholders shall be held within six months of the expiry of each financial year. At the Annual General Meeting of shareholders the following items shall be addressed:

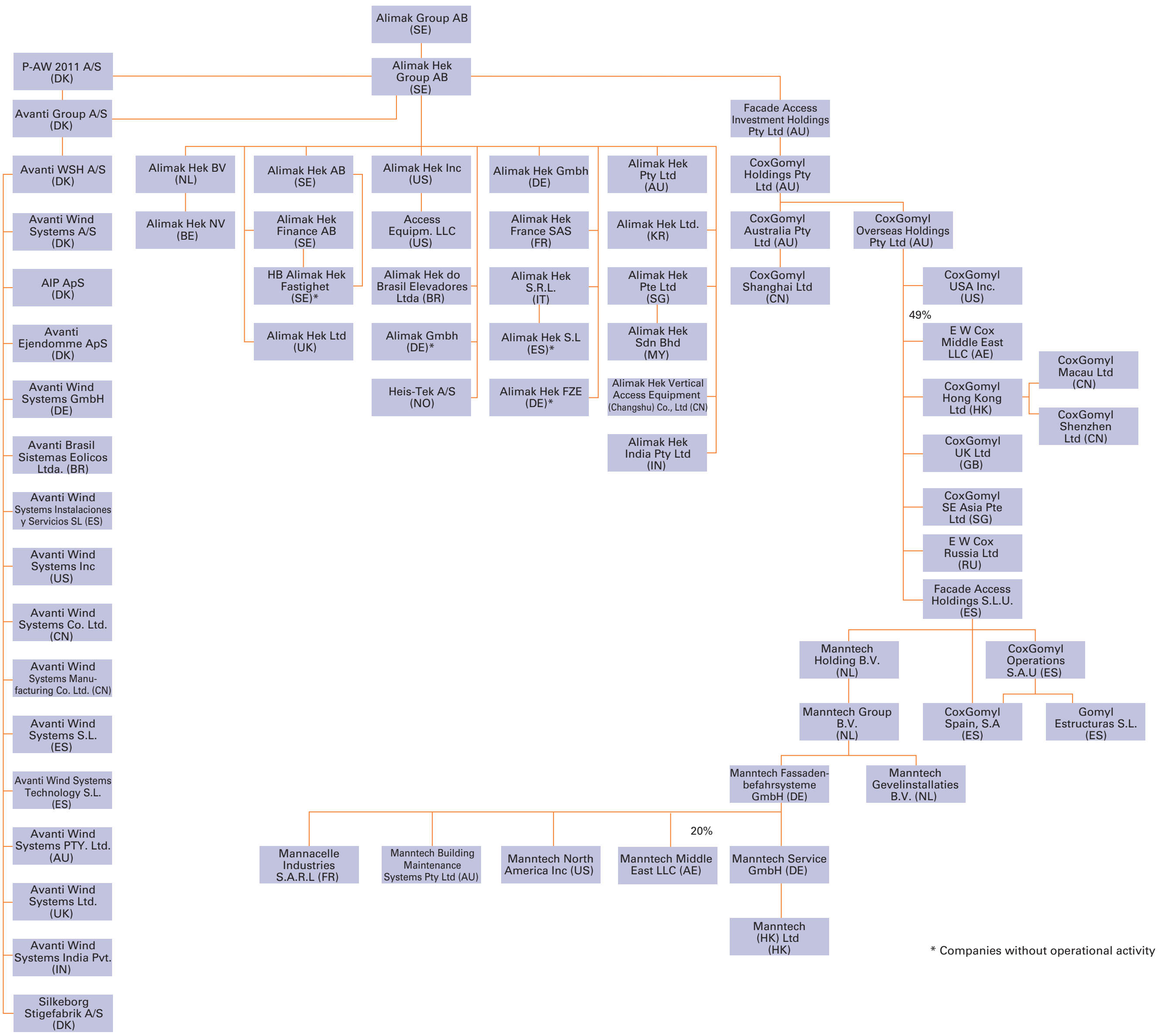
1. Election of the chairman of the meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of one or two persons to verify the minutes.
5. Determination of whether the meeting has been duly convened.
6. Presentation of the annual report and the auditor's report, and, if applicable, the group financial report and the group auditor's report.
7. Resolutions regarding the adoption of the income statement and balance sheet, and, if applicable, the consolidated income statement and consolidated balance sheet.
8. Resolutions regarding the allocation of the Company's results in accordance with the adopted balance sheet.
9. Resolutions regarding the discharge from liability for the board of directors and the managing director.
10. Resolution regarding the number of directors of the board, the number of auditors and, if applicable, alternate auditors.
11. Resolution regarding remuneration to the board of directors and remuneration to the auditors.
12. Election of directors and chairman, election of auditors and, where appropriate, alternate auditors.
13. Resolution regarding Guidelines for determining salary and other remuneration to the managing director and other persons in the company's management.
14. Any other matter on which the meeting is required to decide pursuant to the Companies Act (2005:551) or the Articles of Association.

**§ 12**
The financial year of the Company shall be 0101–1231.

# Legal considerations and supplementary information

## GENERAL INFORMATION ABOUT ALIMAK

Alimak is a Swedish public limited liability company (Sw. publikt aktiebolag) incorporated on 27 September 2006 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 1 November 2006. The Company's current name (and trading name), Alimak Group AB (publ), was registered on 11 May 2015. The registered office is situated in the municipality of Stockholm and the Company's corporate registration number is 556714-1857. Alimak Group AB (publ) is the parent company of the Group which consists of 68 companies (excluding Alimak Group AB) with subsidiaries in 20 countries as set forth in the diagram of group companies below.




All of the companies in the diagram of group companies above are wholly-owned subsidiaries of the Company, unless otherwise stated.

## MATERIAL AGREEMENTS

Set forth below is a summary of material agreements entered into by either Alimak Group AB or its subsidiaries within two years immediately preceding the date of the Prospectus, as well as other agreements that either Alimak or its subsidiaries have entered into which contain obligations or rights that are of material significance to the Group (in both cases with the exception of agreements entered into in the ordinary course of business).

### The acquisition of Avanti

Alimak entered into an agreement on 4 December 2016 regarding the acquisition of all of the shares in Avanti. The enterprise value was EUR 91 million (corresponding to approximately SEK 860 million[1)]). Following approval from the relevant public authorities and the fulfillment of the other terms and conditions, the acquisition was completed on 30 January 2017.

According to the share purchase agreement, each seller, under certain customary terms and conditions, has undertaken to hold the buyer harmless for any breaches of general warranties (regarding, among other things, Avanti's solvency, financial reports, material agreements, intellectual property rights, real property and insurance policies) as well as tax warranties and certain other fundamental warranties. The transaction is covered by a warranty and liability insurance policy which, with respect to the general warranties and tax warranties, entitles the buyer to compensation for losses up to a total amount of EUR 15 million. The indemnification liability regarding the general warranties and the fundamental warranties as well as the tax warranties is limited in time to two and seven years, respectively, after completion of the acquisition. In addition, the sellers have undertaken separate indemnification liability regarding losses as a consequence of certain tax questions in Germany and Spain, which entitles the buyer to compensation up to an amount of EUR 2.2 million.

The share purchase agreement also contains a lesser number of warranties by the buyer which relate, for example, to its warranty insurance and authority to enter into the agreement.

For additional information regarding Avanti, please see the section entitled "*Description of the Acquisitions*".

### The acquisition of Facade Access

Alimak entered into an agreement on 27 October 2016 regarding the acquisition of all of the shares in Facade Access. The enterprise value amounted to AUD 120 million (corresponding to approximately SEK 833 million[2)]). Following approval from relevant public authorities and the fulfillment of other terms and conditions, the acquisition was completed on 28 February 2017.

The share purchase agreement contains a catalog of warranties from each seller (including warranties regarding, among other things, Facade Access' solvency, financial reports, material agreements, intellectual property rights, properties and disputes and regulatory compliance) and the transaction is covered by a warranty liability insurance which entitles the buyer to compensation for breach of warranty up to a total amount of AUD 15 million. The liability for the general warranties and warranties for taxes is limited in time to two and seven years, respectively, following completion of the acquisition. In addition, the sellers have undertaken separate indemnification liability regarding certain notarization questions in Germany, which is covered by separate warranty and liability insurance which entitles the buyer to compensation up to a total amount of AUD 20 million.

The share purchase agreement also contains a lesser number of warranties by the buyer which relate, for example to its warranty and liability insurance, solvency and authority to enter into the agreement.

For further information regarding Facade Access, please see the section entitled "*Description of the Acquisitions*".

### Credit facilities

The Group and Handelsbanken entered into a senior credit facility on 8 May 2015 in the amount of SEK 1,250 million (the "**Senior Revolving Credit Facility**") in order to refinance older loans and to cover the Group's day-to-day needs. The senior facility is a revolving credit facility and includes several currencies. The Senior Revolving Credit Facility has been changed and confirmed through the amendment and confirmation agreements dated 25 June 2011, 11 June 2016 and most recently 5 December 2016. In June 2016, the revolving credit facility was increased by SEK 750 million to a total of SEK 2,000 million. In order to finance the acquisition of Avanti, the revolving credit facility was increased in December 2016 through a bridge loan facility of SEK 800 million (the "**Bridge Credit Facility**"). The senior credit facility carries variable interest.

The repayment date for the Bridge Credit Facility is either (i) the date on which the Company receives the issue proceeds for the new issue or (ii) 5 December 2017, whichever is earlier. The Senior Revolving Credit Facility has a term of five years and expires in 2020.

The Senior Revolving Credit Facility contains customary terms and conditions, warranties and undertakings. The loan terms and conditions are linked to a number of covenants regarding, *inter alia*, undertakings concerning net debt to EBITDA and net debt to equity. Compliance with these terms and conditions is monitored on a quarterly basis.

The Senior Revolving Credit Facility contains provisions regarding the primary owners' ownership of shares in the Company. In the event of noncompliance with the provisions, the credit facility may become due and payable prematurely. The obligation to repay the credit facility in advance may be invoked, inter alia, where any person, or several other persons acting jointly, other than Triton acquire shares representing more than 50% of the voting

1) Based on an EUR/SEK exchange rate of 9.4568 on 30 January 2017. For a further description of the purchase price and adjustments there of, please see the section entitled *"Proforma"*.
2) Based on an AUD/SEK exchange rate of 6.9404 on 28 February 2017. For a further description of the purchase price and adjustments there of, please see the section entitled *"Proforma"*.

capital in the Company or otherwise obtain direct or indirect control over more than 50% of the votes in the Company.

In addition, the agreement contains restrictions regarding the Group's possibility to enter into mergers, change the objects of the business, acquire companies, provide security, sell, lease or transfer assets, take-up additional loans or otherwise become indebted or provide additional warranties other than those permitted under the agreement.

The interest rate levels are based on the relevant IBOR with a markup of a margin based on the Group's net debt in relation to EBITDA.

In addition to the above-stated, Alimak Hek Vertical Equipment (Changshu) Co., Ltd. and Swedbank have entered into a credit facility, dated 21 June 2016, pursuant to which Swedbank will make available a short-term credit facility in the amount of CNY 100 million. Loans drawn down under the facility carry variable interest.

### DECLARATIONS OF INTENTION TO SUBSCRIBE

Apolus Holding AB, which is under the controlling interest of Triton, which on 30 December 2016 controlled 28.4% of the outstanding share capital and voting capital in the Company, and Lannebo Fonder, Swedbank Robur Fonder and York Capital Management, which, at the point of time stated above, together controlled approximately 32% of the outstanding share capital and voting capital in the Company, have indicated their intention to subscribe for their respective shares in the new share issue.

### INTELLECTUAL PROPERTY RIGHTS

The Group's primary intellectual property rights consist of its trademarks. The Group has seven registered trademarks which are of material significance to the business: Alimak, Hek, Heis-Tek, Champion, Avanti, Manntech and CoxGomyl. The Group uses these trademarks in order to promote, identify and position its products and services. The Group also holds several patents and licenses, which primarily relate to the Group's machinery and applications within the Industrial Equipment and Construction Equipment business areas. A few examples of the Group's patents include a patent on a safety arrangement for an elevator basket, a locking mechanism for a landing door, an electrical supply system for rack-and-pinion driven elevators, and a method for driving these as well as an elevator-lock mechanism. The Group does not believe that any of its patents or licenses, either individually or together, are of material significance to the business as a whole. The Group also holds several domain names which the Group maintains in the event it wishes to expand its presence on the Internet.

The Group believes that its holdings of intellectual property rights are sufficiently protected under applicable law. Despite the fact that, from time to time, the Group may be involved in disputes regarding intellectual property rights, the Group has no knowledge of any current infringement or any outstanding claims regarding ownership rights in the trademarks or other intellectual property rights which might significantly affect the Group's business operations. The Group intends to continue to forcefully defend its intellectual property rights against infringement or other threats to the greatest possible extent under applicable legislation. The Group trains and further encourages its employees to discover potential infringements of its intellectual property rights and the Group's research and development team is trained in avoiding potential patent or pattern infringements by third parties.

### INSURANCE

The Group maintains insurance protection through various insurance policies which cover, among other things, crimes, product liability and business disruption and property. The Group has also purchased liability insurance for the board of directors and management.

The Company believes that the Group is adequately insured and that it is paying reasonable premiums for its insurance protection. On an annual basis, the Group evaluates its insurance protection and makes adjustments where necessary. However, the Group may incur losses which are not covered by the existing insurance policies or which exceed the protection provided by these policies. There is also no guarantee that the Group will continue to be able to obtain adequate insurance protection on appropriate terms and conditions.

### LEGAL PROCEEDINGS AND ARBITRATION PROCEEDINGS

Within the scope of the day-to-day business, the Group becomes involved from time to time in disputes, claims and administrative proceedings. It is the Company's opinion that the pending or threatened proceedings of which the Company is aware are covered by the Group's product liability and liability insurance. In the event the Group is found liable in any of these disputes or proceedings, the Group's reputation might be harmed, but this would not have any significant effect on the financial position or profitability of the Company or the Group. Hence, over the past 12 months, the Group has not been a party to any legal proceedings or arbitration proceedings (including pending or threatened proceedings of which the Company is aware) which might have, or which have had, significant effects on the Company's or the Group's financial position or profitability.

### THE INTERESTS OF ADVISERS

The Company's financial adviser in conjunction with the new share issue is Handelsbanken. Handelsbanken (and companies closely associated with Handelsbanken) have provided, and may provide in the future, various banking, financial, investment, commercial and other services to the Company for which Handelsbanken has received, and may receive, remuneration. Handelsbanken is also a lender and/or broker of loans granted to the Company.

### RELATED PARTY TRANSACTIONS

Up until the initial public offering on 17 June 2015, the Group was under the controlling influence of Apolus Holding AB which owned 100% of Alimak Group AB. Apolus Holding AB is under the controlling influence of Triton. Following the initial public offering, Triton remains the single largest shareholder with 28,4% of the outstanding capital and votes. No significant transactions exist with companies over which Triton has a significant or controlling influence.

In 2014, remuneration was paid in the amount of SEK 1 million for services and disbursements to West Park Management Services Ltd which is a consulting company for management services and which is a related party to Triton. No such remuneration was paid in 2015.

Other than customary remuneration paid to employees and directors and group management, since the expiration of the 2015 financial year until the date of this Prospectus, the Group has not carried out any transactions with related parties.

All transactions with related parties are carried out on market terms.

## INCORPORATION THROUGH REFERENCE

Alimak's accounts and audit reports for the 2013, 2014, and 2015 financial years and for the period January – December 2016 are incorporated through reference and therefore constitute a part of the Prospectus and must be read as a part thereof. These accounts and audit reports are available in the Company's year-end report for the period January – December 2016, which is incorporated in its entirety, and in the Company's annual report for the financial year of 2015, in which reference is made to pages 50–83 and 85 and in the Company's IPO-prospectus from June 2015 in which reference is made to Alimak's consolidated financial statement for 2013 and 2014 on pages F2–F40.

Balance sheets, income statements, cash flow statements, notes (including changes in shareholders equity), and for Avanti audit reports, for the 2013, 2014, and 2015 financial years for Avanti and for the 2013/2014, 2014/2015 and 2015/2016 financial years for Facade Access are incorporated through reference and therefore constitute a part of the Prospectus and are to be read as a part thereof.

The selected historical financial accounts for Avanti and Facade Access as well as Alimak's financial reports with the appurtenant audit reports and the interim report are available on the Company's website at www.alimakgroup.com and can be obtained free of charge from the Company during the entire period of validity of the Prospectus.

Those parts of Alimak's annual report which are not incorporated through reference contain information which is either reproduced in other parts of the Prospectus or which is not relevant to investors. Alimak's financial reports for the 2013, 2014 and 2015 financial years have been audited by the Company's auditor. The Company's year-end report for the fiscal- and calendar year of 2016 has not been audited.

## AVAILABLE DOCUMENTATION

The following documents, with the exception of Avanti's and Facade Access' annual reports, are available in electronic form on Alimak's website at www.alimakgroup.com. Copies of all documents are also made available at the Company's headquarters at Brunkebergs torg 5 in Stockholm, during the term of validity of the Prospectus (ordinary office hours on weekdays).

– Alimak's articles of association
– Alimak's IPO-prospectus
– Alimak's annual report for 2015
– Avanti's annual reports for the 2013–2015 financial years
– Facade Access' annual reports for the 2013/14 – 2015/16 financial years
– Alimak's year-end report for the period January – December 2016

# Certain tax issues in Sweden

Below follows a summary of certain tax consequences which can arise in relation to the transactions considered in the Prospectus. The summary is based on current legislation and is solely intended to provide general information to shareholders who are private individuals or Swedish limited liability companies (Sw. *aktiebolag*) that are tax resident in Sweden, unless stated otherwise. The summary is not exhaustive and will, for example, not cover:

- situations where shares have been acquired by means of shares in so called closely held companies;
- situations involving tax exempt dividends and capital gains on shares deemed to be held for business purposes under the Swedish participation exemption regime;
- situations where shares are held by a general partnership or a limited partnership;
- situations where shares are held as current assets in business operations;
- foreign companies conducting business through a permanent establishment in Sweden;
- situations where shares are held by investment companies, insurance companies or investment funds, or
- situations where shares are held in an investments savings account (Sw. *investeringssparkonto*) or endowment insurance (Sw. *kapitalförsäkring*);

The tax consequences for each individual shareholder will ultimately depend on the holder's particular circumstances. Every shareholder is therefore recommended to consult tax advisors regarding the tax consequences which might arise in connection to the transactions considered in the Prospectus, including the effects of foreign tax legislation (including regulations), tax treaties and other rules which may apply.

## PRIVATE INDIVIDUALS

### Capital gains taxation

When listed shares or other securities, for example subscription rights, are sold or otherwise disposed of, a taxable gain or a tax deductible loss can arise. Capital gains are taxed in the category income from capital at a rate of 30 percent. The capital gain or the capital loss is normally calculated as the difference between the sale proceeds less expenses relating to the disposal, and the acquisition cost of the shares (Sw. *omkostnadsbeloppet*) (please se the section entitled "*Use and disposal of subscription rights*" below for further information). The acquisition cost for all shares of the same series and type should generally be calculated jointly in accordance with the average method (Sw. *genomsnittsmetoden*). Please note that BTA is not considered to be of the same serie and type as currently existing shares in the Company until the decision regarding issue of preferential rights has been registered by the Swedish Companies Registration Office (Sw. *Bolagsverket*).

The acquisition cost for publicly traded shares, e.g. shares in the Company, may alternatively by determined using the standard method (Sw. *schablonmetoden*) under which the acquisition cost is calculated as 20 percent of the sale proceeds less expenses relating to the disposal.

Capital losses on listed shares and other publicly traded securities may be fully offset against taxable capital gains on shares and other publicly traded securities, except for units in investment funds containing only Swedish receivables (Sw. *räntefonder*). Capital losses not absorbed by these set-off rules are deductible at 70 percent in the capital income category. Should a net loss arise in the capital income category, a reduction is granted of the municipality and state income tax, property tax and municipality property fee with 30 percent of the net loss that does not exceed SEK 100,000 and at 21 percent of any remaining net loss. Any excess net loss cannot be carried forward to future tax years.

### Taxation of dividends

Private individuals are taxed on dividends in the category income from capital at a rate of 30 percent. For private individuals tax resident in Sweden, a preliminary tax of 30 percent is normally withheld on dividends by Euroclear Sweden AB ("**Euroclear**") or, in respect of nominee-registered shares, by the nominee. Withheld preliminary tax can usually be offset against the final tax.

### Use and disposal of subscription rights

The use of subscription rights does not trigger taxation. The acquisition cost of a share is determined by the issue price. If subscription rights used to subscribe shares have been acquired through purchase or in a similar manner (i.e. not acquired through holdings of currently existing shares) the acquisition cost of the subscription rights can be considered when calculating the acquisition cost of the acquired shares.

For shareholders that dispose of their subscription rights and thus does not participate in the issue of new shares, a capital gain or loss will be calculated. Subscription rights based on holdings of currently existing shares have a deemed acquisition price of SEK 0 and the whole sale proceeds less expenses relating to the disposal is thus subject to taxation. The standard method cannot be used in this case. The acquisition cost of the original shares is not affected.

For subscription rights acquired through purchase or in a similar manner the consideration is the acquisition price. The standard method can be used for computing the gain or loss at disposal of publicly traded subscription rights in this case.

A subscription right which is not used or sold is considered disposed of for SEK 0.

## SWEDISH LIMITED LIABILITY COMPANIES

### Taxation of capital gains and dividends

Swedish limited liability companies will be taxed on all income, including capital gains and dividend payments at the ordinary corporate income tax rate of 22 percent. Capital gains and capital losses are calculated in accordance with the rules applicable to private individuals (cf. above).

Deductible capital losses on shares may only be offset against taxable capital gains on shares and other securities taxed as shares. Capital losses may in certain cases be utilized against capital gains in other group companies, presuming that the criteria for group contributions are fulfilled. A capital loss that cannot be utilized may be carried forward and utilized against future capital gains on shares and other securities taxed as capital gains, without any limitation in time.

### Use and disposal of subscription rights

The use of subscription rights does not trigger taxation. The acquisition cost of a share is determined by the issue price. If subscription rights used to subscribe shares have been acquired through purchase or in a similar manner (i.e. not acquired through holdings of currently existing shares) the acquisition cost of the subscription rights can be considered when calculating the acquisition cost of the acquired shares.

For shareholders that dispose of their subscription rights and thus does not participate in the issue of new shares, a capital gain or loss will be calculated. Subscription rights based on holdings of currently existing shares have a deemed acquisition price of SEK 0 and the whole sale proceeds less expenses relating to the disposal is thus subject to taxation. The standard method cannot be used in this case. The acquisition cost of the original shares is not affected.

For subscription rights acquired through purchase or in a similar manner the consideration is the acquisition price. The standard method can be used for computing the gain or loss at disposal of publicly traded subscription rights in this case.

A subscription right which is not used or sold is considered disposed of for SEK 0.

## CERTAIN TAX MATTERS CONCERNING HOLDERS OF SHARES AND SUBSCRIPTION RIGHTS WITH LIMITED TAX LIABILITY IN SWEDEN

### Withholding tax (Sw. *kupongskatt*)

Dividend payments to non-resident shareholders are usually subject to Swedish withholding tax. The tax rate is generally 30 percent but is often reduced by tax treaties which has been entered into between Sweden and other countries for the avoidance of double taxation. In Sweden, the withholding tax is normally deducted by Euroclear or, in respect of nominee-registered shares, by the nominee. The obtaining of subscription rights does not trigger an obligation to pay withholding tax.

In case excess tax has been withheld a repayment can be requested from the Swedish Tax Agency before the end of the fifth calendar year succeeding the dividend distribution.

### Capital gains taxation

Non-resident holders of shares and subscription rights are generally not subject to Swedish capital gains taxation at the disposal of such securities, provided the holding cannot be allocated to a Swedish permanent establishment. Non-resident shareholders may, however, be subject to taxation in their state of residence.

In accordance with a special tax rule, non-resident private individuals may be subject to Swedish capital gains taxation upon disposal of certain securities (e.g. shares and subscription rights), if they have been domiciled in Sweden or have had a habitual abode in Sweden at any time during the calendar year in which the shares are disposed or the 10 preceding calendar years. The applicability of this rule may be limited by the applicable tax treaty for the avoidance of double taxation.

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