Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	917 099 839
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	NOBIA NORWAY AS
Forretningsadresse:	Rosenholmveien 25 1414 TROLLÅSEN

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Kristoffer Ljungfelt
Dato for fastsettelse av årsregnskapet:	19.08.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 14.06.2022

Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	796 370 290	793 510 965
Annen driftsinntekt		4 424 799	5 378 620
Sum inntekter		**800 795 088**	**798 889 584**
Kostnader			
Varekostnad	10	488 442 012	453 274 545
Lønnskostnad	3	126 261 363	127 858 847
Avskrivning av driftsmidler og immaterielle eiendeler	4, 5	17 707 266	16 857 609
Annen driftskostnad	3	121 590 898	115 267 280
Sum kostnader		**754 001 539**	**713 258 281**
Driftsresultat		**46 793 549**	**85 631 303**
Finansinntekter og finanskostnader			
Annen renteinntekt		616 990	2 678 689
Annen finansinntekt		34 630 379	5 840 879
Sum finansinntekter		**35 247 369**	**8 519 569**
Nedskrivning av andre finansielle anleggsmidler			5 300 000
Annen rentekostnad		1 257 445	107 143
Annen finanskostnad		23 121 801	5 736 920
Sum finanskostnader		**24 379 245**	**11 144 063**
Netto finans		**10 868 124**	**-2 624 494**
Ordinært resultat før skattekostnad		**57 661 673**	**83 006 809**
Skattekostnad på ordinært resultat	11	12 725 134	19 653 869
Ordinært resultat etter skattekostnad		**44 936 539**	**63 352 940**
Årsresultat		**44 936 539**	**63 352 940**
Årsresultat etter minoritetsinteresser		**44 936 539**	**63 352 940**
Totalresultat		**44 936 539**	**63 352 940**

Resultatregnskap

Beløp i: NOK	Note	2020	2019
Overføringer og disponeringer			
Ordinært utbytte	9	50 000 000	80 000 000
Avsatt til annen egenkapital	9		
Overført fra annen egenkapital	9	-5 063 461	-16 647 060
Sum overføringer og disponeringer		**44 936 539**	**63 352 940**

Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Software programmer	4	3 514 717	5 189 301
Utsatt skattefordel	11	7 046 395	5 302 299
Goodwill	4		447 298
Sum immaterielle eiendeler	4	**10 561 112**	**11 488 685**
Varige driftsmidler			
Tomter, bygninger o.a. fast eiendom	5	9 102 014	9 080 673
Maskiner og anlegg	5	21 781 786	5 884 710
Driftsløsøre, inventar o.a. utstyr	5	29 346 151	51 213 286
Sum varige driftsmidler		**60 229 952**	**66 178 669**
Finansielle anleggsmidler			
Investering i datterselskap	6	7 376 710	
Investeringer i aksjer og andeler		2 520	2 520
Andre langsiktige fordringer		5 085 000	6 210 000
Sum finansielle anleggsmidler		**12 464 230**	**6 212 520**
Sum anleggsmidler		**83 255 293**	**83 604 981**
Omløpsmidler			
Varer			
Sum varer	7	**24 560 976**	**23 581 858**
Fordringer			
Kundefordringer	10	103 300 139	91 495 904
Andre kortsiktige fordringer		8 689 159	12 628 197
Sum fordringer		**111 989 298**	**104 124 101**
Investeringer			
Andre finansielle instrumenter	13	82 979	901 457
Sum investeringer		**82 979**	**901 457**
Bankinnskudd, kontanter og lignende			

Balanse

Beløp i: NOK	Note	2020	2019
Bankinnskudd, kontanter o.l.	12, 14	208 037 523	223 876 095
Sum bankinnskudd, kontanter og lignende		**208 037 523**	**223 876 095**
Sum omløpsmidler		**344 670 776**	**352 483 511**
SUM EIENDELER		**427 926 069**	**436 088 492**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	8, 9	33 520 000	33 520 000
Overkurs	9	72 891 000	72 891 000
Sum innskutt egenkapital		**106 411 000**	**106 411 000**
Opptjent egenkapital			
Annen egenkapital	9	78 230 074	84 313 101
Sum opptjent egenkapital		**78 230 074**	**84 313 101**
Sum egenkapital		**184 641 074**	**190 724 101**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Leverandørgjeld	10	79 545 618	75 002 953
Betalbar skatt	11	12 101 049	20 464 970
Skyldig offentlige avgifter		33 127 751	24 155 134
Utbytte	9	50 000 000	80 000 000
Annen kortsiktig gjeld	10	68 510 577	45 741 334
Sum kortsiktig gjeld		**243 284 995**	**245 364 390**
Sum gjeld		**243 284 995**	**245 364 390**
SUM EGENKAPITAL OG GJELD		**427 926 069**	**436 088 492**

ÅRSBERETNING FOR 2020

SELSKAPET
Nobia Norway AS ble stiftet i 2016 som følge av en fusjon mellom selskapene Norema AS og Sigdal Kjøkken AS. De overdragende selskapene inngikk som innskudd i Nobia Norway AS med regnskapsmessig virkning fra 01.01.2016. Selskapet er 100 % eiet av Nobia Sverige AB. Virksomheten har hovedkontor med salg og administrasjon på Trollåsen og produksjon for merkenavnet Sigdal i Eggedal.

Selskapet produserer og selger kjøkken under varemerkene Norema, Sigdal og Marbodal.

Etter styrets mening gir det fremlagte årsregnskap med tilhørende noter en rettvisende oversikt om selskapets drift og stilling per 31.12.2020.

Selskapets resultater, soliditet og budsjetter tilsier fortsatt drift og dette er lagt til grunn i årsregnskapet.

Nobia Norway AS selger 100% via forhandlere for samtlige varemerker.

På tidspunkt for avleggelse av regnskapet for 2020 har selskapet ikke mottatt varsel fra våre forhandlere om utfordringer med løpende forpliktelser i 2021, som et resultat av Covid - 19. Styret kan likevel ikke utelukke at Covid – 19 kan få en negativ effekt på selskapets inntjening og likviditet i 2021.

Det har ikke inntruffet forhold etter regnskapsårets utgang som er av betydning for bedømmelsen av selskapet, og som ikke fremkommer av årsregnskapet med tilhørende noter.

RESULTAT OG BALANSE
Selskapets driftsinntekter for 2020 var MNOK 800,8 som er en økning på MNOK 1,9 sammenlignet med året før. Resultatet før skatt viser et overskudd på MNOK 57,7 i 2020, som er en reduksjon på MNOK 25,3 sammenlignet med året før.

Etter styrets mening gir det fremlagte årsregnskap med noter en rettvisende oversikt om selskapets drift og stilling per 31.12.2020.

ANSATTE OG ARBEIDSMILJØ
Ved regnskapsårets slutt var det 190 årsverk i selskapet fordelt på 206 ansatte. Av totalt ansatte er 111 kvinner (54%).

Selskapet tar sikte på å være en arbeidsplass der det råder likestilling mellom kvinner og menn når det gjelder lønn, avansement og rekruttering. I Nobia Norway sin ledergruppe er kvinneandelen 30 % per 31.12.2020. I styret er en av fem kvinner.

Arbeidsmiljøet anses som godt, likevel arbeides det løpende med å bedre arbeidsmiljøet i selskapet, bl.a. i samarbeid med bedriftshelsetjenesten.

Sykefraværet i selskapet var i 2020 på totalt 8,2%. Det ble ikke registrert noen yrkesskader i regnskapsåret.

Formålet med diskrimineringsloven er å fremme likestilling, sikre like muligheter og rettigheter og å hindre diskriminering på grunn av etnisitet, nasjonal opprinnelse, avstamning, hudfarge, språk, religion og livssyn. Bedriften har pr. i dag en etablert verdipolicy som ivaretar lovens interesser.

MILJØ
Selskapets forurensing av det ytre miljø ved produksjonsanlegget til varemerket Sigdal ligger innenfor lovbestemte rammer. Miljøverntiltak gjennomføres løpende i henhold til vedtatte planer.

Følgende avfallstyper og mengder er registrert i 2020:

Sagflis, kutterflis og kapp fra produksjonen (brukt som brensel i selskapets fyringsanlegg)	1.298 tonn
Annet tørt avfall (levert og deponert hos godkjent avfallshåndteringsselskap)	78 tonn
Spesialavfall (levert og deponert hos godkjent avfallshåndteringsselskap	141 tonn
Løsemiddel til atmosfæren	58 tonn
Papp og plast levert til gjenvinning	36 tonn

Sigdal arbeider kontinuerlig for å redusere avfallsproduktene fra produksjonen.

FORSKNING OG UTVIKLING
Foretaket har i år ikke hatt noen forsknings- og utviklingsaktivitet.

DISPOSISJONER
I henhold til asl/asal § 8-1 foreslår styret at årets overskudd fordeles som følger:

Årets overskudd før skatt	TNOK 57.662
Årets overskudd etter skatt	TNOK 44.937
Til Utbytte	TNOK 50.000,-
Fra annen egenkapital	TNOK 5.063

Bankinnskudd, kontanter og lignende var per 31.12.2020 på TNOK 208.038 og likviditeten anses som meget god.

Selskapets kontantstrømmer fra operasjonelle aktiviteter var TNOK 75.852

Ut fra denne vurderingen av likviditet og resultatforventninger er det disponert et forsvarlig utbytte.

FINANSIELL RISIKO
Nobia Norway sin finansielle risiko kommer først og fremst av innkjøp i utenlandsk valuta. Mesteparten av dette skjer i DKK, SEK, EURO og USD. Innkjøp i TNOK for de ulike valutaene var i 2020 på henholdsvis: DKK = 48.196 TNOK, SEK = 270.428 TNOK, EUR = 71.654 TNOK og USD = 46 TNOK.
Vi har i 2020 hatt en svak norsk krone, som har gitt oss en dårligere margin sammenlignet med 2019

MARKEDSRISIKO
Nobia Norway AS operer i all hovedsak i det norske markedet og primærfaktoren som påvirker selskapets evne for inntjening er utviklingen i det norske boligmarkedet i form av nybygg.

KREDITTRISKO
Selskapets kundemasse består av forhandlere, entreprenører og privatpersoner. Således foreligger det risiko for tap på fordringer. I lys av dette er det etablert rutiner i form av kredittsjekker før bestillinger blir godkjent. Av den grunn anses kredittrisikoen som lav.

LIKVIDITETSRISKO
Selskapet har svært god likviditetsgrad og har ingen ekstern gjeld annet enn det som relaterer seg til den løpende driften. Likviditetsrisikoen anses som lav.

FREMTIDSUTSIKTER
Nybygg av bolig forventes å være ca. 28.000 - 30.000 enheter i 2021. Med Nobia Norway sin markedsandel på ca. 55 %, samt at selskapet opprettholder sin margin, forventes lønnsomheten fortsatt å være god i 2021. Nobia Norway har i tillegg store muligheter til vekst i forbrukermarkedet der dagens markedsandel utgjør 10 %. Styret vurderer derfor selskapets framtidsutsikter som gode.

Trollåsen, den 19. august 2021.

Kristoffer Ljungfeldt Styreleder	Ole Dalsbø Nestleder
Ola Gunnar Carlsson Styremedlem	Kjetil Bråthen Styremedlem
Thora Agate Gunnerud Styremedlem	

PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Kristoffer Ljungfelt
Styrets leder
Serienummer: 19770602xxxx
IP: 155.4.xxx.xxx
2021-08-30 08:53:25Z

BankID

Thora Agate Gunnerud
Styremedlem
Serienummer: 9578-5995-4-108695
IP: 62.243.xxx.xxx
2021-08-30 08:56:44Z

bank ID

Kjetil Bråthen
Styremedlem
Serienummer: 9578-5999-4-1221226
IP: 62.243.xxx.xxx
2021-08-31 06:22:57Z

bank ID

Ole Dalsbø
Nestleder
Serienummer: 9578-5993-4-2400867
IP: 84.213.xxx.xxx
2021-09-01 09:19:35Z

bank ID

Ola Gunnar Carlsson
Styremedlem
Serienummer: 19651019xxxx
IP: 81.231.xxx.xxx
2021-09-01 09:20:34Z

BankID

Penneo Dokumentnøkkel: QBWGQ-6UG8E-8V5F7-YJMM8-INKXK-VFKTM

Årsregnskap 2020
Nobia Norway AS

Resultatregnskap
Balanse
Kontantstrømoppstilling
Noter

Org.nr.: 917 099 839

Resultatregnskap

Nobia Norway AS

Driftsinntekter og driftskostnader	**Note**	**2020**	**2019**
Salgsinntekt	2	796 370 290	793 510 965
Annen driftsinntekt		4 424 799	5 378 620
Sum driftsinntekter		**800 795 088**	**798 889 584**
Varekostnad	10	488 442 012	453 274 545
Lønnskostnad	3	126 261 363	127 858 847
Avskrivning av driftsmidler og immaterielle eiendeler	4, 5	17 707 266	16 857 609
Annen driftskostnad	3	121 590 898	115 267 280
Sum driftskostnader		**754 001 539**	**713 258 281**
Driftsresultat		**46 793 549**	**85 631 303**
Finansinntekter og finanskostnader			
Annen renteinntekt		616 990	2 678 689
Annen finansinntekt		34 630 379	5 840 879
Nedskrivning av andre finansielle anleggsmidler		0	5 300 000
Annen rentekostnad		1 257 445	107 143
Annen finanskostnad		23 121 801	5 736 920
Resultat av finansposter		**10 868 124**	**-2 624 494**
Ordinært resultat før skattekostnad		**57 661 673**	**83 006 809**
Skattekostnad på ordinært resultat	11	12 725 134	19 653 869
Ordinært resultat		**44 936 539**	**63 352 940**
Årsresultat		**44 936 539**	**63 352 940**
Overføringer			
Avsatt til utbytte	9	50 000 000	80 000 000
Overført fra annen egenkapital	9	5 063 461	16 647 060
Sum overføringer		**44 936 539**	**63 352 940**

Balanse

Nobia Norway AS

Eiendeler	Note	2020	2019
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	11	7 046 395	5 302 299
Goodwill	4	0	447 298
Merkenavn	4	0	274 894
Software programmer	4	3 514 717	5 189 301
Sum immaterielle eiendeler		**10 561 112**	**11 213 792**
Varige driftsmidler			
Tomter, bygninger o.a. fast eiendom	5	9 102 014	9 080 673
Maskiner og anlegg	5	21 781 786	5 884 710
Driftsløsøre, inventar o.a. utstyr	5	29 346 151	51 213 286
Sum varige driftsmidler		**60 229 952**	**66 178 669**
Finansielle anleggsmidler			
Investeringer i datterselskap	6	7 376 710	0
Investeringer i aksjer og andeler		2 520	2 520
Andre langsiktige fordringer		5 085 000	6 210 000
Sum finansielle anleggsmidler		**12 464 230**	**6 212 520**
Sum anleggsmidler		**83 255 293**	**83 604 981**
Omløpsmidler			
Lager av varer og annen beholdning	7	24 560 976	23 581 858
Fordringer			
Kundefordringer	10	103 300 139	91 495 904
Andre kortsiktige fordringer		8 689 159	12 628 197
Sum fordringer		**111 989 298**	**104 124 101**
Andre finansielle instrumenter	13	82 979	901 457
Sum investeringer		**82 979**	**901 457**
Bankinnskudd, kontanter o.l.	12, 14	208 037 523	223 876 095
Sum omløpsmidler		**344 670 776**	**352 483 511**
Sum eiendeler		**427 926 069**	**436 088 492**

Balanse

Nobia Norway AS

Egenkapital og gjeld			
Innskutt egenkapital			
Aksjekapital	8, 9	33 520 000	33 520 000
Overkurs	9	72 891 000	72 891 000
Sum innskutt egenkapital		**106 411 000**	**106 411 000**
Opptjent egenkapital			
Annen egenkapital	9	78 230 074	84 313 101
Sum opptjent egenkapital		**78 230 074**	**84 313 101**
Sum egenkapital		**184 641 074**	**190 724 101**
Gjeld			
Kortsiktig gjeld			
Leverandørgjeld	10	79 545 618	75 002 953
Betalbar skatt	11	12 101 049	20 464 970
Skyldig offentlige avgifter		33 127 751	24 155 134
Utbytte	9	50 000 000	80 000 000
Annen kortsiktig gjeld	10	68 510 577	45 741 334
Sum kortsiktig gjeld		**243 284 995**	**245 364 390**
Sum gjeld		**243 284 995**	**245 364 390**
Sum egenkapital og gjeld		**427 926 069**	**436 088 492**

Trollåsen, 19. august 2021
Styret i Nobia Norway AS

Kristoffer Ljungfelt
styreleder

Ole Dalsbø
Nestleder / Daglig leder

Ola Carlsson
styremedlem

Kjetil Bråthen
styremedlem

Thora Agate Gunnerud
styremedlem

Nobia Norway AS

Noter til regnskapet 2020

Note 1 Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapsloven av 1998 og god regnskapsskikk i Norge.

Hovedregel for vurdering og klassifisering av eiendeler og gjeld
Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler. Andre eiendeler er klassifisert som omløpsmidler. Fordringer som skal tilbakebetales innen et år er klassifisert som omløpsmidler. Ved klassifisering av kortsiktig og langsiktig gjeld er tilsvarende kriterier lagt til grunn.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi.

Anleggsmidler vurderes til anskaffelseskost, men nedskrives til gjenvinnbart beløp dersom dette er lavere enn bokført verdi, og verdifallet forventes ikke å være forbigående. Anleggsmidler med begrenset økonomisk levetid avskrives planmessig.

Annen langsiktig gjeld og kortsiktig gjeld er vurdert til pålydende beløp.

Eiendeler og gjeld i utenlandsk valuta
Pengeposter i utenlandsk valuta er i balansen omregnet til balansedagens kurs.
Valutaterminkontrakter er balanseført til virkelig verdi på balansedagen.

Immaterielle eiendeler
Immaterielle eiendeler som er kjøpt enkeltvis, er balanseført til anskaffelseskost. Immaterielle eiendeler overtatt ved kjøp av virksomhet, er balanseført til anskaffelseskost når kriteriene for balanseføring er oppfylt.

Immaterielle eiendeler med begrenset økonomisk levetid avskrives planmessig. Immaterielle eiendeler nedskrives til gjenvinnbart beløp dersom de forventede økonomiske fordelene ikke dekker balanseført verdi og eventuelle gjenstående tilvirkningsutgifter.

Aksjer og andeler i tilknyttet selskap og datterselskap
Investeringer i datterselskaper vurderes etter kostmetoden. Investeringene blir nedskrevet til virkelig verdi dersom verdifallet ikke er forbigående og det må anses nødvendig etter god regnskapsskikk. Mottatt utbytte og konsernbidrag fra datterselskapene er inntektsført som annen finansinntekt. Tilsvarende gjelder for investeringer i tilknyttede selskaper.

Varer
Varer er vurdert til laveste av anskaffelseskost etter FIFO-metoden og netto salgsverdi. For råvarer og varer i arbeid beregnes netto salgsverdi til salgsverdien av ferdig tilvirkede varer redusert for gjenværende tilvirkningskostnader og salgskostnader. Egenproduserte varer er verdsatt til laveste av full tilvirkningskost og virkelig verdi.

Inntekter
Selskapets virksomhet består av produksjon og salg av kjøkken. Salgsinntekter vurderes til verdien av vederlaget ved transaksjonstidspunktet, netto etter fradrag for returer, rabatter og offentlige avgifter.
Inntekt regnskapsføres når den er opptjent, altså når både risiko og kontroll i hovedsak er overført til kunden. Dette vil normalt være tilfellet når varen er levert til kunden.

Fordringer
Kundefordringer og andre fordringer er oppført til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av en individuell vurdering av de enkelte fordringene.

Bankinnskudd, kontanter og lignende
Bankinnskudd, kontanter og lignende inkluderer kontanter, bankinnskudd og andre betalingsmidler med forfallsdato som er kortere enn tre måneder fra anskaffelse.

Garantier og servicearbeid
Ved salg er hele salgsprisen, inklusive den delen som gjelder fremtidige garanti- og serviceytelser, tatt til inntekt på salgstidspunktet. Det er gjort en avsetning for fremtidige garanti- og serviceytelser.

Pensjoner
Innskuddsplaner periodiseres etter sammenstillingsprinsippet. Årets innskudd til pensjonsordningen kostnadsføres

Kostnader
Kostnader regnskapsføres som hovedregel i samme periode som tilhørende inntekt.

Skatter
Skattekostnaden sammenstilles med regnskapsmessig resultat før skatt. Skatt knyttet til egenkapitaltransaksjoner er ført mot egenkapitalen. Skattekostnaden består av betalbar skatt (skatt på årets direkte skattepliktige inntekt) og endring i netto utsatt skatt. Utsatt skatt og utsatt skattefordel er presentert netto i balansen.

Transaksjoner med nærstående parter
Kjøps- og aslgstransaksjoner med nærstående parter er, i tråd med asl. § 3-9, gjennomført til vanlige forretningsmessige vilkår og prinsipper. Regnskapsføring, klassifisering med mer følger av regnskapslovens generelle prinsipper. Vesentlige avtaler med nærstående foreligger skriftlig. Transaksjoner med nærstående er spesifisert i note 5.

Kontantstrømoppstilling
Kontantstrømoppstilling er utarbeidet etter den indirekte metoden. Kontakter og kontantekvivanter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer som umiddelbart og med uvesentlig kursrisiko kan konverteres til kjente kontantbeløp og med forfallsdato kortere enn tre måneder fra anskaffelsesdato.

Note 2 Salgsinntekt

Alt salg foregår i Norge.

Note 3 Lønnskostnad, antall ansatte, godtgjørelser, lån til ansatte mm

Lønnskostnad	2020	2019
Lønn	104 685 936	104 906 332
Folketrygdavgift	14 336 578	15 090 124
Pensjonskostnader	1 100 565	1 284 060
Andre ytelser	6 138 284	6 578 331
Sum	126 261 363	127 858 847
Antall årsverk sysselsatt i regnskapsåret	190	206

Kostnadsført aksjebasert betaling	2020	2019
Lønnskostnad	-	-

Ytelser til ledende personer	Lønn	Pensjons-kostnader	Annen godtgjørelse
Daglig leder	2 162 302	548 745	165 575
Styret	-	-	-

Ved opphør av ansettelsesavtalen har daglig leder 6 måneders oppsigelse i motsetning til øvrige ansatte som har 3 måneder. Daglig leder har en særskilt bonusavtale som andre ledere på hans nivå i Nobia. Bonus kan maks utgjør 30% av årslønnen.

Lån og sikkerhetsstillelse til ledende personer, aksjeeiere m.v.
Det er ikke gitt lån /sikkerhetssillelser til daglig leder, styrets leder eller andre nærstående parter. Det er ingen enkelt lån/sikkerhetstillelser som utgjør mer enn 5% av selskapets egenkapital.

Revisor
Godtgjørelse til Deloitte AS og samarbeidende selskaper fordeler seg slik:

	2020	2 019
Lovpålagt revisjon	426 056	356 556
Andre attestasjonstjenester	75 500	128 475
Skatterådgivning	123 800	154 500
Sum	**625 356**	**639 531**

Note 4 Immaterielle eiendeler

	Merkenavn	Goodwill	Software	Sum
Anskaffelseskost 01.01.	11 000 000	17 780 680	12 995 322	41 776 002
Tilgang	-	-	874 637	874 637
Avgang	-	-	-	-
Anskaffelseskost 31.12.	11 000 000	17 780 680	13 869 959	42 650 639
Akk. avskrivninger 01.01.	**10 725 106**	**17 333 382**	**7 806 022**	**35 864 510**
Årets avskrivninger	274 894	447 298	2 549 221	3 271 413
Akk avskrivninger 31.12.	11 000 000	17 780 680	10 355 242	39 135 922
Bokført verdi pr. 31.12.	**-**	**-**	**3 514 717**	**3 514 717**
Økonomisk levetid	20 år	20 år	3 år	
Avskrivningsplan	lineær	lineær	lineær	

Goodwill er forskjellen mellom anskaffelseskost og virkelig verdi av overtatte, identifiserbare eiendeler og forpliktelser i et virksomhetskjøp. Goodwill avskrives lineært og levetiden vurderes blant annet besert på forventet varighet av fordelen knyttet til økte markedsandeler og synergier. Det er vurdert at de ikke-identifiserbare merverdiene tilknyttet goodwill vil ha en økonomisk levetid på 20 år.

Note 5 Varige driftsmidler

	Bygn. og annen fast eiendom	Maskiner og anlegg	Utstillinger, inventar ol.	Sum
Anskaffelseskost 01.01.	33 188 513	57 449 788	90 599 255	181 237 557
Tilgang kjøpte driftsmidler	991 173	18 154 112	10 436 517	29 581 802
Avgang	-	-	21 094 666	21 094 666
Anskaffelseskost 31.12.	34 179 686	75 603 900	79 941 107	189 724 693
Akk. avskrivninger 01.01.	**24 111 386**	**51 565 079**	**39 385 969**	**115 062 434**
Årets avskrivninger	966 285	2 257 036	11 208 986	14 432 307
Akk avskrivninger avgang	-			-
Akk avskrivninger 31.12.	**25 077 672**	**53 822 114**	**50 594 955**	**129 494 741**
Bokført verdi pr. 31.12.	**9 102 014**	**21 781 786**	**29 346 151**	**60 229 952**
	9 102 014	21 781 786	29 346 151	
Økonomisk levetid	50 år	3-12 år	3-5 år	
Avskrivningsplan	lineær	lineær	lineær	

Operasjonelle leieavtaler

Tomt, bygninger og annen fast eiendom 13 797 245

Leieavtalen for hovedkontor går over 5,5 år med oppstart 1. desember 2019.

Note 6 Datterselskap, tilknyttet selskap m.v.

Firma	Ansk.-tidspunkt	Forretnings-kontor	Stemme-andel	Eier-andel
Kjøkkensenteret Rogaland AS	01.09.2017	Stavanger	100,0 %	100,0 %

Firma	Egenkapital i følge siste årsregnskap	Årsresultat i følge siste årsregnskap
Kjøkkensenteret Rogaland AS	4 386 331	-5 323 961

Note 7 Varer

	2020	2 019
Råvarer	17 322 868	16 007 408
Varer under tilvirkning	1 998 805	2 083 796
Ferdigvarer	5 239 304	5 490 654
Sum	**24 560 976**	**23 581 858**

Det er avsatt kr 3 102 684 for ukurans per 31.12.

Note 8 Aksjekapital og aksjonærinformasjon

Aksjekapitalen i selskapet pr 31.12. består av følgende aksjeklasser:

	Antall	Pålydende	Bokført
Aksjer	1	33 520 000	33 520 000
Sum	**1**	**33 520 000**	**33 520 000**

Eierstruktur
Nobia Sverige AB eier 100% av aksjene i selskapet per 31.12. Nobia Sverige AB utarbeider konsernregnskap som kan lastes ned på konsernets hjemmeside: www.nobia.com

Note 9 Egenkapital

	Aksjekapital	Overkurs	Annen egenkapital	Sum egenkapital
Egenkapital 01.01.	**33 520 000**	**72 891 000**	**84 313 102**	**190 724 101**
Avgitt utbytte	-	-	-50 000 000	-50 000 000
Årets resultat	-	-	44 936 539	44 936 539
Valutasikring	-	-	-1 019 566	-1 019 566
Egenkapital 31.12.	**33 520 000**	**72 891 000**	**78 230 073**	**184 641 074**

Note 10 Transaksjoner og mellomværende med nærstående parter

Resultatmessige transaksjoner med nærstående parter:

Transaksjon/transaksjonsgruppe	Tilhører resultatlinje	Forhold til motparten	2020	2019
Nobia AB	*Varekjøp*	Morselskap	1 224 711	250 736 082
Nobia AB	*Varesalg*	Morselskap	1 350 497	4 413 224
Kjøkkensenteret Rogaland AS	*Varesalg*	Datterselskap	6 740 521	
Nobia Production AB	*Varekjøp*	Søsterselskap	250 568 857	
Nobia Production AB	*Varesalg*	Søsterselskap	1 236 678	
Nobia Denmark A/S	*Varekjøp*	Søsterselskap	32 145 840	
Nobia Denmark A/S	*Varesalg*	Søsterselskap	962 680	
Sum			**294 229 784**	**255 149 306**

Mellomværende med nærstående parter:

	Kundefordringer		Leverandørgjeld	
Motpart	**2020**	**2019**	**2020**	**2019**
Nobia Sverige AB	78 519	368 016	5 186 171	-252 671
Nobia Svenska Kök AB	4 300	4 530	19 049	-
Kjøkkensenteret Rogaland AS	11 096 923	7 900 045	-	-
Nobia Production Sverige AB	0	303 373	20 713 872	17 827 223
Nobia Denmark A/S	121 121	86 286	3 832 606	2 966 864
Sum	**11 300 863**	**8 662 251**	**29 751 699**	**20 541 416**

	Skyldig Konsernbidrag	
Motpart	**2020**	**2019**
Kjøkkensenteret Rogaland AS	9 457 321	-
Sum	**9 457 321**	**-**

Note 11 Skattekostnad

Årets skattekostnad fremkommer slik:	**2020**	**2019**
Betalbar skatt	14 181 659	20 464 969
Endring i utsatt skatt	-1 744 096	-1 731 473
Virkning av endring i skatteregler	-	-
Skatteeffekt valutasikring	287 570	920 372
Skattekostnad	**12 725 134**	**19 653 868**

Betalbar skatt i balansen fremkommer som følger:

	2020	**2019**
Årets betalbare skattekostnad	12 101 049	20 464 968
Betalbar skatt i balansen	**12 101 049**	**20 464 968**

Avstemming fra nominell til faktisk skattesats:

	2019	**2019**
Årsresultat før skatt	57 661 673	83 006 809
Forventet inntektsskatt etter nominell skattesats (22%)	12 685 568	18 261 498
Skatteeffekten av følgende poster:		
Andre ikke fradragsberettigede kostnader	39 565	471 999
Skatteeffekt valutasikring	-	920 372
Virkning av endringer i skatteregler og -satser	-	-
Skattekostnad	12 725 134	19 653 868
Effektiv skattesats	**22 %**	**24 %**

Spesifikasjon av skatteeffekten av midlertidige forskjeller og underskudd til framføring:

	2 020		**2019**	
	Fordel	**Forpliktelse**	**Fordel**	**Forpliktelse**
Driftsmidler	4 639 158	-	4 652 008	-
Varer	682 590	-	653 048	-
Fordringer	764 831	-	35 282	-
Gevinst- og tapskonto	299 817	-	27 651	-
Andre forskjeller	660 000	-	-	65 690
Sum	**7 046 395**	**-**	**5 367 990**	**65 690**
Ikke balanseført utsatt skattefordel	-	-	-	-
Netto utsatt fordel/forpl. i balansen	**7 046 395**	**-**	**5 302 299**	**-**

Utsatt skattefordel er oppført med utgangspunkt i fremtidig inntekt.

Note 12 Bankinnskudd

Av bankbeholdningen er kr 9 060 040 bundne midler til skattetrekk.

Note 13 Derivater

Selskapet har anskaffet flere «Forward Currency Contracts» med brutto verdier på kr hhv 0,083 mill og minus kr 1,222 mill på anskaffelsestidspunktet. Ved anskaffelsen er kontraktene ført mot egenkapitalen. Etterfølgende verdiendring er ført som finansinntekt/-tap i resultatregnskapet. Ved årsskiftet 31.12.2020 utgjorde markedsverdien av kontraktene hhv kr 0,083 mill og minus kr 1,446 mill, med en resultatført verditap på kr 0,224 mill.

Note 14 Garantier

Garantiansvar	**2020**	**2019**
Garantiansvar	**38 843 718**	**43 781 606**

Note 15 Hendelser etter balansedag

På tidspunkt for avleggelse av regnskapet for 2020 har selskapet ikke mottatt varsel fra våre forhandlere om utfordringer med løpende forpliktelser i 2021 som et resultat av Covid - 19. Styret kan likevel ikke utelukke at Covid – 19 kan få en negativ effekt på selskapets inntjening og likviditet i 2021.

Nobia Norway AS

Kontantstrømoppstilling

	2 020	2019
KONTANTSTRØMMER FRA OPERASJONELLE AKTIVITETER:		
Årsresultat før skattekostnad	57 661 673	83 006 809
Periodens betalte skatt	-20 464 970	-33 688 365
Tap/gevinst ved salg av anleggsmidler	21 971	-41 292
Ordinære avskrivninger	17 707 266	16 857 609
Endring i varer	-979 118	2 967 342
Endring i kundefordringer	-11 804 235	13 652 018
Endring i leverandørgjeld	4 542 665	6 887 926
Endring i andre omløpsmidler og andre gjeldsposter	29 166 704	-11 576 085
Netto kontantstrømmer fra operasjonelle aktiviteter	**75 851 956**	**78 065 962**
KONTANTSTRØMMER FRA INVESTERINGSAKTIVITETER:		
Innbetalinger ved salg av varige driftsmidler	64 597	124 385
Utbetalinger ved kjøp av varige driftsmidler	-12 880 124	-35 359 376
Nedskrivning av finansielle anleggsmidler	0	5 300 000
Netto kontantstrøm fra investeringsaktiviteter	**-12 815 527**	**-29 934 991**
KONTANTSTRØMMER FRA FINANSIERINGSAKTIVITETER:		
Endring i andre langsiktige fordringer	1 125 000	790 000
Utbetalinger av utbytte	-80 000 000	-100 000 000
Netto kontantstrøm fra finansieringsaktiviteter	**-78 875 000**	**-99 210 000**
Netto endring i bankinnskudd, kontanter og lignende	-15 838 571	-51 079 029
Beholdning av bankinnskudd, kontanter og lignende pr 01.01.	223 876 095	274 955 123
Beholdning av bankinnskudd, kontanter og lignende pr 31.12.	**208 037 523**	**223 876 095**

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Kristoffer Ljungfelt
Styrets leder
Serienummer: 19770602xxxx
IP: 155.4.xxx.xxx
2021-08-30 08:54:08Z

Thora Agate Gunnerud
Styremedlem
Serienummer: 9578-5995-4-108695
IP: 62.243.xxx.xxx
2021-08-30 09:01:30Z

Kjetil Bråthen
Styremedlem
Serienummer: 9578-5999-4-1221226
IP: 62.243.xxx.xxx
2021-08-31 06:24:02Z

Ole Dalsbø
Nestleder / daglig leder
Serienummer: 9578-5993-4-2400867
IP: 84.213.xxx.xxx
2021-09-01 09:20:49Z

Ola Gunnar Carlsson
Styremedlem
Serienummer: 19651019xxxx
IP: 81.231.xxx.xxx
2021-09-01 09:21:21Z

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Deloitte.

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NO-3003 Drammen
Norway

Tel: +47 32 26 41 00
www.deloitte.no

Til generalforsamlingen i Nobia Norway AS

UAVHENGIG REVISORS BERETNING

Uttalelse om revisjonen av årsregnskapet
Konklusjon
Vi har revidert Nobia Norway AS' årsregnskap som viser et overskudd på kr 44 936 539. Årsregnskapet består av balanse per 31. desember 2020, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noteopplysninger til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2020, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen
Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon
Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet
Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet
Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i

Deloitte.

samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med ledelsen blant annet om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til resultatdisponering er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Drammen, 19. august 2021
Deloitte AS

Kjartan Kvamme
statsautorisert revisor

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Kjartan Kvamme
Statsautorisert revisor
Serienummer: 9578-5993-4-908992
IP: 85.165.xxx.xxx
2021-09-03 12:12:41Z

bank ID

Penneo Dokumentnøkkel: 77E5V-CILE8-T6D0N-QNU25-YWA51-N4Q0L

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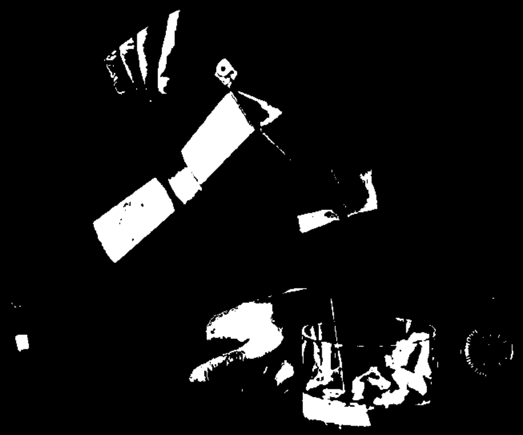
Annual and Sustainability Report 2020

Designing Kitchens for Life



Designing kitchens for life

The kitchen has gone from being a backstage room to becoming the most important room in the home. This is where we gather family and friends. It's where we start the day — and where we end it. At Nobia and our brands we develop well-designed, functional and emotionally appealing kitchens that enable a sustainable lifestyle and reduce climate impact. We do this for our customers today, and for generations to come.

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The audited Annual Report and consolidated financial statements can be found on pages 43–99. The statutory Corporate Governance Report can be found on pages 102–109 and the statutory Sustainability Report can be found on pages 24–36, 50-58 and 118-121.

Europe's leading kitchen specialist

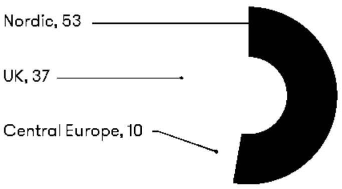
At Nobia, we design kitchens for life. To us, that means developing well-designed, functional and emotionally conceptualised kitchens that speak to the hearts and minds of our customers. Kitchens that enable a sustainable lifestyle and reduced climate impact. We are fifteen strong local brands that benefit from advantages of working together. With operations that incorporate the entire value chain from design to installation, we are driven by a shared ambition to lead the way in design and sustainability in our industry. Together, we form Europe's leading kitchen specialist.

Nordic region
Denmark, Sweden, Norway, Finland
23 own stores
168 franchise stores
Approximately 400 retail stores
6 production facilities
Approximately 2,400 employees

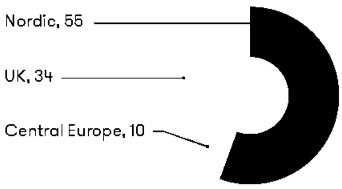
UK region
202 own stores
Approximately 450 retail stores
5 production facilities
Approximately 2,800 employees

Central Europe region
Netherlands, Austria
>500 retail stores
3 production facilities
Approximately 600 employees

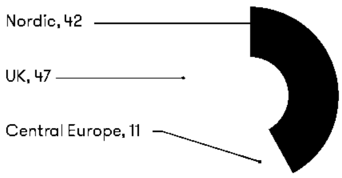
Net sales per region, %



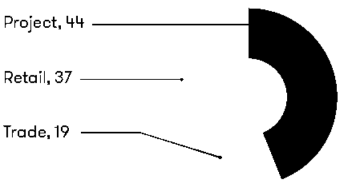
Gross profit per region, %



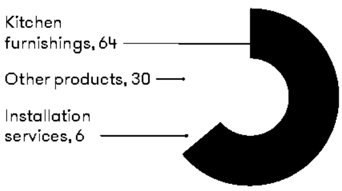
Employees per region, %



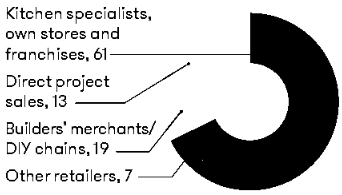
Customer segment, %



Sales per product, %



Sales channels, %



Strategy for profitable growth

Nobia's strategy is built on three strategic priorities: Growth acceleration, Structural efficiency and People engagement, and the ambition to be the industry leader in design and sustainability. In addition to the Group's financial targets, the overall goals are to be the customers' first choice everywhere we operate and to be a responsible company that is attractive to employees and investors. By leveraging the Group's economies of scale, we strengthen our local competitiveness.

13/14 production facilities have certified environmental management

100% renewable electricity in production and own stores

63% of all wood waste goes to manufacturing new products

Strong brands

Strong brands Nobia comprises about 15 well-known and strong local brands in the mid- and premium segments.

2020

The pandemic had a major impact

The coronavirus pandemic that broke out at the beginning of the year had a major impact on the global economy. Operations were periodically affected by various national restrictions and closures to reduce the spread of infection. Despite the challenges, the Nordic and Central Europe regions delivered higher earnings year-on-year while the UK, which was most severely affected by closures and restrictions, reported lower earnings.

Decisions on new plant for structural efficiency

Nobia continues preparations for investment in a highly automated production plant. The Board of Directors has decided to build the plant in Jönköping, Sweden. The plant will be highly automated and digitised, with a high degree of industry-leading environmental and sustainability performance and is expected to be in full operation in 2024. Investments in production equipment will amount to approximately SEK 2 billion.

New organisation for increased regional responsibility

In line with Nobia's strategy for organic growth, structural efficiency, people engagement and becoming a leader in sustainability and design, the Group implemented organisational changes. The new organisation will enable stronger regional accountability, faster decision making and improved speed in execution as well as the realisation of advantages of large-scale production. The Nordic, UK and Central Europe regions are responsible for sales, marketing and customer service as well as a Group-wide Product Supply function that is responsible for the supply chain.

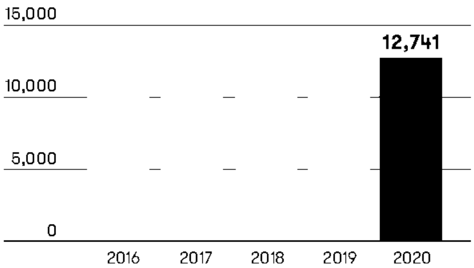
Higher demand from consumers

More time was spent at home during the coronavirus pandemic. This resulted in greater interest in home renovations and growing demand for new kitchens from consumer customers, particularly in the second half of the year. Nobia successfully launched several new products during the year, including Nordic Spirit from HTH and a collection of colourful kitchens from Marbodal and Sigdal.

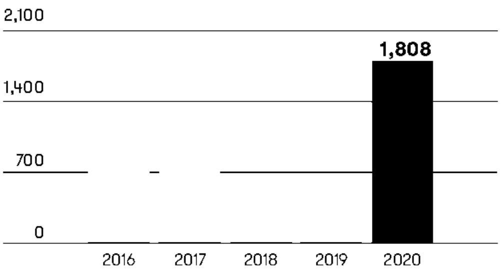
Five-year overview

Complete five-year overview, refer to page 116.

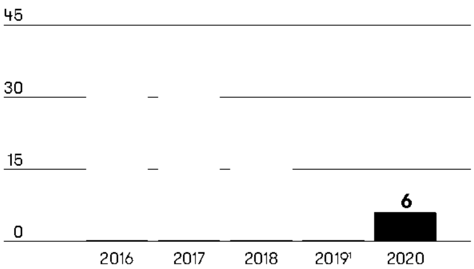
Net sales, SEK m



Operating cash flow, SEK m

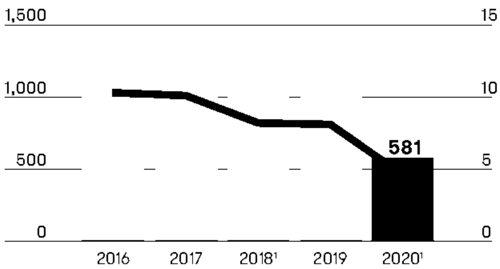


Return on operating capital, %



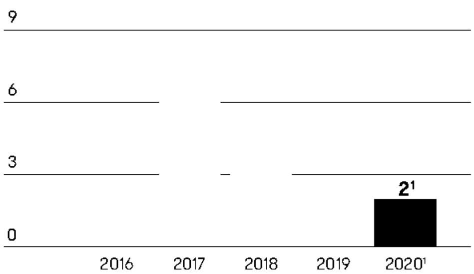
1) Effect of IFRS 16 as of 2019.

Operating profit, SEK m and operating margin, %



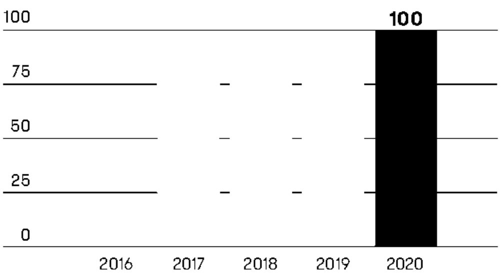
1) Excluding items affecting comparability.

Dividend, SEK



1) The Board's proposal.

Share of renewable electricity in production and own stores, %



Leadership in design and sustainability

We have never experienced a year like 2020. In so many ways we faced new and strange business situations. The pandemic impacted the entire value chain from suppliers to customers and brought health and safety to a new level. Overnight, we went from a situation with healthy demand and a strong order book to a situation with closed stores and factories. I am impressed with how rapidly and well the entire organization adapted to a new reality.

Focus on cashflow

After the initial shock in second quarter, it was clear that the kitchen industry was not affected as severely as some other industries. Several national measures and restrictions, predominantly in the UK and Austria, forced us to temporarily close parts of our store network and some factories, but, the underlying demand turned out to be strong. Most construction sites remained open and consumer demand increased. However, needless to say the unprecedented situation and almost half the company "temporarily closed" in the second quarter negatively impacted the financial performance of the Group.

To fend off the consequences of the pandemic, we immediately took action to protect our employees' health and safety, introduced a major temporary furlough program, withdrew the dividend proposal, secured our supplier base and launched tools to serve our customers as much as possible through digital solutions. Long-term projects had to be re-prioritized, with sales, deliveries and cash flow becoming our main focus. Where possible and in a safe manner: sell, sell, sell and deliver, deliver, deliver - to safeguard cashflow was the internal mantra.

I am incredibly proud over all employees and how the critical situations were managed. Whether our people were going to work in a factory, interacting with customers, working in an office or from home or being furloughed. Everybody contributed. All in all we made it through the initial severe situation by working as a team.

Stronger conditions for realizing long-term growth

Despite the severe and ever-changing business conditions we also managed to keep our eyes on the horizon. We worked on our long-term strategy that outlines how we will drive growth, structural efficiency and people engagement with sustainability and design at the centre. We call it "Tomorrow Together" and it is an ambitious, and in some ways transformational agenda to drive. One of the highlights was that we took the decision to build the most modern and highly automated kitchen factory in the Nordics, to be in operation 2024. It will support and enable many growth opportunities, drive structural efficiencies as well as massive complexity reduction. On the back of this large investment we reached an agreement with the trade union organizations to secure a good future for our employees in Tidaholm. We also secured a long term-debt financing of SEK 5 billion.

To be better at executing on the many initiatives in our strategy we decided on and implemented a new organizational structure by September. We built the organization on three commercial regions supported by a product supply unit. We delegated many Group functions and consolidated many local functions to the Regions. This to enable better accountability for the overall business and better and faster short- and long-term decision making. We can build stronger propositions to the customers, while we continue to drive important synergies and complexity reduction.

Sustainability has never been more important. The pandemic has made stakeholders even more aware and investors and customers are requiring more from us. We are well positioned for this and have the ambitions to excel in this area. Nobia is a signatory of the UN Global Compact and supports the ten principles on human rights, labour, environment, and anti-corruption. We are working actively to integrate these principles throughout our operations. After having achieved all the objectives in our previous sustainability strategy, concluded 2020, we adopted a new sustainability strategy with objectives for 2021 to 2026. It links our core operations to our commitment within the Global Compact and our ambitions to contribute to the UN Sustainable Development Goals. I am pleased and proud that we were the first kitchen specialist to have our new science-based climate targets approved by the

Science-Based Targets initiative, in which we intend to help reduce our emissions in line with the Paris Agreement.

In the UK, we continued to invest in even stronger propositions for trade customers. Most of our UK stores have now been adapted in accordance with the tradesperson's needs. For us these are a priority target customer since it is relatively stable and repetitive business, and we see opportunities to capture additional market shares in this segment. In order to improve structural efficiency and further improve customer interactions we integrated the Rixonway project business with Magnet's.

One important learning during the pandemic was that there is a high level of digital maturity among many customers. Even for a relatively complex process such as a kitchen purchase, where up to 300 decisions need to be made. Our accelerated efforts in digital kitchen design meetings exceeded expectations, and we will continue to develop this further going forward.

High margins in Nordic and Central Europe

Nobia's organic net sales decreased 7 percent (0) to SEK 12.7 billion, primarily as a result of the 19 percent drop in the UK for the full year. Nordic and Central Europe grew, by 3 percent and 2 percent respectively. Denmark deserves to be mentioned specifically with strong growth and increased market shares. In Central Europe, Bribus in the Netherlands showed continued positive performance, and in Austria the market staged a strong recovery in the second half of the year built on pent up demand from the lock down. Across all markets, consumer sales benefited from a growing demand in home renovations during the pandemic.

Operating profit excluding items affecting comparability decreased to SEK 581m (1,132), the Nordics was on a par with previous year, with continued high margins and Central Europe's performance was very strong. However, despite cost-reduction measures and furlough support, it was not possible to fully offset the lock down effect of lower volumes in the UK.

Strong cash flow and balance sheet

Operating cash flow for the year improved to SEK 1,808m (1,179) despite lower earnings. This is primarily due to improved working capital and investments that were temporarily lower. The already low debt/equity ratio decreased further to 5 percent. (31). In the light of the strong financial position, the Board of Directors proposes a dividend of SEK 2 per share for 2020.

Continued uncertainty in 2021

We enter 2021 in a stronger position than I would have anticipated back in April. With that said I still see some continued uncertainty when it comes to restrictions that may impact the market and business in 2021. But again, the underlying demand for our products is strong and the consumer interest for home renovations will remain. We will need to continue to balance our resources for the short-term situations and our long-term ambitions.

I am confident and excited about our plan and the activities we have outlined in the Tomorrow Together strategy. There is continued underlying demand for our great products and we have the organization and people to carry out the tasks.

I would like to express my sincere gratitude to all our employees, customers, suppliers, shareholders and other stakeholders. 2020 has been an enormously challenging year, but we have a very exciting future ahead of us!

Jon Sintorn
President and CEO

How Nobia creates value

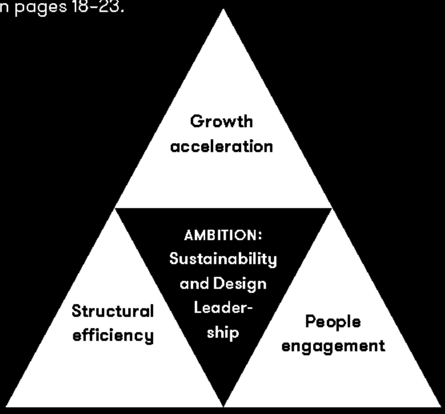
Nobia's operations cover the entire value chain, from the development and manufacturing of kitchen products to sales and distribution of complete kitchen solutions to end customers. We create value for our customers and other stakeholders, and strive to develop sustainable operations.

Our operations

Focus on kitchens
Nobia's business model is manufacturing and selling primarily kitchens to consumers and companies under its own kitchen brands and under private labels. Operations cover the entire value chain from product development and sourcing to sales and distribution, as well as installation services in certain markets.

We sell primarily complete kitchen solutions: everything a kitchen needs - cabinets, drawers, fronts, panels, bases, cabinet fixtures, worktops, sinks, mixer taps, appliances, kitchen fans, handles etc. The furnishings are primarily manufactured from wood products in our own facilities. Sales take place via own stores, franchise stores and retailers. In addition, we have direct sales to large professional customers such as residential and property developers.

Nobia creates value by delivering complete, attractive and sustainable kitchen solutions, with excellent function and design, based on our customers' individual needs. Read more about our strategy on pages 18–23.



Value created, 2020

Per stakeholder group

Customers

- Delivery of nearly a half million new kitchens to consumers, builders and property developers
- New kitchen concepts and products that make consumers' daily lives easier
- More than 17 million visits (up 43%) to our websites, where over 120,000 consultations (up 125%) were booked

Community and suppliers

- SEK 100m in income tax
- Approximately 6,000 jobs, primarily in smaller towns
- Innovative solutions for a more sustainable life in the kitchen
- 100% renewable electricity in production and own stores
- Recycling rate of 63% of the Group's wood waste
- Approximately 300 suppliers in the supplier audit programme

Employees

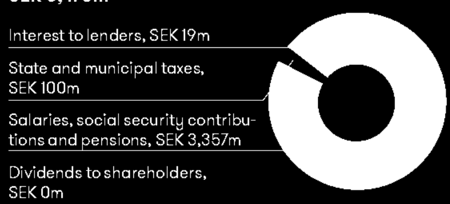
- Focus on organisational health
- Performance reviews
- Group-wide leadership programmes

Owners and lenders

- Dividend SEK 0m[1]
- Interest expense SEK 19m

1) No dividend was paid for fiscal year 2019 due to the uncertainty relating to the effects of the spread of the coronavirus at the beginning of 2020.

Total distributed value SEK 3,476m



Long-term effects on people, society and the planet

The value of our sustainability strategy
Implementing Nobia's new sustainability strategy means our operations promote:

- Our customers living more sustainably in the kitchen, through our innovative kitchen solutions
- Limiting our CO_2 emissions related to our operations in line with the Paris Agreement, through our science-based climate target
- Sustainable forestry being retained, through our increased use of certified wood
- Smaller amounts of original raw materials being used, through increased circularity of products and materials

Read more about our sustainability strategy on pages 24–36.

Business environment

Kitchens are a lifestyle product affected by prevailing consumer trends. As a leading kitchen specialist, we interact with our customers through various distribution channels. The kitchen market can be divided according to whether the kitchens are sold to consumers or to professional customers, where the offer is adapted in accordance with the respective segments.

The European kitchen market

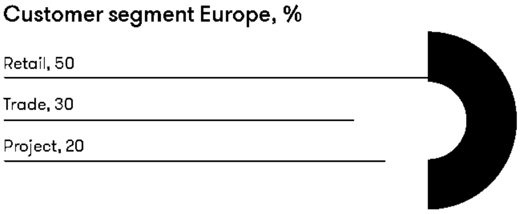
The kitchen market in Europe is highly fragmented, though a gradual consolidation is under way. Competition is intense both in the market where kitchens are sold direct to consumers and in the market where kitchens are sold to professional customers.

The value of the European kitchen market is estimated at approximately EUR 13 billion, of which the professional market and consumer market each account for EUR 6.5 billion. The four largest markets in Europe are Germany, the UK, Italy and France.

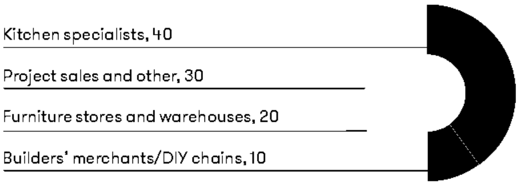
Kitchen companies often act locally within a certain country or region, but there are some who, like Nobia, have gathered several brands into the same group. Total kitchen consumption in Nobia's main markets - the UK, Sweden, Norway, Denmark, Finland, the Netherlands and Austria - is estimated to be about EUR 5 billion.

The ongoing global corona pandemic increased consumer demand for home renovations - and thus also kitchens - over the short term. The project market in the UK however, decreased. Over the long term, it is uncertain what effects the pandemic will have.

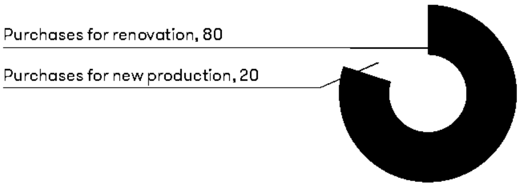
Customer segment Europe, %



Sales channels Europe, %



The European kitchen market, %



All market data is approximations.

The retail (consumer) market

For private households, a new kitchen is a major and complex investment that includes the important factors of function, layout, design, style and materials. As a room, the kitchen is becoming increasingly important in our homes and consequently kitchen fittings cost more. Today, ready-to-assemble kitchen products are a significant portion of the market. The general economic climate, interest rate levels and consumers' faith in the future on questions of private economy affect demand, as does any tax relief for renovation since installation expenses constitute part of the kitchen's total cost.

Nobia's brands have strong positions in both the Nordic region and the UK. Kitchens are sold through various channels for example specialised kitchen stores, furniture stores and builders' merchants, and to some extent directly via the Internet. Several brands also provide a range of products of good value for those who want to assemble and install a kitchen themselves. Nobia sells through own stores, franchise stores and a large number of retailers who often specialise in kitchens or who are active as builders' merchants.

- An infrequently purchased product associated with a high level of involvement
- An investment made on average once every 15 to 20 years
- A great deal of energy invested in finding inspiration and collecting information
- Customers want professional, customised help in planning and design
- Kitchen specialists, builders' merchants/DIY chains and furniture stores are the most common sales channels. Online sales represent a small share.

The professional market

Simply put, the professional market comprises two main segments: large project customers and local trade customers. Contracts for kitchen deliveries are signed on a project-by-project basis, but it is common for business relationships to be long-term, especially among the major construction companies in the Nordic region. In large countries such as the UK, kitchen suppliers focus to a great extent on a specific segment. All together, professional customers have similar product requirements as consumers, but different service needs.

Nobia operates in all professional segments through various channels. Nobia's position is strongest in the Nordic region.

Project customers

House builders and construction companies

These players want to offer their customers kitchens with excellent designs and numerous selection possibilities. Attractive kitchens are regarded as a part of marketing new properties.

New housing construction is sensitive to economic fluctuations. Demand is affected by macroeconomic events and urbanisation as well as consumers' expectations for the future as regards salary trends, housing prices, interest rates and opportunities for borrowing money.

In the UK and the Nordic countries, kitchens are considered building accessories and included in the sale of an apartment or a house. This is less common, however, in countries such as Austria or Germany, which means significantly smaller project markets in these countries.

Social housing

Sales of kitchens to tenancy apartments or the public housing sector, who in the form of municipal housing authorities and tenant associations provide housing, are investments that often depend on state subsidies and political decisions. Most kitchens are sold for renovation, normally as part of a planned maintenance programme.
Competitive prices and product durability are important aspects, as are simplicity in ordering and installation, reliability of deliveries and short delivery times.

Kitchens for the rental market and social housing are an essential part of Nobia's operations, primarily in the UK and the Netherlands, which have a relatively large stock of rental apartments.

Tradesmen and small local construction companies

This portion of the professional market comprises small companies with a small number of employees who usually purchase and install one kitchen at a time for the end consumer. A number of these players focus only on kitchen installation, but the majority also perform extensive renovation work for private households.

These smaller construction companies are important customers for Nobia, above all for Magnet in the UK. Our brands in the Nordic market and Bribus also sell to smaller construction companies and builders, through both franchise stores and builder merchants.

- Similar product requirements as consumers, but different service needs.
- Competitive advantages for major projects are dedicated project management, successful deliveries of large orders on time, and products that are easy to install.
- Kitchen stores that allow consumers to experience the kitchens are a competitive advantage.
- Increased demand for sustainability certifications and product labels

Trends that impact our kitchens

The kitchen industry is greatly affected by consumer and lifestyle trends. To anticipate and meet our customers' needs and create aesthetically and functionally attractive kitchens, we monitor these trends and changes carefully. In 2020, we noted several shifts that affect life in the kitchen. The clearest of these is naturally the pandemic, which has a major impact on how we spend time in our homes and on the role of the kitchen in the home and our lives.

The pandemic has impacted our relationship with the kitchen in several ways. Many of us are working from the kitchen table, and some of us are exercising on the kitchen floor instead of at the gym. Several studies show that many of us are also cooking and baking more than before.

Anton Öberg, Insight manager

The home plays a stronger role

The combination of the pandemic with an ever-increasing supply of home deliveries and streaming entertainment mean that we are spending more time at home. The feeling of comfort and well-being is thus more important than ever. The more we socialise at home instead of - for example - meeting at restaurants and cafés, the more important comfort becomes.
The revival of the home as the center of our existence drives a demand for natural materials, colours and shapes that provide a feeling of comfort and well-being, along with furniture and kitchen solutions that promote the social aspects of life.

The pandemic is creating needs for separate spaces

In a time when more and more people are working from home, the physical boundaries between spaces for work and social activities are often fluid. Since working from home, at least part-time, presumably will become the "new normal", dividing spaces for various activities will become important. This is especially true in homes with open floor plans. For example, dividing spaces into activity zones using room dividers such as tall cabinets, or by building a smaller workplace into the kitchen. The goal is to keep the advantages of the open floor plan while creating conditions for both quiet individual and social activities.

Increased focus on well-being

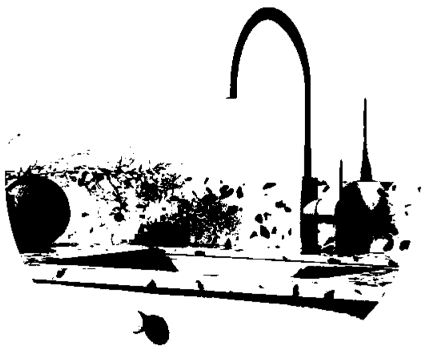
Awareness of how our homes impact our physical and as well as emotional well-being has increased over the past year. The risk of infection, and in particular the fact that we are spending more time at home, have increased the focus on clean indoor air quality. Open floor plans and homes that are increasingly filled with technology, have also increased the awareness of undesirable unwanted noise. These aspects are becoming more important in the design of housing and home décor in a time when health and wellness are high on the agenda.

Climate and environmental issues are becoming more important

Over the past year, media reports on climate and sustainability topics have gradually been pushed aside by news of the pandemic. This does not mean, however, that public interest in the environment and the climate has decreased; quite the contrary. Studies show that most people have become more worried, not less, about climate change. We expect that issues such as climate risk management, scientific climate targets and circularity will become of greater significance for both the general public and our customers during the coming years.

Hygienic design increasingly important

In uncertain times, the demand for products that reduce worry and offer protection tends to increase. Over the past year, hygiene and sanitation have become an important part of our daily lives. Once the pandemic is over, this will in all likelihood continue to be important, for example in the form of worktops that are easy to clean, materials with antibacterial properties and touch-free technology for appliances and taps.



Strategy

In addition to the Group's financial targets, Nobia's overall goals are to be the customers' first choice everywhere we operate and to be a responsible company that is attractive to employees and investors. The coronavirus pandemic impacted operations during the year. Certain long-term strategic initiatives were somewhat delayed, to instead prioritise health and safety and the short-term financial development.

KITCHEN: MARBODAL ARKITEKT PLUS

A double purpose

Regardless of whether the kitchens are sold to consumers or to professional players, it is a matter of thoroughly understanding and meeting our customers' needs. Understanding how kitchens and individual lifestyles impact communities and our planet is equally as important.

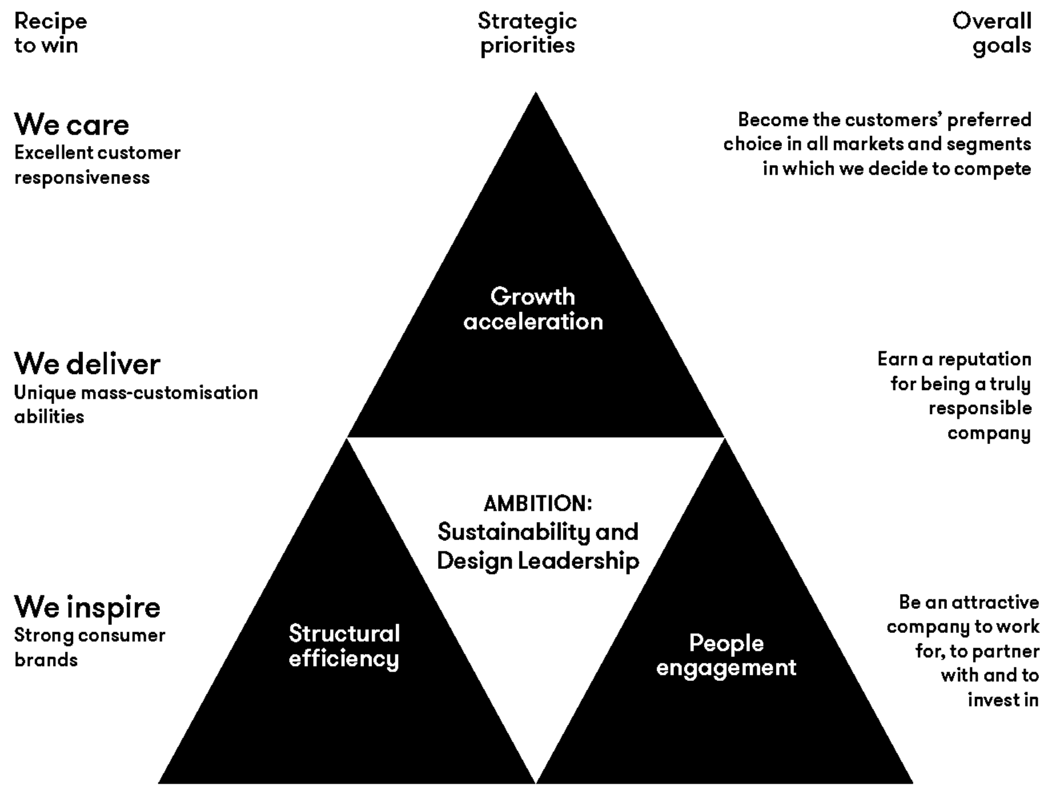
To create long-term sustainable value, our knowledge must be converted into kitchen solutions that inspire, while the kitchens must be both economically and environmentally sustainable. We intend to be an industry leader in both design and sustainability, and we are convinced that inspiring kitchen design and assuming responsibility in the value chain are what is required to become a leader: the one is a prerequisite of the other, and vice versa.

Being a leader in sustainability means:

- setting an example in finding a balance among various interests and creating kitchen solutions that promote sustainable living in the kitchen.
- inspiring, guiding and making it easier for people to cook, eat and live more sustainably in their kitchens.
- reducing emissions of greenhouse gases across our value chain so that our company's impact is in line with the Paris Agreement.
- increasing our circular materials flow so that resources, materials and products are used for as long as possible.
- working to ensure that safety is the highest priority throughout our operations, so that no workplace accidents occur.

Being a leader in design means:

- continually anticipating our customers' expectations and developing well-designed, functional and emotionally appealing kitchen solutions that distinguish us from our competitors.
- keeping fast-paced development in upgrading the product range
- carrying out 1 - 2 major launches a year, based on fundamental universal concepts that are adapted to the respective countries and brands



Sustainably, and successfully, leverage the Group's advantages of large-scale production to strengthen our local competitiveness.

Growth acceleration

Sales to trade customers is a priority area. Local builders normally install 3 to 5 kitchens a year and often have a major impact on consumers' choice of kitchens. In the UK, we have already adapted 160 of the around 200 Magnet stores to better meet the needs of tradesmen, with a focus on making it easy to be a customer. Our experience has been promising and the concept will be further developed.

Strengthening our position in consumer sales is an additional priority area in which we see opportunities to improve the customer experience regardless of sales channel. New digital tools and new store concept are examples of how we inspire our customers and make it easier for them to realise their kitchen dreams. Product design is yet another important area for continual development of the best products with the most appealing design.

Digital procedural tools that optimise the inclusion of kitchen blueprint documentation in construction plans and improve customers' possibilities for visually creating their kitchens are another example of how we improve the customer experience from digital ordering to physical delivery, which can increase the rate of growth, especially in the project customer segment.

Our strong market position in the Nordic region is a strength that could enable us to grow in neighbouring countries. Moreover, our production plant in Denmark is geographically well placed for selective geographical expansion into new markets - northern Germany and the Benelux, for example.

Implemented

- Completed 160 stores for the new, sharper concept for trade customers in the UK that was initiated in 2019. The improved offering has fared well, with many new contracts. One important priority going forward is continuing together to hone our offering, thereby creating the conditions for long-term partnerships. One example is the products we developed so that installation is simpler for builders.
- Launched a digital tool for the sales process for Magnet's consumer customers, with the goal over the long term of digitising all the steps of the customer journey.
- Continued to develop and invest in stores and franchise networks.
- Marbodal has launched the "Jordnära färger" colour series and invested in additional capacity for painted products since we have seen that demand in this area is strong.

Structural efficiency

Structural efficiency is a prerequisite for being able to utilise the growth opportunities we see in the market while doing so with healthy profitability. The preparations to realise the investment in a highly automated Nordic production plant, to be located in Sweden, is a clear example of how we are improving our production structure and thereby strengthening our manufacturing capacity and our unique ability to mass-produce customised kitchens at a competitive price. Continuing to hone our production structure through increased specialisation and over the long term centralising our component manufacturing are measures that enable lower fixed costs and facilitate concentrated investments.

To achieve structural efficiency throughout the Group, we are reviewing our entire value chain and evaluating, for example, how we best can meet our customers physically; we intend to increase the share of franchises over the next few years as well as expanding digitally. Transport efficiency is another important link in the chain as regards lowering both costs and climate impact. Realising economies of scale in sourcing and production by introducing common standard dimensions for our core range allows us to stand at the leading edge as regards developing new products and concepts that make us stand out in relation to the end customers.

The work on harmonising our processes within the Group has also been given priority. This is a prerequisite for modernising, and thus enhancing the efficiency of, our IT architecture.

Implemented

- The preparations for a highly automated Nordic production facility in Jönköping, Sweden are proceeding at full speed. The facility is expected to be fully operational by 2024; two of last year's milestones were to secure financing and to come to an agreement with the trade union organisations on a transitional programme for the employees concerned.
- Laid the foundation for the strategic transformation initiatives in order to harmonise business and supply-chain procedures, so that we increase efficiency by managing processes uniformly regardless of country and brand.
- Developed the Nordic product platform with a uniform white colour to facilitate synergies and decisions on a standardized cabinet range, for gradual introduction from 2021.
- Introduced more options for remote design appointments and sales via digital channels.

People engagement

Nobia's continued success is driven by the performance and commitment of our over 5,900 employees. We continue to invest in strengthening Nobia and the Group's brands as an attractive employer and partner. Creating a solution-oriented culture characterised by diversity, where every individual feels that they are involved, is crucial for our ability to recruit and retain employees. Clear roles, responsibilities and targets that are broken down at a relevant level for all employees are prerequisites for achieving the results we strive for. As is ensuring that our managers have the right abilities and conditions to lead Nobia to the next stage.

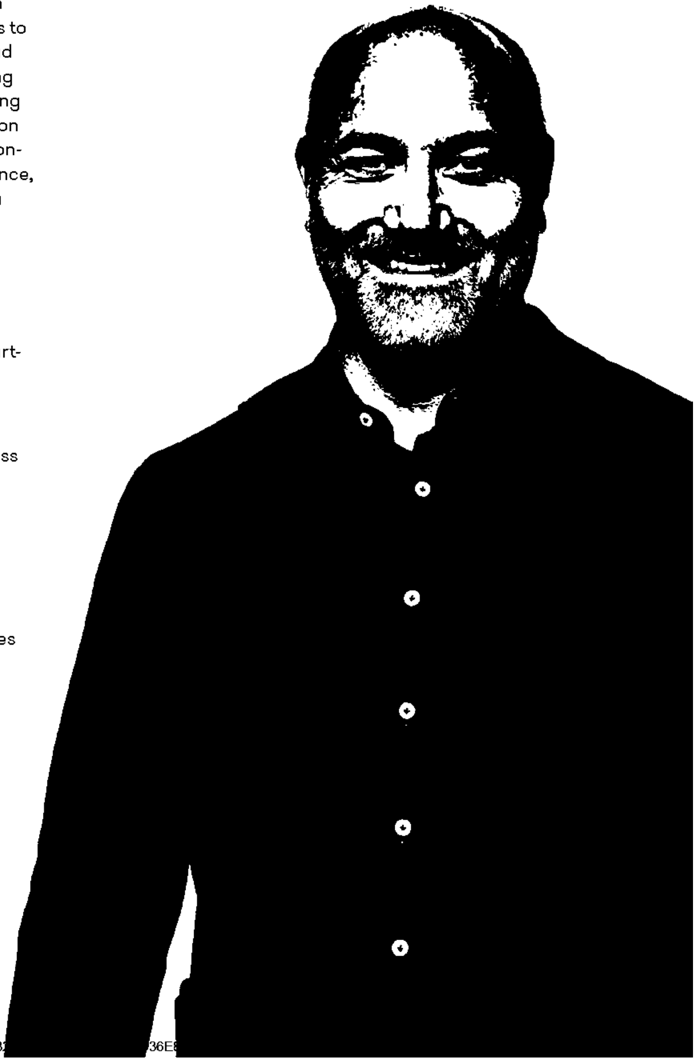
We want to create a work environment that is supportive, in which both managers and employees are encouraged to provide constructive feedback to push Nobia's development forward. Broad initiatives linked to leadership, skills development and health to ensure a continued high level of employee commitment are crucial. The purpose is to create an organisation that every employee can be proud of, enabling them all to work towards the same goal: being an industry leader in design and sustainability. Continuing to invest in skills development and efficient communication channels are critical pieces of the puzzle in everyone's continual learning and development. High levels of competence, clarity and commitment are required so that we can be a successful, sustainable company.

Implemented

- 2020 was a challenging year as a consequence of the pandemic, and our primary focus was on ensuring the safety and health of our employees, customers and partners. We also quickly launched Microsoft Teams and a Group-wide training package in order to manage and work efficiently in a virtual environment.
- Initiatives in learning in areas related to Nobia's business and strategy on themes such as sustainability, design, strategy and sourcing.
- Communication has intensified, including through the launch of a new intranet that provides employees with faster and better access to information and facilitates communications with colleagues.
- Involved all employees in the company's purpose, values and strategy in order to build a strong culture.

As one of Europe's leading kitchen specialists, we have excellent conditions for creating profitable growth while having the possibility of and responsibility for ensuring a holistic perspective so that the environmental and climate impact from kitchens is minimised throughout the value chain.

Jon Sintorn, President and CEO



Targets and target fulfilment

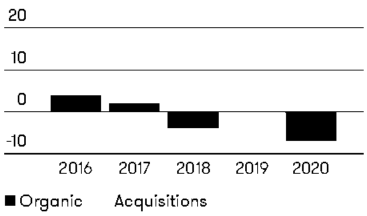
Financial targets

Adjusted financial targets as of March 2021, see page 43.

>5%
Growth
Net sales are to grow organically and through acquisitions by an average of over 5% per year.

Target fulfilment
Net sales decreased 9%. Organic sales fell 7%, and currency effects were -2%. By region, organic growth was 3% in Nordic and 2% in Central Europe. The UK, where operations were heavily impacted by the coronavirus pandemic, decreased by 19%.

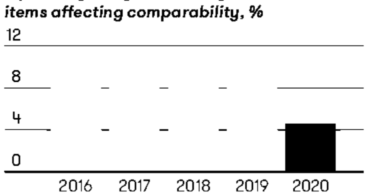
Sales growth, %



>10%
Operating margin
The operating margin is to amount to more than 10% over a business cycle.

Target fulfilment
The operating margin excluding items affecting comparability totalled 4.6% (8.1). The operating margin for the Nordic region increased somewhat, while the operating margin for the UK was negative as a result of the major drop in sales. The Central Europe region improved its operating margin, due in part to higher sales and an advantageous product mix.

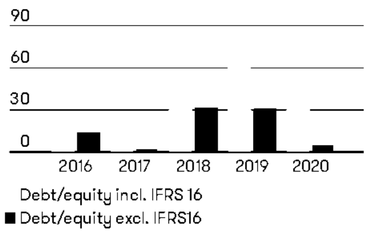
Operating margin excluding items affecting comparability, %



<100%
Debt/equity ratio
The debt/equity ratio is to be less than 100%. A temporary elevation of the debt/equity ratio is acceptable in conjunction with acquisitions.

Target fulfilment
Nobia has a strong financial position and the debt/equity ratio is within the target. The debt/equity ratio decreased to 59% (89). Excluding lease liabilities under IFRS 16, the debt/equity ratio was 5% (31). Net debt excluding IFRS 16 lease liabilities and pensions decreased to SEK -352m (871).

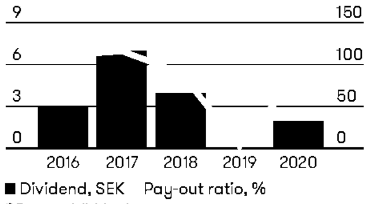
Debt/equity ratio, %



40–60%
Dividend
Dividends to shareholders are, on average, to comprise 40–60% of net profit after tax.

Target fulfilment
The Board's proposal for the 2020 dividend is SEK 2 per share. Due to the uncertainty relating to the effects of the coronavirus pandemic at the beginning of 2020, the Board of Directors decided to withdraw its dividend of SEK 4 per share for 2019.

Dividends to shareholders, SEK **%**



1) Proposed dividend

Sustainability targets through 2020[1]

Sustainability targets 2021–2026, refer to pages 28–36.

100%

Timber from sustainable sources

By 2020, 100% of our wood purchased will come from sustainable sources such as forests certified under acknowledged forest standards, recycled timber or timber from our suppliers who have been audited and approved for sustainability.

Target fulfilment

97% of Nobia's total timber and wood materials originate from a certified source, and the remaining 3% comes from our audited and approved suppliers. Moreover, at least 80% of all timber and wood materials purchased in the UK region was from FSC® (Forest Stewardship Council®) FSC®-C100100 or PEFC™,[2] certified sources, with full traceability all the way to the customer.

UN Global Compact principles:
2, 7, 8, 9

UN Sustainable Development Goals

100%

Renewable electricity

By 2020, all our production facilities in all markets will be run with 100% renewable electricity.

Target fulfilment

The target of 100% renewable electricity in all production facilities has already been achieved. Moreover, all own stores have had 100% renewable electricity since 2019.

UN Global Compact principles
7, 8, 9

UN Sustainable Development Goals

Product sustainability scorecard

By 2020, we will have implemented a sustainability scorecard to evaluate the sustainability performance of our new kitchen products as regards choice of materials, design, and functionality.

Target fulfilment

The product sustainability scorecard was successfully implemented in 2019–2020. The scorecard is now back in use after a brief hiatus due to the corona pandemic.

UN Global Compact principles
1, 7, 8, 9

UN Sustainable Development Goals

Supplier evaluation programme

By 2020, we will have guaranteed a programme for supplier evaluation, risk analysis and audit, and a channel for reporting violations of our Code of Conduct for suppliers.

Target fulfilment

The programme has been implemented, and at the end of the year, 92% of the suppliers were approved and 8% were awaiting a new or updated audit. Due to the corona pandemic, we conducted no physical audits during the year.

UN Global Compact principles
1, 2, 4, 5, 7, 8, 10

UN Sustainable Development Goals

1) The sustainable development goals are a part of Nobia's 2017–2020 sustainability strategy. 2) Programme for the Endorsement of Forest Certification™

UN Global Compact Principles

The UN's Global Compact initiative is based on commitments by businesses to work on sustainability topics by introducing the ten principles of the Global Compact: human rights (principles 1, 2), labour (principles 3, 4, 5, 6), environment (principles 7, 8, 9) and anti-corruption (principle 10). Read more at www.unglobalcompact.org

The Sustainable Development Goals

The 17 Sustainable Development Goals aim at eliminating extreme poverty, reducing inequality and injustice in the world, promoting peace and justice and solving the climate crisis by 2030. Read more at: www.un.org

Sustainability

The global challenges facing the world require responsible leadership and systematic work. We want to be a positive force in society by enabling a more sustainable life in the kitchen. Our focus moving forward is to contribute, scientifically, to reducing the climate impact of our value chain, contribute to more circular flows of material and inspire more sustainable lives.

The year in figures

11% ↓
CO_2e of sales

0.85
ton CO_2e per SEK m of sales

97%
timber from certified sources

49%
sales of Nordic Swan eco-labelled products in Sweden and Norway

140
leaders in intensive training focusing on strategy and development

63%
of wood waste becomes new products

12% ↓
kg VOC/100 lacquered details

263
suppliers approved after risk assessment and follow-up

88%
renewable electricity and heating

19th
of slightly more than 500 companies in OpenCorporation's listing of more transparent, inclusive and accessible companies.

Top five "Sustainable companies" in annual ranking of sustainability efforts by OMX listed companies

Our CEO Jon Sintorn gave Nobia's support to Global Compact's Renewed Global Cooperation.

Sustainability is a business-critical area for us and we regard it a wise business decision to base our climate activities on a scientific platform. That is why it feels entirely right to have established a climate target that has also been approved by the Science-Based Targets initiative.

Amanda Jackson, Head of Sustainability

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Sustainability throughout the value chain

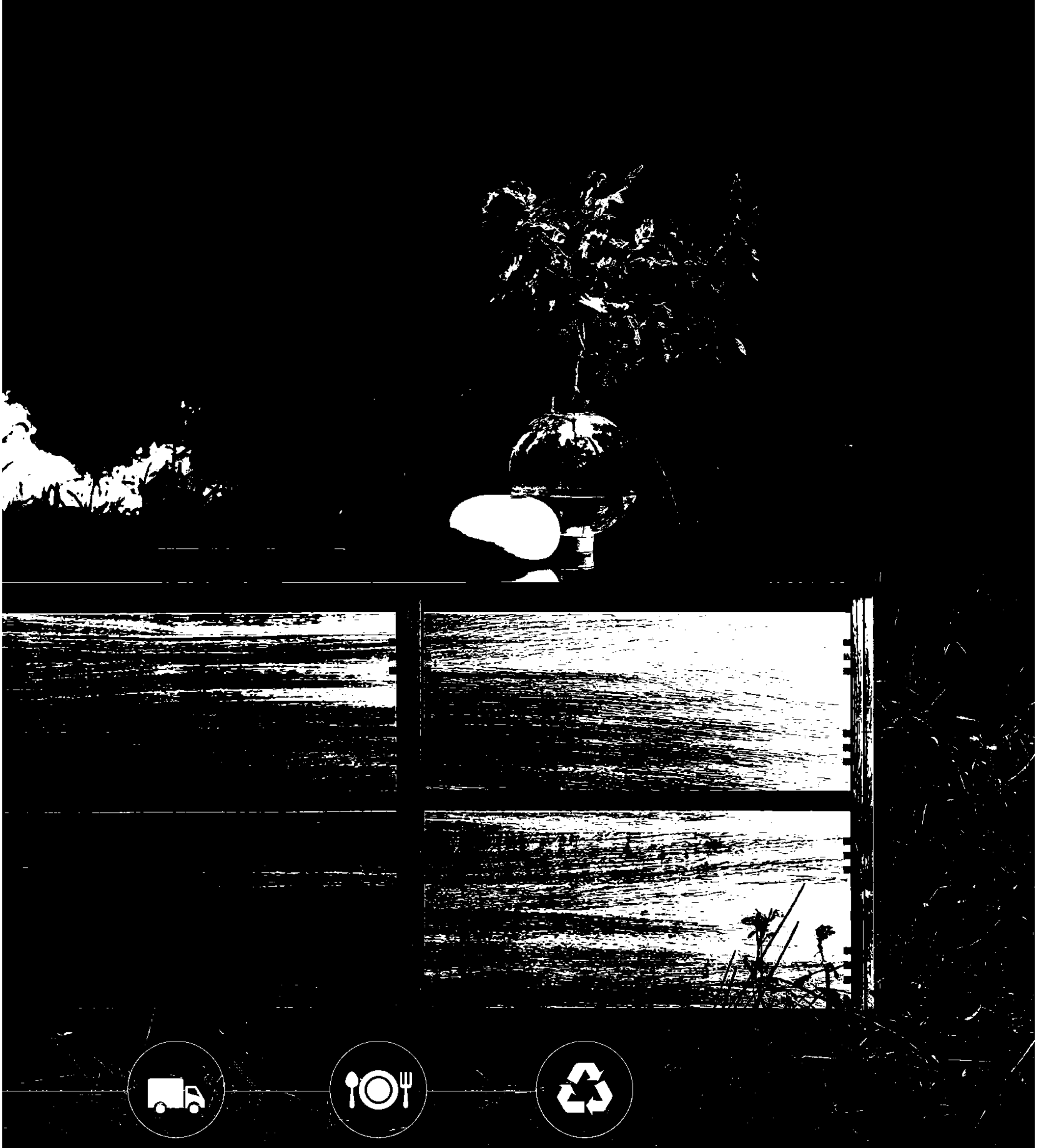
We work to contribute to a sustainable value chain with more circular material flows and lower climate impact. Illustrated below are the primary links in our value chain and how we work to contribute to a more sustainable development at every stage.

PRODUCT DEVELOPMENT
We offer kitchens that last for years. This long-term perspective requires developing products that meet both the needs of today and tomorrow. Sustainability is therefore a focus area already in the design phase.

SOURCING
Through our responsible sourcing programme, we place demands, monitor and audit the work of our suppliers on social, environmental and ethical issues for the purpose of minimizing risk and promoting a more sustainable supply chain.

MANUFACTURING
In manufacturing, we work systematically with health, safety, resource efficiency, the environment and the climate. The majority of our production facilities are also ISO certified.

SALES
We have extensive experience in designing and drawing kitchens. We help the customer the entire way from inspiration to installation in order to promote a sustainable kitchen solution for both current and future needs.



TRANSPORTATION

Transportation to customers takes place through distributors, or alternately with our own vehicle fleet depending on the market. Through analysis of our flows, we work to optimise our transport solutions and reduce our climate impact.

USE

With our kitchen solutions, we can enable our customers to live more sustainably, for example, through a more sustainable choice of materials and by facilitating energy savings, recycling and reducing food waste.

WASTE AND RECYCLING

We work to reduce our waste and increase our circular flow of materials. We also strive to encourage our customers to renovate, reuse and recycle their old kitchens.

New sustainability strategy

Sustainability is a central part of our business strategy and now we are launching our new sustainability strategy with the aim of creating positive change that extends well beyond our own operations. With conscious choices, the kitchen can be as modern today as it is sustainable for the next generation. Through our long experience and high ambitions, we want to assume leadership in key future issues.

Innovations for a sustainable lifestyle

The kitchen is a place where we spend a great deal of time, and where there is immense potential for thinking sustainably. As a leading kitchen supplier, we want to inspire and enable.

➔ **Overall goal:** To design kitchen products that contribute to a more sustainable life in the kitchen and to adapt our offering of appliances to reduce customers' climate impact. *Read more on page 30.*

Read more about the UN Sustainable Development Goals on page 119. ➔

Circular materials and flows

Wood is the main component of our products. Metal and plastic materials are other key materials categories. We want to offer kitchen products and solutions that will function in the more circular economy of the future.

➔ **Overall goal:** To increase the proportion of sustainable products and material to thereby enable cleaner and more circular flows of materials. *Read more on page 31.*

Read more about the UN Sustainable Development Goals on page 119. ➔

Reduced climate impact

Manufacturing, transportation and extraction of raw materials contribute to climate impact and we want to strive to limit greenhouse gas emissions in our value chain.

➔ **Overall goal:** We have set a scientific climate target to reduce emissions from our own operations and in our value chain. In doing so, we want to contribute to keeping global warming well below 1.5°C, in line with the Paris Agreement. *Read more on pages 32-33.*

13 BEKÄMPA KLIMATFÖRÄNDRINGARNA

Read more about the UN Sustainable Development Goals on page 119. ➔

Promoting a sustainable culture

In order to strengthen sustainability topics throughout the value chain, tools and support are required for integration, as well as continuous skills development.

➔ **Overall goal:** To strengthen skills in sustainability in our own operations and to work in our supplier chain, to strengthen our shared sustainability agenda. *Read more on pages 34-36*

8 ANSTÄNDIGA ARBETSVILLKOR OCH EKONOMISK TILLVÄXT 12 HÅLLBAR KONSUMTION OCH PRODUKTION 17 GENOMFÖRANDE OCH PARTNERSKAP

Read more about the UN Sustainable Development Goals on page 119. ➔

Innovations for a sustainable lifestyle

Our kitchens last for years. This sets high demands for us to develop products that meet both needs of today and tomorrow. Sustainability is thus a central theme in our designs and product development.

Living sustainably should be easy. We want to inspire millions of people to live more sustainably in the kitchen. We want to do so by offering products, expertise and solutions that help economise on the earth's resources for cooking, food storage, washing up and recycling. As a support for our activities, we have developed and implemented a sustainability scorecard for products. In our product development process, the sustainability performance of new kitchen products is assessed on the basis of material, design and function. Our objective now is for all our new kitchen products to enable the customer to live more sustainably and thus have average or the highest points on our scorecard by 2025.

More eco-labelled products. Nobia has extensive experience in working with eco-labelled products. Our Nordic Swan eco-labelled range remains in strong demand, particularly in the Nordic countries. In Sweden and Norway, 49% (47) of the sales value in 2020 came from Nordic Swan eco-labelled products. At the same time, we are continuing to develop our range and our target is for 90% of our new launches of doors and laminated worktops in the Nordic market to be eco-labelled by 2026.

Energy-efficient appliances. Refrigerators and freezers are on 24 hours a day, 365 days a year, which makes them one of the product groups in the home that consumes the most energy. Our goal is to offer the most energy efficient appliances, thereby reducing our customer's energy consumption and related climate impact, read more about our climate work on page 32.

Lifecycle perspective for better analysis. We see major value in measuring and analysing our products' environmental impact throughout their lifecycle. To this end, we entered a joint industry project during the year, aimed at raising knowledge about the environmental impact of prodcts and creating an industry-wide tool for producing Environmental Product Declarations (EPD). At Nobia, we will begin to develop EPDs for our own kitchen products, starting with the Nobia brand Marbodal.

Product safety. Safety and ergonomics are key in all our product development. Before a new product enters the production phase, tests are carried out both in-house and by accredited testing institutions in line with EU standards. In the UK, all our cabinets and doors are tested under the Furniture Industry Research Association (FIRA) furniture requirements.

Results 2020. The goal of our strategy for the 2017-2020 period, to develop and implement a sustainability scorecard for products, has now been met.

Comments: The product sustainability scorecard was successfully implemented in 2019-2020. The scorecard is now back in use after a brief hiatus due to the coronavirus pandemic.

Goal

- We will adjust our product portfolio of appliances to help reduce the customer's energy consumption and related climate impact in the kitchen by 2024 (base year 2019).
- 100% of our new kitchen products are to be designed to facilitate a more sustainable life in the kitchen by 2025.
- A minimum of 90% of our new doors and laminated worktops in the Nordic region are to be eco-labelled by 2026.

49%

of sales of Nordic Swan eco-labelled products in Sweden and Norway

2

Circular materials and flows

We continually review how we can optimise the use of materials and other resources. For us, it is important to contribute to sustainable forestry and seek collaboration through the value chain to promote circular flows of materials.

Long-lasting kitchens. We want our kitchens to be long-lasting. Accordingly, we only manufacture kitchens of high quality and with long guarantee periods. At the same time, our experience is that tastes change and for this reason, we want to enable our customers to upgrade and renew their kitchens without needing to replace their entire kitchen. In addition, we endeavour to ensure that the products we manufacture in our plants can be re-used and recycled into new products and materials.

Wood from sustainable forestry. Wood is the main material in our products. The majority of our suppliers of raw wood materials are located in Europe. To ensure legal compliance, we gather information on traceability for the wood we purchase. We achieved our strategic goals for 2020 for all of our purchased wood to come from sustainable sources and now we are going a step further to increase the share of wood from certified sources.

Recycled materials. Most of our incoming wood consists of board material, with an average of approximately 30% recycled wood in the form of by-products and recycled material. This way, waste wood from sawmills and forestry as well as from worn-out furniture and wood products is upgraded into new material. We constantly try to find new ways of increasing the proportion of recycled material in our wood products, but also to increase the amount of recycled materials in other input products, such as metal and plastic.

Our waste gains new life. We work to reduce the waste from our own production, a key factor in contributing to a more circular economy. We strive to ensure that our waste can be re-used as a new resource. During the year, 63% (64) of our waste wood went to new products. The slight decline on the preceding year was due to temporary restrictions on the operations in the UK, where the proportion of recycled wood waste is highest.

Broader offering of Nordic Swan eco-labelled products. Darker colours require a different form of surface treatment, which was previously impossible within the framework of the Nordic Swan's criteria. Accordingly, during the year, we invested in new surface treatment equipment at our plant in Tidaholm, in Sweden, and the development of paint systems. A corresponding investment was made at our plant in Eggedal, in Norway. This new equipment now enables us to meet our customers' higher demand for darker colours, while the kitchens also meet the strict environmental and quality requirements.

Reduced packaging. As part of our central sourcing project, we are working on reducing the impact from packaging materials, primarily fossil fuel-based plastic materials. At our production plants in Nastola, in Finland, and Tidaholm, in Sweden, for example, we have switched to thinner plastic shrink wrap and stretch film, which reduces the total consumption of plastic in these plants by up to 40%.

Results 2020. The goal of our strategy for the 2017-2020 period of 100% of our wood being from sustainable sources has been achieved. In 2020, 97% (91) of Nobia's total timber and wood materials originates from a certified source. The remaining wood, 3%, came from sustainability audited and approved suppliers. Moreover, in the UK region at least 80% (70) of all timber and wood materials purchased was FSC® or PEFC™ certified scources, with full traceability all the way to the customer.

Goal

- 100% of our cabinets and doors in the UK region will be FSC® certified with full traceability to the customer by 2021.
- 100% of our knobs and handles in virgin plastic will be replaced by a more sustainable alternative by 2023.
- 99%[1] or more of our wood-based materials will come from certified sources by 2025.
- We will initiate partnerships and collaboration with others to extend the lifetime of our materials and products and thereby enable a shift to a more circular economy.

1) Based on volume

3

Reduced climate impact

Climate change is a fact and powerful and rapid measures are needed to slow the negative consequences brought by higher global average temperatures. Naturally, we will take our responsibility to be involved in stopping this development and accordingly, we have chosen to set a scientific climate target.

Climate target in line with the Paris Agreement. During the year, we adopted a target of reducing our CO_2 emissions, within our own operations, by 72% by 2026, with 2016 as the base year. This target, which is in line with the ambitions contained in the Paris Agreement, was approved by the Science-Based Targets initiative (SBTi). The target comprises our emissions from electricity, own and purchased heat and our own transportation, that is, Scope 1 and 2.

To achieve our goals, we need to be even more efficient in our use of energy, increase our share of renewable energy, and promote more climate-smart own goods transportation and business travel using private vehicles. In addition, we have adopted two climate targets to reduce the climate impact in the value chain among our suppliers and our customers. These targets comprise emissions from manufacturing and use of appliances, and comprise the manufacturers themselves setting climate targets in line with the STBi guidelines and redirecting our offering to more energy-efficient appliances, read more about this on page 30.

From fossil to renewable. Measurement and follow-up are the basis for improvements. Energy efficiency and CO_2 intensity are measured and monitored quarterly in our Group-wide management system and our production units have improvement targets in line with our new strategy.

We have 100% renewable electricity in our production and in our own stores. We have also converted to more fossil-free and more effective heat. At the end of the year, 74% of Nobia's total generated heat in production and in stores was renewable, an increase of 69% from the preceding year.

In the UK, projects are in progress to convert parts of the heating using fossil gas to instead use waste wood, while we are investing in even more effective waste wood combustion. In Finland, we converted from fossil gas to bio-based gas for heat.

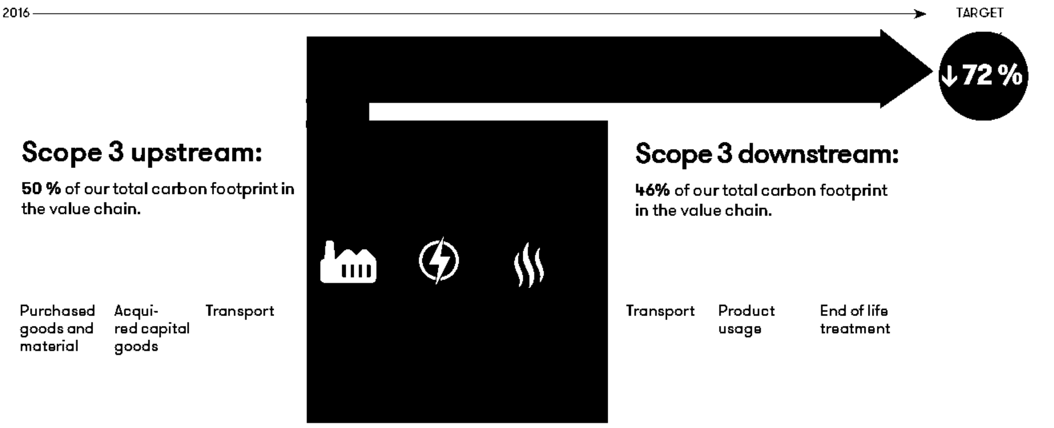
Emissions from electricity, heat and fuel for our own transportation, that is, Scope 1 and 2, amounted to approximately 10,900 tonnes, a decline from approximately 13,300 tonnes in the preceding year, which is partly attributable to the transition to renewable heat. We also see that the temporary restrictions to our operations during the pandemic contributed to a reduction of CO_2 emissions from, for example, our own transportation and travel in passenger cars.

Reduction of transport-related emissions. Goods transportations are mainly conducted using external haulage companies, but also using our own vehicles, and comprise a significant share of our direct and indirect CO_2 emissions. Emissions from our own vehicles are included in our recently adopted scientific climate target and will be reduced as part of this.

During the year, we continued our work to reduce the impact of our goods transportation, including through route optimisation and new and cleaner vehicles. We have also procured the services of a new distributor for transportation in the Nordic region. The possibility of measuring, monitoring and reducing transportation-related CO_2 emissions was a key part of this work. We are also examining various solutions to replace some routes by rail instead of road. In 2021, we will, for example, initiate a shift from road to rail for deliveries

Science-based climate target in line with the Paris Agreement

contributing to limiting global warming to below 1.5 degrees.



Target scope 3:

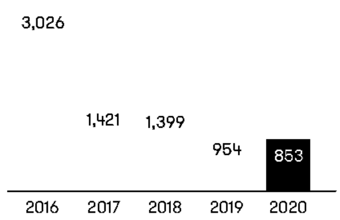
- Based on CO_2 emissions from our suppliers in the categories of purchased goods and product usage, 70% of the suppliers will have adopted science-based targets by 2025.
- We will adjust our product portfolio of appliances to help reduce customers' energy consumption and related climate impact in the kitchen by 2024.

Calculations above form the basis for our SBT approval. The categories illustrate our major emissions.

Continued reduction of climate emissions
Since 2016, we have more than halved our climate emissions from Scope 1 and 2 in relation to our net sales. A large share of this development is attributable to the conversion to renewable electricity, which was also our strategic goal by 2020.

During the year, we converted to renewable heat in our production in Finland. In this manner, we reduced the CO_2 emissions from heat by more than 900 tonnes. In addition, the temporary restrictions to our operations during the pandemic contributed to a reduction of CO_2 emissions from, for example, our own transportation and travel in passenger cars.

Scope 1&2 kg CO_2e/sales SEKm



of HTH kitchens from Denmark to Sweden, which will significantly reduce CO_2 emissions on these routes.

Survey of our indirect climate impact. In conjunction with the development of our new sustainability strategy, we have also made an in-depth study and surveyed our other indirect climate impact, that which is contained in Scope 3. The largest part of Nobia's total CO_2 emissions derives from our value chain in the form of the recovery and manufacture of direct materials and products, transportation to and from our plants, and the use of our products. For input materials and goods, we focused the survey on our largest flows, as wood, metal and appliances. The survey and calculations formed the basis of our scientific climate target.

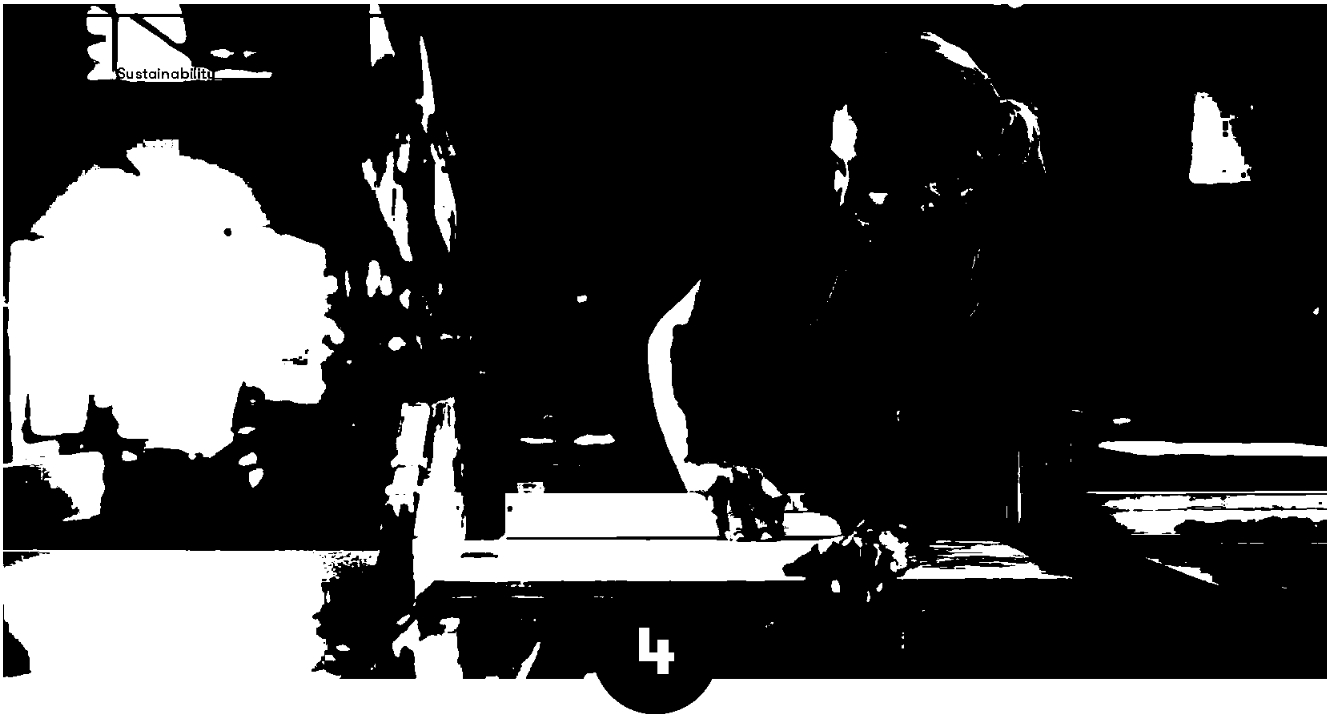
The wood in our kitchen cabinets generate a relatively small impact, despite large volumes being handled. The largest impact is from appliances, both in their production and their use in the kitchen. Accordingly, we have established two strategic targets related to appliances. We will also continue to work with other materials and product groups as part of our efforts on circular materials and flows.

Risks of a changed climate. A changed climate entails risks, but also opportunities for our operations. During the year, we initiated the implementation of a climate risk analysis in accordance with the Task Force on Climate-related Financial Disclosures' (TCFD's) guidelines. The risk analysis work is a comprehensive process and we will continue to develop our analyses and reporting moving forward. Read more on page 58.

Results 2020 We have 100% renewable electricity in both production and in our own stores and we have adopted new, ambitious climate targets to advance our work.

Goal

- We will reduce CO_2 emissions from manufacturing and own transportations (Scope 1 and 2) by 72% by 2026 (base year 2016).
- 70% of our emissions from suppliers, based on CO_2 emissions, that are encompassed by purchased goods and services, as well as the use of sold goods, must have adopted scientifically based targets by 2025.



Promoting a sustainable culture:
Sustainable corporate culture

Our culture is based on our core values: Care, Deliver & Inspire. This entails, for example, that we respect and trust each other, and that we strive to make sustainable choices in all that we do.

Conditions for commitment and development. We want to promote a culture of trust and openness, and one in which we are allowed to make mistakes and learn from them. Being accountable and keeping our promises - to customers, partners and each other - is pivotal to our success.

We are convinced that the different perspectives that arise through a focus on diversity, inclusion and equality promote our ability to better understand and to act on both customers' and employees' needs. For this reason, we aim to work on creating an inclusive corporate culture in all parts of our operations, where people can make use of their full potential.

Nobia has a Board of Directors with six ordinary members elected by the Annual General Meeting, of whom three are women and three men, as well as four employee representatives, of whom two are women and two men. In Group management, including the CEO, the division is two women and six men. Of Nobia's senior managers, 29% are women and 71% men.

Organisational health. During the year, we continued to work with the results of a comprehensive survey on so-called organisational health, which was conducted in 2019. The survey provided insight into how Nobia as an organisation performs and measured our ability to achieve our goals. The results were used, for example, as a basis for strategic priorities and projects, but also as a basis for ensuring that commitment and development permeate our organisation in the next few years. Upcoming initiatives include shared values and training in sustainability.

Digital transition with high level of commitment. During the year, we launched our new KitcheNet intranet that provides our employees with faster and better access to information and facilitate communications with colleagues. KitcheNet is an example of how communication from Nobia's central functions to employees was intensified, based on feedback in prior years that this was lacking.

2020 was a challenging year due to the global coronavirus pandemic, during which our employees and leaders demonstrated extensive commitment and willingness to learn through their ability to adjust. Due to a rapid launch of Microsoft Teams and a Group-wide training package for employees and managers in effective virtual work and management, our employees were able to continue to be productive and engaged, and share in skills development initiatives.

A unique learning initiative related to Nobia's business and strategy was conducted under the heading of "Learn Together". Weekly webinars on such themes as sustainability, design and sourcing were held virtually and recorded, which enabled all employees to listen in and put questions to Nobia's experts.

Continuous skills development. Leadership is a priority area, in which we continued during the year to implement our Group-wide leadership programme, Excellent Leader, in which managers receive methods and tools to use in their daily leadership. The number of programmes was reduced during the year as a result of the coronavirus pandemic, but since these programmes were already partly conducted virtually from their launch, so the adjustment was not too significant. As of 2020, approximately 400 managers were encompassed by the various Excellent Leader programmes, which have now been supplemented by videos in all languages for quicker and more accessible leadership development.

As part of continuous skills development, the initiative in e-learning as a form of instruction was intensified during the year, in which we transformed the introduction for new employees and traditional classroom training courses.

Managers' meeting with focus on strategy and development. At the beginning of 2020, Nobia's Top Management Meeting (TMM) was held over two intensive days, with a focus on the roll-out of the new strategy, interaction and learning. The participants were 140 of Nobia's managers and specialists in decision-making positions from all countries and units. Over these two days, the participants had the opportunity to learn from colleagues and external specialists, including such areas as topics related to the new strategy and Nobia's future challenges: Sustainability, Workforce of the Future, Future of the Construction Industry, Future of Retail, Digitalisation.

Our Code of Conduct. A corporate culture that upholds integrity is a prerequisite for our reputation and our ability to be an attractive and stimulating workplace. Our Code of Conduct is based on principles of environmental, social and economic sustainability. It indicates the minimum level of acceptable behaviour for all employees and partners. Employees are encouraged to report any conduct that breaches the Code via internal channels, or anonymously through our reporting channel, SpeakUp. During the year, 33 cases (30) were reported, of which 8 (4) via SpeakUp. The reported cases have been handled and reported to the Board's Audit Committee. Read more about how we work in accordance with the Code on page 55.

A permanent labour force. Nobia's workforce can be divided up into employees working in production and logistics, and those working in administration and sales. Nobia mainly has permanent employees. Only approximately 1% are temporary; they are located in Sweden, the Netherlands and the UK. Nobia principally has employees in seven European countries; all of our employees are covered by collective agreements in each of these countries except the UK. Our employees are represented on the European Work Council (EWC), a European information and consultation council.

A safe and healthy workplace. General demands on work conditions are described in Nobia's Code of Conduct and local work environment policies. Overall work environmental responsibility rests with the CEO, who then delegates responsibility to the line managers in accordance with procedures in each respective country. All employees have a personal responsibility to contribute to a safe workplace, to act in a safe manner and to react to deficiencies and risky behaviour. Both managers and employees are continually trained in health and safety. The safety of employees is our highest priority, and we have a vision of zero work-related injuries and accidents. Occupational health care is offered to all employees at all units, but varies in scope between different countries. In addition, activities to promote health are conducted at most units, such as exercise, massage, help to stop smoking, etc.

Systematic and preventive work. All production units have local management systems that encompass all of the employees with more detailed health and safety procedures. The management systems are based on OHSAS 18001 or ISO 45000, of which five out of 14 production facilities are third-party certified and two others are pending updated certification, read more on page 118.

The local management systems comprise a framework to promote continuous improvements and include physical and psycho-social health, as well as safety. The management systems also provide guidance in compliance with legislation and requirements, as well as processes for working proactively to minimise the risk of occupational accidents and ill health by assessing and preventing risks.

Risk assessments are conducted at least annually at all units, with the employees who carry out the assessments receiving continuous training to ensure high quality. For example, in the UK, we trained managers and supervisors in risk assessments and involved employees in identifying and minimising risks. As a result of this, we have seen a significant reduction in serious accidents, a large cut in high-level risks and a considerable decrease in insurance premiums for employer liability.

The risk assessments are analysed and updated regularly in all units and always after an incident has occurred. Central and local safety committees, comprising local managers, engineers and safety officers, meet regularly to review the results of safety checks and incidents. These committees are also usually included in the implementation of risk assessments.

Monitoring and action. Safety is always highest on the agenda through daily monitoring of incidents and accidents, and is followed by investigation and action when applicable. Every workplace accident is analysed to enable measures to be taken so that a similar accident never happens again. Workplace accidents and activities to prevent them are monitored by senior management on a monthly basis using our scorecard for production. This scorecard is an internal tool that covers several strategically important questions, such as workplace accidents. In Denmark, a comprehensive analysis of heavy lifting was conducted with the aim of significantly reducing the scope of heavy lifting for plant employees and drivers at Nobia.

During the year, we succeeded in further reducing the number of workplace accidents. In 2020, 54 (62) workplace-related accidents occurred that resulted in at least eight hours of sick leave. This corresponded to 9.2 (10.4) workplace accidents per million hours worked. Most of the accidents were related to manual processing and lifting but resulted in no permanent injuries. No accidents with serious consequences took place during the year.

Goal

- By 2023, training, support and/or tools to further enable a more sustainable culture will be integrated in the operations and will be available for our employees in all markets.

Promoting a sustainable culture:
Responsible sourcing

Responsible supplier chains protect vulnerable employees and reduce environmental and financial risks. Through our programme for responsible sourcing, we will work to contribute to sustainable development in our value chain.

Programme for responsible sourcing. To manage risks in our supplier chain, we have a programme that covers risk analysis, review and evaluation and contains an anonymous channel for reporting violations of our Supplier Code of Conduct. The Code of Conduct regulates and governs Nobia's supplier requirements concerning working conditions, human rights, business ethics and environmental considerations. Compliance with the Code of Conduct is a requirement in our risk assessment of suppliers.

Identified risk is a basis for monitoring. Of our suppliers of direct material, 99% are from Europe and the remainder from Asia. Global supplier chains can involve labour-related risks, such as modern forced labour. Nobia works actively to prevent all forms of modern slavery and we report our work and results annually in accordance the so-called Modern Slavery Statement.

Nobia's risk assessment programme and follow-up cover approximately 300 significant suppliers, corresponding to 99% of our total cost for direct materials. The programme builds on such parameters as country of production, production process, product type and materials, as well as the supplier's preparedness, for example, in the form of applicable management system. Based on these factors risk is weighed against preparedness and we assess the risk of violations of legal frameworks and Nobia's Supplier Code of Conduct. The risk assessment is the basis for decisions on audits at the supplier.

Audit is a tool for development. Physical supplier audits are intended to verify, manage and ameliorate any deviations and to identify areas for improvement. For example, a decision on an audit may be the result of a supplier not having a certified management system, combined with a high-risk production process. During the year, we conducted no physical audits due to coronavirus pandemic. All outstanding audits have been rescheduled to 2021 and we plan to commence these in the summer. At the end of the year, 92% of all suppliers in the programme were approved, while the remainder were awaiting a new or updated audit. Read more on page 119.

Exercising influence further up the supplier chain. Our responsible sourcing programme is a prerequisite for us in conducting risk analysis and risk prevention in our supplier chain in a quality-assured manner. In order to promote the reduction of sustainability risks even further up the supply chain in accordance with the objective in our new sustainability strategy, we ask our suppliers to also communicate to their relevant subcontractors. At the end of 2020, 67% of our suppliers in the programme responded that they are willing to share information about their supplier chain, which we interpret as a good prerequisite for the continued management of risks and impact.

Results 2020. The goal of the 2017-2020 strategy was to implement a new programme for supplier monitoring, which has now been met. At the end of the year, 92% of the suppliers were approved, while the remainder were awaiting a new or updated audit. Through the programme, we now also have an opportunity to go even further upstream the supplier chain in the cases where risks are considered to be high.

Goal

- We will continue to secure and develop processes for a responsible supplier chain. By 2023, we will, wherever possible, have reached further upstream in our supplier chain to identify suppliers regarded as higher risk, to promote human rights, good work conditions and environmental consideration.

Operations

Nobia is a leading kitchen specialist in the European kitchen market with well-known local brands and leading market positions in seven countries. Nobia is organised in three geographic regions: Nordic, the UK and Central Europe. How we interact with the market differs among the various regions and also among our different brands.

Our regions

Nobia is a leading kitchen specialist in the European kitchen market with strong local brands. Few other European kitchen companies are of a size that makes it possible to utilise economies of scale. Nobia invests in products, sales channels, production equipment and streamlining its product range. Investments in digital solutions to harmonise the Group's business procedures and facilitate the purchasing process for customers for example, are becoming increasingly important. Centralised sourcing and large-scale production are two examples of how cost efficiency is achieved. Nobia is organised into three regions - Nordic, UK and Central Europe - and operates in seven countries: the UK, Denmark, Sweden, Norway, Finland, the Netherlands and Austria.

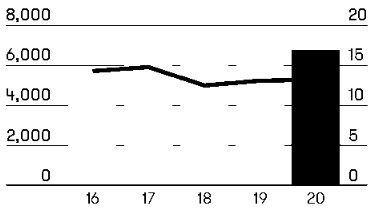
	Nobia in brief	2020
Nordic **53% of sales**	▸ Denmark, Sweden, Norway, Finland ▸ Approximately 2,400 employees ▸ 23 own stores, 168 franchise stores ▸ Approximately 400 retail stores ▸ 6 production facilities: Ølgod, Bjerringbro and Farsø in Denmark. Eggedal in Norway; Tidaholm in Sweden and Nastola in Finland. 5 of 6 production units are environmentally certified	▸ **Organic growth was 3%, primarily through strong performance in consumer sales.** Denmark showed strong growth, primarily through the HTH brand. Norway also showed organic growth, while Sweden was unchanged and Finland negative. ▸ **A new organisation was introduced** in order to better utilise collective strengths, facilitate investments and collaboration between brands, accelerate local decision-making and move responsibility closer to the end customers. ▸ **Somewhat higher operating profit and margins.** Operating profit adjusted for items affecting comparability increased to SEK 897m (886) and the operating margin rose to 13.2% (13.1).
UK **37% of sales**	▸ UK ▸ Approximately 2,800 employees ▸ 202 own stores ▸ Approximately 450 retail stores ▸ 5 production facilities: Darlington, Dewsbury, Grays, Halifax, Morley. All are environmentally certified.	▸ **Organic growth was -19%.** The market conditions were extremely challenging, and there was a drastic negative impact from restrictions and national closures related to coronavirus. ▸ Successful **implementation of digital channels** for sales and customer service with robust growth in the number of kitchen design meetings. ▸ **Operating profit** fell to SEK -226m (345) owing to the major downturn in sales during the coronavirus pandemic despite the cost reduction programme, furloughs, and furlough support received.
Central Europe **10% of sales**	▸ Netherlands and Austria ▸ Approximately 600 employees ▸ More than 500 sales locations ▸ 3 production facilities: Dinxperlo in the Netherlands, Freistadt and Wels in Austria. All are environmentally certified.	▸ **Organic growth was 2%** owing to strong performance in the second half of the year. ▸ **Bribus in the Netherlands, acquired in 2018, continued to perform well.** Sales in Austria recovered after the first half of the year, which was negatively impacted by coronavirus restrictions. ▸ **Operating profit** increased to SEK 143m (98) and the operating margin rose to 11.1% (7.7).

Net sales, SEK m and operating margin, %

Sales per product, %

Sales by customer segment, %

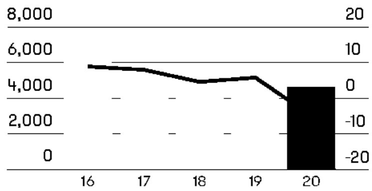
Sales channels, %



● Kitchen furnishings, 67
Other products, 27
Installation services, 6

● Retail, 33
Trade, 12
Project, 55

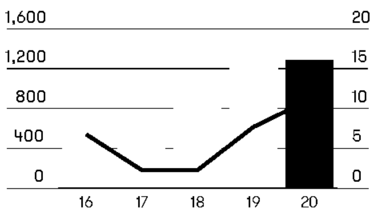
● Kitchen specialists, own stores and franchises, 69
Direct project sales, 12
Builders' merchants/ DIY chains, 16
Other, 3



● Kitchen furnishings, 62
Other products, 32
Installation services, 6

● Retail, 42
Trade, 34
Project, 24

● Kitchen specialists, own stores and franchises, 66
Direct project sales, 6
Builders' merchants/ DIY chains, 28



● Kitchen furnishings, 58
Other products, 32
Installation services, 10

● Retail, 59
Trade, 5
Project, 36

Direct project sales, 36
Builders' merchants/ DIY chains, 5
Other, 59

Nordic region

Market position
Nobia is a leading kitchen supplier in the Nordic region with brands that are among the most well-known in their respective markets. Sales are primarily through franchise stores, but also through own kitchen specialists and other retailers such as DIY stores. Professional customers, project sales to construction companies and sales to local builders represent the largest customer segment, but consumers are also an important segment. Market shares are strong in all customer segments, and are largest in project sales for both new construction and renovation projects.

Nobia competes with both local players as well as kitchen producers and international furniture companies in all of the Nordic countries.

Selection of competitors: Sweden: IKEA, Ballingslöv, Epoq. Norway: IKEA, Drømmekjøkkenet, Kvik. Denmark: Svane, IKEA, Kvik. Finland: Puustelli, Topi-Keittiöt, IKEA.

Market trend
Despite the challenges and negative effects on society resulting from the coronavirus pandemic in 2020, the aggregate demand in the Nordic region increased slightly compared to 2019. Demand from consumers rose as a result of increased interest in home renovations, since during the pandemic people spent more time at home instead of travelling. Housing construction continued despite disruptions related to the pandemic, which is important for project sales. Denmark, the largest market in the Nordic region, had the best performance with continued growth in both the consumer and professional segments. In Finland, the project market continued to level off after a period of record high new construction.

Brand	Products	Customer segment	Sales channels	Markets
HTH	Complete rigid kitchen solutions in the mid-price segment. A smaller range of ready-to-assemble kitchens.	Consumers, professional customers.	22 own stores in Denmark; 66 franchise stores in Denmark, Sweden and Norway.	Denmark, Norway, Sweden, Finland
MARBODAL	Rigid and complete kitchen solutions in the mid-price segment.	Consumers, professional customers.	10 franchise stores, retailers (e.g. the Optimera, Beijer and XL Bygg construction chains). Kitchens to major project customers are sold direct.	Sweden, Norway
sigdal	Rigid and complete kitchen solutions in the mid-price segment.	Consumers, professional customers.	22 franchise stores, retailers (e.g. the Byggmakker hardware chain).	Norway
PETRA	Primarily rigid kitchens in the mid-price segment.	Consumers, professional customers.	Nobia's Keittiömaailma (Kitchen World) franchise chain with 30 stores. Retailers in the building materials trade. Kitchens to professional players are sold direct.	Finland
INVITA	Rigid kitchens with high design content in the upper mid-price segment.	Consumers, professional customers.	Primarily through 24 franchise stores.	Denmark
NOREMA	Primarily rigid kitchens. There is also a ready-to-assemble range in a lower price segment for consumers.	Consumers, professional customers.	6 franchise stores, the Power electronics chain, retailers in the building trade.	Norway
uno form	Exclusive, expertly handcrafted kitchens in the luxury segment.	Consumers, professional customers.	1 own store and 4 franchise stores, as well as in a selection of HTH franchise stores.	Denmark, Norway, Sweden
A la Carta Keittiöt	Rigid kitchen solutions in the upper mid-price segment.	Consumers, professional customers.	Nobia's Keittiömaailma (Kitchen World) franchise chain.	Finland

UK region

Market position
In the UK kitchen market, which is Nobia's single largest market, Nobia is in general a leading player – but with diversified operations throughout its market segments. Kitchens under the Magnet brand, the UK's largest and oldest kitchen brand, are sold through own stores directly to consumers and builders. Since 2020, Magnet has also included operations for sales to segments such as social housing, which were previously part of Rixonway. Kitchens for the project market are delivered to housing and property development companies primarily in Commodore and CIE but also through Magnet. Kitchen products are also manufactured as private labels in our Gower operations, which delivers primarily to the Wickes DIY chain and the Benchmarx hardware chain.

Selection of competitors: Howdens (primarily trade segment), B&Q, Wren and IKEA in the consumer segment and Symphony in project sales.

Market trend
Sales in the UK kitchen market decreased drastically in 2020 owing to the coronavirus pandemic. National and local restrictions and lockdowns resulted in stores, plants and construction sites periodically shutting down, which made both new sales and deliveries of kitchens difficult. Demand in the consumer segment increased, however, as a result of a growing "stay at home" trend and growing interest in investments in the home. In previous years, the market was characterised a "wait and see" attitude toward discretionary products such as kitchens owing to the uncertainty around the effects of the UK withdrawal from the EU, which was completed in 2020. There is still a great need for housing in the UK. The project market, however, has been impacted by the general uncertainty of the past few years, with a volatile market trend as a result. Competition remained generally fierce during the year.

Brand	Products	Customer segment	Sales channels	Markets
Magnet	Rigid kitchens in the mid-price segment, delivered with a high level of service commitment. A range of ready-to-assemble kitchens. A range of kitchen products, doors and other joinery products is kept in stock for builders. Installation services.	Consumers and professional customers.	202 own stores. Most serve both consumers and professional customers such as builders, local construction companies and smaller property developers. Since 2020, also includes operations that were previously part of Rixonway, kitchen solutions for public housing.	UK
Gower	Ready-to-assemble kitchens and bathrooms, primarily under private labels but also under its own brand, Rapide.	Consumers and professional customers.	Building materials trade and DIY chains.	UK
ck commodore kitchens	Rigid kitchens in the mid-price segment that by and large they manufacture themselves. The kitchens are normally sold installation included and with worktops and appliances. Group company CIE sells imported complete kitchen solutions in the luxury segment and installation services.	Professional customers.	Kitchens direct to companies in property development and residential construction, primarily in London and south-east England.	UK

Central Europe region

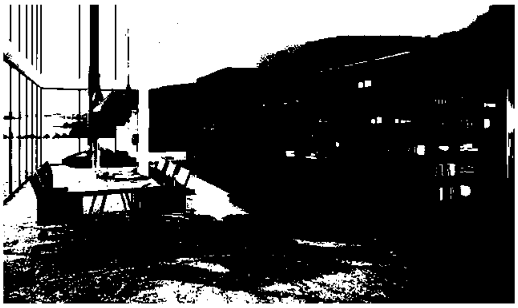
Market position
Nobia has a small share of the total kitchen market in Central Europe, but has a relatively strong position in Austria - and also in the Netherlands after the acquisition of Bribus in 2018.

In Austria, Nobia sells kitchens to the consumer segment under the brands ewe, FM and Intuo. Sales are primarily to a large number of independent kitchen specialists, some of whom are organised through purchasing organisations, and also to a few major Austrian furniture chains such as Leiner and XXXLutz. The Austrian operations also have a small amount of exports to its neighbouring countries Germany, Switzerland and Italy.

In the Netherlands, Bribus concentrates primarily on customers in the rental market in the public housing sector and large-scale commercial property owners. The kitchens are installed in newly constructed apartments or during renovation projects, and Bribus also provides project management and installation. Bribus also has a number of retailers, including the Bouwmaat builders' merchants chain with approximately 50 sales points that sell kitchens to smaller construction companies and builders.

Selection of competitors: Austria: DAN Küchen, Nobilia, IKEA. Netherlands: Bruynzeel Keukens, Keller, Mandemakers.

Market trend
The coronavirus pandemic brought uncertainty, and initially severe market disruptions, to Austria as a result of restrictions and closures. The consumer market gradually recovered, and finished the year on a strong note. Demand in the project segment in the Dutch kitchen market is deemed to have been stable or slightly improved, but as in other markets the pandemic resulted in increased uncertainty.


KITCHEN: EWE

Brand	Products	Customer segment	Sales channels	Markets
ewe	Rigid kitchens with modern designs in the mid-price and premium segments.	Consumers.	Austrian furniture chains. Over 400 independent kitchen specialists.	Austria, Germany, Italy, Switzerland
bribus	Rigid kitchens in the low- and mid-price segment. The kitchens are most often sold together with installation and appliances. During projects, they provide overall project responsibility.	Professional customers.	Sold directly to construction companies, where they take overall project responsibility. A small portion of sales are made to retailers in the building materials trade.	Netherlands
FM	Rigid kitchens with traditional designs and a high level of functionality, such as solid wood counters and cabinets that can be raised and lowered, in the mid-price and premium segments.	Consumers.	Austrian furniture chains. Some 190 independent kitchen specialists.	Austria
INTUO	Rigid and complete kitchen solutions in the premium segment.	Consumers.	Over 100 independent kitchen specialists.	Austria, Germany, Switzerland, UK

Board of Directors' Report

The Board of Directors and President of Nobia AB (publ), Corporate Registration Number 556528-2752, hereby present the annual report and corporate accounts for the fiscal year 2020. The Board of Directors' Report can be found on pages 43–58, the financial statements on pages 59–98, the corporate governance report on pages 102–109 and the sustainability report on pages 24–36, 50-58 and 118-121.

Operations

Nobia is a leading kitchen specialist in Europe. Nobia sells kitchens under some twenty strong brands, and as a contract manufacturer. The operation covers the entire value chain, from development, manufacturing and installation to sales and distribution, as well as associated service.

Sales to consumers are conducted through own and franchise stores and through a network of retailers, including furniture stores, builders' merchants, DIY stores and independent kitchen specialists. Sales to professional customers, such as construction companies and tradesmen, are project sales to major customers, or via own stores, franchise stores and other retailers.

Nobia reports its operations based on three geographic regions: Nordic, the UK and Central Europe.

Financial targets

To reflect the ambitions in Nobia's strategy, revised financial targets for the Group were adopted in March 2021.

Growth: Average organic growth is targeted to be 3–5% per year. (Previous target: organic and acquired growth of more than 5% per year on average).

Profitability: The operating margin is targeted to be greater than 10% over a business cycle. (target unchanged).

Capital structure: Leverage, defined as net debt (excl. IFRS 16 Leasing)/EBITDA, shall be below 2.5 times (previous target: net debt/equity ratio below 100%).

Dividend policy: Dividends to shareholders shall comprise at least 40% of net profit after tax (previous target: dividend of between 40–60% of net profit after tax).

Strategy

Nobia's strategy endeavours to create profitable growth, which means organic growth and improved margins in accordance with the Group's financial targets. This will take place through such measures as increasing sales in prioritised customer segments (such as trade customers), by utilising economies of scale and synergy effects in manufacturing and product platforms, and by promoting a corporate culture characterised by a strong sense of commitment and inspiring leadership. Nobia's ambition is also to be recognized as a leader in design and sustainability.

2020 Marked by the coronavirus pandemic

Nobia's operations, and the entire kitchen industry, suffered severe negative effects from the coronavirus pandemic that broke out in early 2020. To mitigate the spread of infection, various national governments introduced measures, restrictions and closures. Nobia worked intensively on adapting its operations to protect the health and safety of its employees and other stakeholders as much as possible. The national

Nobia Group summary

SEK m	2019	2020	Change, %
Net sales	13,930	12,741	-9
Gross margin, %	38.1	34.9	-
Gross margin excl. items affecting comparability, %	38.1	35.7	-
Operating margin before depreciation/amortisation and impairment (EBITDA), %	14.1	11.2	-
Operating profit/loss (EBIT)	1,132	437	-61
Operating profit/loss (EBIT) excl. items affecting comparability	1,132	581	-49
Operating margin, %	8.1	3.4	-
Operating margin excl. items affecting comparability, %	8.1	4.6	-
Profit/loss after financial items	1,039	353	-66
Profit/loss after tax	810	253	-69
Profit/loss after tax excl. items affecting comparability	810	382	-53
Earnings per share before dilution, SEK	4.80	1.50	-69
Earnings per share before dilution excl. items affecting comparability, SEK	4.80	2.26	-53
Earnings per share after dilution, SEK	4.79	1.50	-69
Earnings per share after dilution excl. items affecting comparability, SEK	4.79	2.26	-53
Operating cash flow	1,179	1,808	53

restrictions led to situations including the closure of Nobia's plants in the UK and Austria during most of the second quarter. Store networks had to be closed to customers periodically as well. Even the property development projects that Nobia delivers to stopped in certain markets, including the UK, with missed deliveries, and thereby sales, as a result. Demand was initially negatively impacted, especially in the UK and Central Europe, resulting in dramatic downturns in sales and earnings. During the second quarter sales in the UK, for example, decreased by more than 50%. Operations in the Nordic region fared better, as plants and stores could stay open for most of the year, though with comprehensive measures to minimise the risk of the spread of infection. The majority of the Group's employees in the UK were temporarily put on furlough during the period when coronavirus restrictions obstructed both manufacturing and sales, and operations were thus essentially closed.

The Group's total sales fell 7% organically for full-year 2020 compared to unchanged organic growth in 2019. Total sales for the Group decreased 9% to SEK 12,741m (13,930). The UK region reported a 19% decrease in organic sales, while the Nordic and Central Europe regions had 3% and 2% increases in organic sales, respectively. The operating margin for the Group fell to 4.6% (8.1), and operating profit excluding items affecting comparability totalled SEK 581m (1,132).

Significant events

Annual General Meeting

At the Annual General Meeting on 5 May, Board members Nora Førisdal Larssen, Marlene Forsell and George Adams were re-elected. Jan Svensson, Arja Taaveniku and Carsten Rasmussen were elected as new members of the Board, and Nora Førisdal Larssen was elected Chairman by the Board of Directors. Hans Eckerström, Stefan Jacobsson and Jill

Little had declined re-election. The Annual General Meeting further appointed Peter Hofvenstam (Chairman) representing Nordstjernan, Rickard Wennerklint representing If Skadeförsäkring, Mats Gustafsson representing Lannebo funds and Arne Lööw representing the Fourth Swedish National Pension Fund, as members of the Nomination Committee for the period until the end of the 2021 Annual General Meeting.

Dividend proposal withdrawn
In early 2020, the Board of Directors of Nobia AB (publ) decided to withdraw the proposal for a dividend of SEK 4.00 per share in light of the high degree of uncertainty resulting from the negative effects of the spread of coronavirus.

New organisation and restructuring
In line with Nobia's strategy for target growth, structural efficiency, people engagement and becoming a sustainability and design leader, the Group implemented organisational changes as of 1 September. The new organisation will enable stronger regional accountability, faster decision making and improved speed in execution. The new organisation consists of three regions that are responsible for sales, marketing and customer service: Nordic, UK and Central Europe, as well as a Group-wide Product Supply function that is responsible for the product range and supply chain (i.e. sourcing, manufacturing, warehousing and distribution). In connection with the reorganisation, measures were also implemented to increase efficiency which impacted around 240 employees across the UK store network and manufacturing organisation. In this connection, restructuring costs of SEK 93m were charged to earnings.

Furloughs owing to coronavirus
As a consequence of the negative market impact from the spread of coronavirus, Nobia put approximately 3,000 employees on furlough at the end of March, of which 2,300 were in the UK where all kitchen stores and plants were temporarily closed as a result of local regulations and recommendations. Other furloughs arose in other parts of the Group with all countries impacted. In the third quarter, nearly all of them had returned to regular work.

Changes to Group management
After the introduction of the new organisation on 1 September, Group management was altered to consist of Jon Sintorn (President and CEO), Kristoffer Ljungfelt (CFO), Dan Josefsberg (EVP Customer Experience, Marketing & Communication), Ola Carlsson (EVP Product Supply), Cecilia Forzelius (EVP People & Culture), Ole Dalsbø (EVP Commercial Region Nordic) and Dan Carr (EVP Commercial Region UK).

Cecilia Forzelius, who succeeded Thomas Myringer as EVP People & Culture, was recruited from Transcom, where she was Chief People Officer. Sara Björk was recruited as the new Chief Information Officer (CIO) and a member of Group management as of December 2020. Her most recent position was as Head of IT for H&M Group's IT division for design, sourcing and production. Dan Carr's most recent position was as CFO for the UK region.

Peter Kane, Ralph Kobsik, Fredrik Nyström, Rune Stephansen and David Thorne resigned their positions in connection with the reorganisation and left Group management.

Preparations for investment in new production plant
Nobia continues preparations for its investment in a highly automated production plant in Jönköping, Sweden, which is expected to be in full operation by 2024. After negotiations under the Co-Determination in the Workplace Act (MBL) with the trade unions concerned were concluded, the Board decided to construct the new plant in Jönköping and subsequently depreciate the assets related to machinery and buildings at the current plant in Tidaholm by SEK 136m. Furthermore, Nobia and the trade unions came to an agreement on a transitional programme that will ensure future employment for all employees currently working at the plant in Tidaholm. The programme includes competence development, commuter support, and the aim of establishing a manufacturing entity for specialised components in Tidaholm which will be divested over time. Total investments in machinery in the new plant are estimated at approximately SEK 2 billion. Additionally, approximately SEK 1.5 billion will be invested in the factory building which is expected to be sold and leased back once the plant is fully operational.

New long-term debt financing
Nobia has signed an agreement with Svenska Handelsbanken AB (publ) and Nordea Bank Abp, filial i Sverige for two multi-currency revolving credit facilities totalling SEK 5 billion: a SEK 2 billion facility with a term of three years (with a possibility to request an extension of up to two years at the lenders' sole discretion) and a SEK 3 billion facility with a term of five years. The new credit facilities will replace, extend and increase the current facility Nobia has with the same banks.

Brexit
The UK left the European Union on 1 February 2020. During a transition period up until a permanent agreement is negotiated between the UK and the EU in early 2021, free movement for trade and persons will still be in effect. To date, Nobia has not been impacted by any major interruptions to operations as a result of the UK's withdrawal.

Climate targets approved by the Science-Based Targets Initiative (SBTi).
Nobia is the first kitchen specialist to have adopted sustainability targets in accordance with Science-Based Targets. As part of a new sustainability strategy, new climate targets based on scientific facts have been approved by the SBTi. The targets are:

- To reduce carbon emissions from operations and own transportations (Scope 1 and 2) 72% by 2026 (from base year 2016).
- To collaborate with suppliers to reduce their carbon emissions from production and use. At least 70% of Nobia's suppliers (based on carbon emissions) must have Science-Based Targets by 2025.

Annual General Meeting and dividend proposal
Nobia's Annual General Meeting will be held on 29 April 2021. For the 2020 fiscal year, the Board of Directors proposes a dividend of SEK 2 per share (0). There was no dividend for the 2019 fiscal year, since the dividend proposal was withdrawn owing to uncertainty related to the effects of the pandemic. The dividend proposal entails a total dividend of approximately SEK 338m. The record date for the right to receive a dividend is Tuesday, 3 May 2021, and the final day for trading in Nobia shares, including the right to

receive a dividend, is 29 April 2021. If the Annual General Meeting resolves in accordance with the Board's proposal, the dividend is expected to be paid via Euroclear Sweden AB on Thursday, 6 May 2021.

The Group's financial performance

Net sales

Net sales amounted to SEK 12,741m (13,930), distributed as follows: Nordic region, SEK 6,801m (6,753); UK region, SEK 4,649m (5,902); and Central Europe region, SEK 1,291m (1,275).

The Group's organic growth, meaning the change in net sales for comparable units and adjusted for currency effects, totalled -7% (0). Organic growth in the Nordic region was 3% (-1). Organic growth in the UK region was -19% (1) and organic growth in the Central Europe region was 2% (-4).

Earnings

The Group's earnings for 2020 include items affecting comparability of SEK 144m primarily related to depreciation of assets after the decision to invest in a new plant in Sweden. The Group's gross margin excluding items affecting comparability decreased to 35.7% (38.1) and the operating margin fell to 4.6% (8.1). The gross and operating margins were positively impacted by higher average sales prices, but primarily negatively by the effects of the lower sales volumes and thereby lower productivity.

By region, the lower margins are primarily attributable to the performance in the UK region, where operations were hardest hit by closures due to the pandemic, whereas the margins in both Nordic and Central Europe were better or in line with previous years adjusted for items affecting comparability. The UK region was successful in redirecting a part of its sales through digital channels, and several cost initiatives were implemented. The negative effects from the governmental coronavirus restrictions, however, were much greater than could be offset by improvement measures and grants in the form of furlough support, and the region posted a loss for the year.

Operating profit for the Group, excluding items affecting comparability of SEK 144m, fell to SEK 581m (1,132). Operating profit also includes non-recurring items including restructuring costs of nearly SEK -100m. These costs pertain to measures to increase efficiency in the UK, which affected approximately 240 employees in the store network and manufacturing organisation. Exchange-rate fluctuations negatively impacted operating profit by SEK -65m.

In the Nordic region, operating profit amounted to SEK 897m (886) excluding items affecting comparability of SEK -132m (refer to "Items affecting comparability" on page 45). Higher average sales values and lower material costs were offset by lower productivity. Currency effects in operating profit totalled SEK -70m.

In the UK region, operating profit excluding items affecting comparability was SEK -226m (345). Despite improvement measures as an increase in sales and customer service through digital channels, cost reductions and furlough support received, it was not possible to offset the effect of the robust downturn in sales - primarily in the second quarter during the period when plants and stores were closed owing to coronavirus restrictions. Currency effects on operating profit totalled SEK 5m.

In the Central Europe region, operating profit amounted to SEK 143m (98). The improvement in earnings was primarily attributable to an advantageous sales mix, lower costs and furlough support received. Currency effects on operating profit were neutral.

Group-wide items and eliminations amounted to an operating loss of SEK -233m (-197) excluding items affecting comparability.

Net financial items amounted SEK -84m (-93). Net financial items included the net of return on pension assets and interest expense for pension liabilities corresponding to SEK -17m (-21). Net interest totalled SEK -67m (-72), of which SEK -48m (-55) pertained to interest on leases. Profit after financial items amounted to SEK 353m (1,039).

Tax expense amounted to SEK -100m (-229). Profit after tax amounted to SEK 253m (810).

Earnings per share for the year before and after dilution totalled SEK 1.50 (4.80 before and 4.79 after dilution).

Items affecting comparability

Nobia recognises items affecting comparability separately to distinguish the performance of the underlying operations. Items affecting comparability refer to items that affect comparisons in so far as they do not recur with the same regularity as other items.

The fourth quarter of 2020 includes items affecting comparability attributable to depreciation of machinery and fixed assets at the Tidaholm plant, due to the decision to replace the plant with a new one in Jönköping that is planned for completion in 2024, as well as a pension adjustment in the UK. In total, the Group's operating profit was charged SEK -144m, of which SEK -105m impacted the gross profit. Items affecting comparability of SEK -132m were charged to operating profit in the Nordic region, SEK -8m to the UK region, and SEK -4m to Group-wide items. No items affecting comparability were recognised during 2019.

Items affecting comparability

SEK m	2019	2020
Decision to close Tidaholm 2024	-	136
Pension adjustments in UK	-	8
Items affecting comparability in operating profit	**-**	**144**
Of which in gross profit	-	*105*
Items affecting comparability in tax	-	-15
Items affecting comparability, earnings after tax	**-**	**129**

Investments, cash flow and financial position

Investments in fixed assets amounted to SEK 308m (465), of which SEK 199m (372) pertained to tangible fixed assets and SEK 109m (93) to intangible assets. Investments decreased owing to temporarily lower activity levels and cash flow priorities during the macroeconomic uncertainty as a consequence of the coronavirus pandemic.

Operating cash flow amounted to SEK 1,808m (1,179). Cash flow from operating activities and investments in fixed assets were better than the preceding year. Cash flow from operating activities were positively impacted by factors including changes in working capital and lower tax paid, which offset the effect from the lower operating profit.

The Group's operating capital decreased to SEK 6,421m (8,096), due primarily to lower fixed assets.

Net debt, including IFRS 16 lease liabilities of SEK 2,183m (2,475) and pension liabilities of SEK 556m (473) decreased to SEK 2,387m (3,819). Excluding IFRS 16 lease liabilities and pensions, net debt decreased to SEK -352m (871).

The debt/equity ratio was 59% (89), or -9% (20) excluding IFRS 16 lease liabilities and pension liabilities.

Acquisitions and divestments
No acquisitions or divestments occurred in 2020.

Significant events after the end of the year
The Groups financial targets were adjusted in March 2021, see Note 34 on page 97.

Future outlook
Demand for kitchens normally follows the same business cycle as other consumer discretionary products. Owing to uncertainties caused by the coronavirus pandemic and its effects on society as a whole, making a qualitative forecast for market outlooks is difficult. One clear trend during the pandemic, however, has been increased demand for kitchen products from consumers. People are spending more time at home, and less time and money on travel, for example. Instead, the willingness to increase and renovate at home is increasing, with increased demand for kitchens as one example.

Personnel
In 2020, the average number of employees was 5,977 (6,161). The number of employees at year-end was 5,901 (6,109).

Environment and sustainability
Nobia conducts activities that require a permit under the Swedish Environmental Code through Nobia Production Sweden AB, which includes Nobia's Swedish operations in production and logistics. The environmental impact of the production plant primarily comprises transportation of kitchen products by truck, airborne emissions from surface treatment of wooden items and noise from manufacturing of kitchen and storage products. The County Administrative Board of Västra Götaland is the regulatory authority and decision-making body regarding permit applications. Nobia Production Sweden AB is certified to the ISO 14001 environmental management standard.

All of Nobia's 14 production units, located in seven European countries, satisfy the environmental requirements determined by each country and 13 of these have been awarded ISO 14001 certification.

Nobia works conscientiously with sustainability topics through the implementation of a Group-wide sustainability strategy. Nobia's statutory sustainability report is found on pages 24–36, 50-58 and 118-121

Product development
All product development for the Group-wide range is managed centrally. Work on producing new products is focused on a number of areas that meet specific customer requirements. During the course of the process, prototypes are developed that are tested on consumers.

Parent Company
The Parent Company, Nobia AB, has operations comprising Group-wide functions and the ownership of subsidiaries. The limited liability company is domiciled in Sweden and the head office is located in Stockholm. The Parent Company's loss after financial items totalled SEK -361m (521).

The share and ownership structure
The Nobia share has been listed on Nasdaq Stockholm since 2002. Nobia's share capital amounted to SEK 56,763,597 (56,763,597) on 31 December 2020, divided among 170,293,458 shares (170,293,458) with a quotient value of SEK 0.33. Nobia has only one class of share. Each share, with the exception of repurchased treasury shares, entitles the holder to one vote, and carries the same entitlement to the company's capital and profits.

The 2020 AGM authorised the Board to decide on the buy-back of up to 10% of the outstanding shares and, for the period until the 2021 AGM, to decide on the transfer of treasury shares for the purpose of delivering shares under Performance Share Plans or of facilitating financing of acquisitions through payment using treasury shares.

No shares were bought back or transferred to participants in Nobia's Performance Share Plan in 2020. At the end of 2020, the number of treasury shares was 1,440,637 (1,440,637), corresponding to 0.9% of the total number of shares. These shares were acquired in 2007 and 2008 for a total amount of SEK 82,611,536.

At year-end, the ten largest owners held about 67% of the shares. The single largest shareholder, Nordstjernan, owned 24.9% of the shares. If Skadeförsäkring held 10.7% of the shares, the Fourth Swedish National Pension Fund 7.4% and Swedbank Robur funds 5.1%.

Nobia's lenders have the option of terminating all loans if the control of the company were to be significantly altered. If any one party, or jointly with other parties (under formal or informal forms) gains control of the company, the lenders are entitled to terminate all outstanding loans for payment. The term "control of the company" pertains to control of more than half of the total number of votes or capital, or the acquisition of direct and decisive influence over the appointment of the Board of Directors or members of Group management. Control of the company is also deemed to arise if a party, alone or jointly with other parties, can exercise direct and decisive influence over the company's financial and strategic position. If such a situation were to arise whereby the control of the company were to be significantly altered, the lender and Nobia shall begin negotiations that shall last for a maximum of 30 days.

The aim of these negotiations is to reach an agreement between the lenders and Nobia. If an agreement is not reached, the lender is entitled to terminate all outstanding loans for immediate payment.

More information on the share and shareholders is presented on pages 114–115.

Remuneration guidelines and other employment conditions for Group management 2020
The guidelines for 2020 essentially correspond with the proposed guidelines for 2021, as presented below.

Remuneration Committee
The Board of Directors has inaugurated a Remuneration Committee consisting of two Board members elected by the general meeting of shareholders. The Committee's task is, inter alia, to prepare proposals to the Board of Directors relating to the remuneration for senior executives. The Board will draw up proposals for new guidelines and put forward the proposal for resolution by the general meeting of shareholders. These guidelines will be in effect starting from the approval of the general meeting until such time as new

guidelines are adopted by the general meeting. The Remuneration Committee shall also follow-up and evaluate programmes for variable remuneration to senior executives, the application of the remuneration guidelines and current remuneration structures and levels in Nobia. The members of the Remuneration Committee are independent in relation to the company and company management.

To strengthen senior executives' commitment to and ownership in the company, and to attract, motivate and retain key employees in the Group, Nobia resolved at the respective AGMs from 2012 to 2015 on inaugurating long-term remuneration schemes based on matching and performance shares. The schemes, which encompassed some 100 individuals comprising senior executives and senior managers, were based on the participants having in Nobia shares that are "locked into" the plan. Each Nobia share the participants invested in under the framework of each plan entitled the participants, following a vesting period of about three years and provided that certain conditions are fulfilled, to allotment (for no consideration) of matching and performance shares in Nobia. The conditions are linked to the participant's continued employment and ownership of invested shares, and to fulfilment of a financial performance target. The costs for the programmes are reported prior to each AGM and in Nobia's Annual Reports.

At the 2016-2018 AGMs, resolutions were passed to introduce new long-term remuneration schemes directed to the same target groups and with largely the same structure as the remuneration schemes from 2012 to 2015, but in which the requirement for performance from the participants was strengthened – which is why no matching shares were allotted. Nor was any requirement set up that the participants invest in treasury shares. Participants were awarded performance-based share rights that carry entitlement to allotment of shares. At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled. Entitlement to allotment of shares requires that the participant remain an employee of the Nobia Group during the vesting period. Participation in the 2016–2018 Performance Share Plans entailed that the maximum short-term variable remuneration for participants was adjusted downwards by ten percentage points (for the President), five percentage points (Group management) and three percentage points (other senior executives and managers). Allotment of shares also requires that a financial performance target linked to accumulated earnings per share for Nobia during the 2016/2017, 2017/2018 and 2018/2019 financial years is achieved. Allotment is measured on a straight-line basis, whereby 25% of the share rights will entitle allocation of shares if the established minimum level is achieved. If the minimum level in the range is not achieved, the share rights will not give entitlement to any shares and if the maximum level in the range is achieved, each share right gives entitlement to one Nobia share. For the 2018 Plan, the Board adopted a minimum level for allotment of shares related to accumulated earnings per share, excluding items affecting comparability for the 2018 and 2019 financial years, of SEK 11.75. The maximum level was set at SEK 13.00. Since the accumulated earnings per share excluding items affecting comparability for the period amounted to SEK 9.59, the Board's minimum target figure for allotment was not achieved and no allotment of shares under the 2018 Performance Share Plan will take place.

A resolution was made at the 2019 AGM to establish a long-term remuneration scheme based on performance shares. The 2019 Performance Share Plan comprises approximately 100 employees consisting of senior executives and senior managers within the Nobia Group. Participation in the plan requires an employee's private investment in Nobia shares. At the end of a three-year vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled. Entitlement to allotment of shares requires that the participant remain an employee of the Nobia Group during the vesting period, and that the investment in Nobia shares lasted in its entirety for the same period. In addition, the allotment of shares requires that the performance targets related to average operating profit (EBIT) and total shareholder return (TSR) on the company's shares have been achieved. However, if the EBIT performance target has been achieved but the TSR target on the Nobia share is negative, no allotment will take place. If the set minimum levels for the performance target are achieved, the share rights entitle the holder to receive allotment of 25%. If the minimum level in the range is not achieved, the share rights will not give entitlement to any allotment, whereas each share right gives entitlement to one Nobia share of the maximum level is achieved. Allotment between the minimum and maximum levels takes place straight-line based on the intermediate amounts between the two levels.

No new long-term remuneration scheme was launched in 2020.

The Board's proposal on remuneration guidelines and other employment conditions for Group management

The remuneration guidelines cover total remuneration for the group management, including the President and other senior executives. The guidelines will be applied to remunerations that are agreed on, and changes to remunerations previously agreed on, after the guidelines are adopted by the 2021 AGM. The guidelines do not cover remuneration resolved decided by Annual General Meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

The purpose of the guidelines is to provide a structure that adapts the remuneration to the company's strategy, long-term goals and sustainability. In the future, Nobia intends to connect the remuneration for senior executives to fulfilment of established sustainability targets. Nobia's value creation strategy consists of three central components:

- Focus on profitable growth
- Increasing efficiency
- Long-term value creation through continual sustainability initiatives

The company's strategy requires that Nobia can continue to attract, motivate and retain key employees within the Group. The guidelines must therefore enable appropriate and competitive remuneration to senior executives.

Decision-making process for determination, review and execution of the guidelines

The Board of Directors has inaugurated a Remuneration Committee consisting of two Board members elected by the general meeting of shareholders. The Committee's task

Guidelines for remuneration

Fixed cash salary	The fixed cash salary reflects the individuals' role, experience and contribution to the company. The level for fixed cash salary aims to contribute to recruitment and enable long-term retention of senior executives.	Evaluated yearly. Adjustments during the year can be made if the role changes.	Adjusted to the market levels for the role and country of business. Levels are adapted after evaluation of the individual's performance.
Variable cash salary	To promote goal achievement or over achievement of the company's pre-determined financial and non-financial criteria such as profitability and cash flow revenue and important operative, strategic or other sustainability-related measures.	At the end of the vesting period (at least 12 months) the Remuneration Committee evaluates to what extent the criteria for payment of variable cash salary has been met.	Fulfilment of criteria for defined goals.
Pension and other benefits	Benefits for senior executives are part of the ability to offer a competitive total remuneration, in order to facilitate recruitment and retention of the company's senior executives.	Is offered during the time of employment and is subject to review dependent on factors such as age, level of fixed cash salary and role.	Based on market practice and market levels for the role in question and the country of business.

Nobia's sustainability efforts are evaluated and rated continually by, amongst others, investors, analysts and civil society participants. Hence, the company's methods and results are reviewed and compared. As a result, the company's sustainability efforts can be continuously developed in line with the demands of its stakeholders. The sustainability efforts are an integrated part of Nobia's business that can strengthen Nobia's brand and contribute to an increase in value of Nobia's shares.

is, inter alia, to prepare proposals to the Board of Directors relating to the remuneration for senior executives. The Board shall prepare proposals for new remuneration guidelines if material changes are needed or at least every fourth year and present the guidelines for the General Meeting to resolve upon. These guidelines are to be applicable from the time of the General Meeting's approval of them, until new guidelines have been resolved (and four years at most). The Remuneration Committee may seek approval of new guidelines at an earlier point in time if circumstances affecting the purpose of the guidelines arise.

The Remuneration Committee shall also follow-up and evaluate programmes for variable remuneration to senior executives, the application of the remuneration guidelines and current remuneration structures and levels in Nobia. The members of the Remuneration Committee are independent in relation to the company and company management.

Taking into account salary and employment terms for employees

The Remuneration Committee's preparations of the Board's proposal regarding guidelines for salaries and other employment conditions for Group management considered information on total employee remuneration, the components of remuneration and the increase and rate of increase in remuneration over time as part of the Committee's and the Board's basis for decision on producing and evaluating the fairness of the guidelines and the limitations accompanying them. The trend in the gap between remuneration to the President and remuneration to other employees will be presented in the annual remuneration report.

Forms of remuneration

Remuneration must be market-based and may comprise the following components:

- Fixed cash salary
- Variable cash salary
- Pension benefits
- Other benefits

The General Meeting can in addition to that – and independent of the remuneration guidelines – decide on, for example, share and share price related remuneration.

Fixed cash salary

Remuneration is to be based on the individual executive's areas of responsibility, experience and performance. The fixed cash salary will be reviewed annually to ensure that the salary is market-based and competitive.

Variable cash salary

Variable remuneration can be paid in addition to fixed remuneration. Variable cash remuneration shall be connected to pre-determined and measurable criteria that can be financial or non-financial. The criteria can vary from year to year to reflect business priorities, and usually include a balance between the Group's financial performance (for example, profitability and cash flow revenue) and non-financial performance criteria (for example, important strategic or other sustainability-related measures). By this way of applying pre-determined financial and non-financial performance measures that reflect Nobia's business priorities, Nobia considers the possibility of attracting, motivating and retaining key employees to be improved, which contributes to Nobia's business strategy, long-term interests and sustainability.

When the vesting period for fulfilment of the criteria for payment of variable cash salary is closed an assessment is to be made as to what degree the criteria have been met. The Remuneration Committee is responsible for such an assessment with regard to variable cash salary attributable to the President and other senior executives. During the annual evaluation, the Remuneration Committee can adjust the targets and/or remuneration for extraordinary events (both positive and negative), reorganisations and structural changes. Fulfilment of the criteria for payment of variable cash salary shall be measurable during a vesting period of at least 12 months. The criteria are measured on both an annual and a quarterly basis.

The variable cash salary for the President and other senior executives may amount to a maximum 65% of the fixed annual cash salary. Before variable cash salary is disbursed, the Board of Directors shall assess the reasonableness of the turnout. This assessment is made in relation to Nobia's profit/loss and financial position. The company shall have the right to reclaim variable components of remuneration that were awarded on the basis of information which subsequently proved to be manifestly misstated.

Pension benefits

The President and other senior executives employed in Sweden are entitled to pensions under the ITP system or equivalent. In addition to the ITP system, senior executives in Sweden may be entitled to, after resolution by the Board, an expanded premium-based pension right on salary portions exceeding 30 base amounts. Furthermore, the current President has a pension premium including health insurance for 30% of a fixed yearly salary. For senior executives, pension benefits may not exceed 35% of the fixed cash salary. The senior executive's members who have employment contracts under the terms of another country have pension solutions that are in agreement with local practice; in doing so, the principles in these guidelines will be complied with as far as possible.

Other benefits

Other benefits can include, inter alia, life insurance, health care insurance and company car. The President and other senior executives are further entitled to benefits that could be offered to other employees at any given moment.

Additional benefits and additions can be offered under certain circumstances, for example, in case of re-allocation or international assignments, in which case benefits and remuneration are determined according to local conditions.

For Group management, other benefits may not exceed 10% of the fixed cash salary. With regard to employment conditions governed by other rules than Swedish, as far as pension benefits and other benefits are concerned, appropriate adjustments may be carried out to comply with compulsory laws or local practice, whereupon the guidelines' overall purposes are to be satisfied to the extent possible.

Termination of employment

In case of termination by the company, the termination notice period shall not exceed 12 months. Fixed cash salary during the termination notice period and termination consideration combined shall not exceed an amount equivalent to the yearly fixed cash salary for the President and other senior executives. In case of termination by the employee, the notice termination period may amount to a maximum of six months, without right to termination consideration. The President and other senior executives may have a right to accrued variable cash salary, however not for a period exceeding the period of the employment.

Disclosures regarding share-related remuneration schemes

Nobia has inaugurated long-term share-related remuneration schemes. The programmes, which encompass, inter alia, Group management, senior executives and persons in senior management, were resolved upon by the General Meeting and are therefore not covered by guidelines for remuneration to senior executives. The performance requirements that are used to assess the outcome of the programmes has a clear link to the business strategy and in this way to Nobia's long-term value creation, including the Group's sustainability. The performance requirements encompass, for example, profitability and total shareholder return. The programmes impose further requirements on own investment and a certain vesting period. Before the number of shares to be allocated under the programme is finally established, the Board must check the reasonableness of the outcome of the long-term remuneration scheme. For more information on proposed long-term remuneration schemes and the criteria that the outcome depends on, refer to [link to complete proposal, AGM 2021].

Remuneration to the Board

If a Board member carries out work on behalf of Nobia in addition to their Board duties, a consultant fee and other remuneration can be paid for such work. Decisions on such consultant fees and such other remuneration are made by the Remuneration Committee and shall be market-based.

Deviation from the guidelines

The Board of Directors may decide to temporarily, wholly or partially, deviate from the guidelines if there are special circumstances in an individual case and deviation is necessary in order to ensure the company's financial capacity. As stated above, the Remuneration Committee is responsible for preparation of the Board of Directors' decisions on remuneration matters, which includes decisions on deviation from the remuneration guidelines.

Proposed appropriation of profits

The following profits in the Parent Company are at the disposition of the Annual General Meeting:

Share premium reserve	52,225,486
Unappropriated profit brought forward	1,233,554,474
Net loss for the year	-207,482,212
Total SEK	**1,078,297,748**

The Board of Directors proposes that all profits at the disposition of the Annual General Meeting be appropriated as follows:

Ordinary dividend of SEK 2 per share to be paid to shareholders	337,705,642
To be carried forward	740,592,106
Total SEK	**1,078,297,748**

Risks, Risk management and opportunities

Nobia is exposed to a number of strategic, operational, compliance and financial risks that could impact our ability to achieve business objectives into the future. Nobia's Enterprise Risk Management framework and internal control environment are designed to manage these risks.

Risk management is by its nature a dynamic and ongoing process. Our well-defined approach is flexible to ensure that it remains relevant at all levels of the business, and dynamic to ensure we can be responsive to changing business conditions. This is particularly important given the diversity of the Group's locations, markets and production processes. Managing risks is a part of conducting business, consequently Nobia strives to ensure that the risks taken are deliberate. It is important for us to understand the risks to which our business is exposed and make informed decisions. Group management reports risk issues on an ongoing basis to the Board.

The coronavirus pandemic will continue to increase uncertainty in the global economy to a highly significant degree. The measures imposed by different governments to prevent the spread of the pandemic might weaken the economy and consumer purchasing power in all of Nobia Group's market areas. The infection situation has worsened in many countries, and a prolonged pandemic may weaken demand for some of our products although Nobia benefited from the stay at home trend especially in the Nordic and Central Europe Regions. The pandemic may also cause significant disruption in various segments of our operations, thereby threatening the continuity of business and customer services. The ultimate impact on the world economy and on Nobia Group's business operations will become apparent only as the pandemic unfolds and over a longer period.

Risks related to climate change and sustainability remain an integral part of a number of our principal risks including brand, reputation and trust, and responsible sourcing, supply chain and product management process.

Nobia's risk management framework
Nobia has an established process for Enterprise Risk Management (ERM) that provides a framework for the Group's risk activities. The purpose of the ERM process is to provide a Group-wide overview of Nobia's risks by identifying them, evaluating them and providing a basis for decision-making regarding the management of risks, and to facilitate monitoring of the risks and how they are managed. Internal controls used to manage the risks associated with financial reporting are presented in the Corporate Governance Report on page 102.

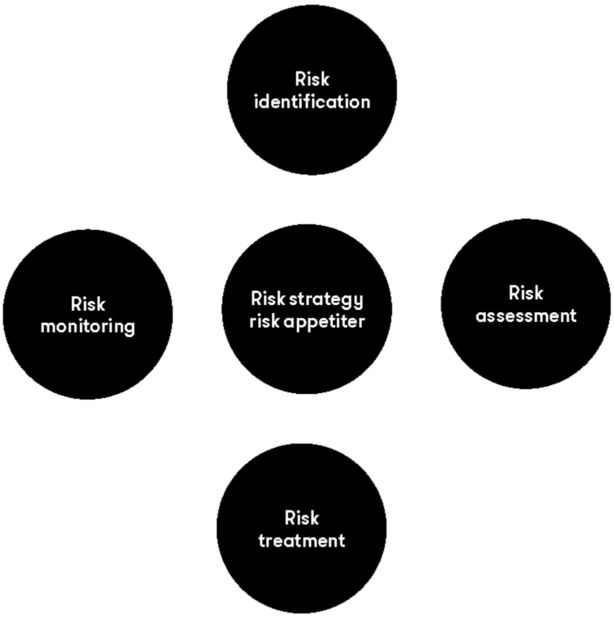
Sustainability and climate-related risks are integrated in our overall business risk assessment process. Workers' health and safety risk assessment processes are integrated in local management systems.

This report addresses the Group's principal risks.

Nobia's risk management process consists of five stages and is described in more detail below.

The aim of our risk management is to create awareness of risks and consequently limit, control and manage them and leverage the opportunities.

Jon Sintorn, CEO



Nobia's risk management process

Strategy & Appetite
The Board has overall responsibility for setting the Group's strategy and is responsible for monitoring and maintaining the effectiveness of the Group's risk management activities and internal control processes. In order to assist in determining the Group's risk appetite a risk rating matrix has been developed which considers both the likelihood and the magnitude of the impact if the risk event occurs. The risk rating matrix is based on the residual risk that the Group faces after considering the internal control environment and other mitigating factors.

Risk identification
Nobia utilises a structured risk and control identification process to identify risk. The basis for this identification process is an annual workshop with both a bottom-up and a top-down method. All Regions, Divisions and functions are required to regularly conduct a detailed review to identify material risks inherent and compile a risk register which is reviewed and approved by the Regional Management Team. The Group reviews the most material risks on a regular basis and identifies the risks they are managing at Group level, which is then reported to the Board.

Risk assessment
Risk assessment is a natural part of the day-to-day business and risk assessments form part of all investment decisions and how we conduct our business. Nobia utilises a structured risk assessment process that is carried out by the Business Units and functions in accordance with the minimum standards established by the Internal Control function. Principal risks is reviewed in detail by the Audit Committee through the course of the year, considering the detailed risk description, the controls and mitigating actions in place and the resultant residual risk exposure.

Risk treatment
The risk management process ensures that the various Business Unit management teams review the principal risks in their respective businesses and identify the actions and controls in place to mitigate risk. Management assurance is provided on both a formal and informal basis, and risk management is embedded in all decisionmaking processes, with ongoing review by the Board. Action plans are developed for identified risks and lines of business and Group companies are held accountable for tracking and resolving issues in a timely manner.

Risk Monitoring
Nobia strives for continual improvement through efforts to enhance controls, ongoing employee training and development, talent retention, and other measures. Risk reports are produced on a Group-wide basis as well as by line of business and Group functions. Reporting includes the evaluation of key risk indicators against the established stated risk appetite. The Audit Committee performs an annual review of the risk management policy and plan, including consideration of acceptable risk tolerance levels for the Group. In 2021, the Committee will continue to focus on the principal risks to the Group and the actions taken to mitigate these risks.

Nobia Group Principal Risks

A risk universe consisting of four categories and over twenty risk areas is used to aggregate and categorize risks identified across the organization within the risk management framework. Over the course of the past year, the audit committee has reviewed the principal risks set out below. In evaluating the Group's risk management and internal control processes, the audit committee has considered established practicies within Enterprise Risk Management. The sustainable development risks are considered throughout our business and consolidated into the principal risks where relevant.

Risk management is an integrated part of our business planning process and monitoring of business performance. Risks and uncertainties that could specifically be impacted by Nobia's operations include, but may not be limited to the following:

Strategic & emerging risks

Political and macro-economic risk

Demand for Nobia's products is affected by general macroeconomic trends and the subsequent fluctuations in its customers' purchasing power and consumption patterns. Macroeconomic or political decisions and events around the world impact Nobia's operations, both locally and on a global scale. Political uncertainty and weak macroeconomic conditions can indirectly affect demand for kitchens. Business risks linked to political decisions on restrictions, for example, related to trade tariffs or reduced freedom of movement, also result in more expensive import, less competitive export and order cancellations, etc.

Nobia has sales in the Nordic region, the UK, Netherlands and Austria and purchases raw materials and components from Europe and Asia. As part of its normal business operations, Nobia has extensive accounts receivable and accounts payable, which are affected by access to liquidity in the global economy. Changes in global politics and the macro economy could have a material impact on Nobia's income, operating margin and financial position.

For all its operations, it is important that Nobia endeavours to manage the effect of forthcoming economic fluctuations by taking a number of measures. Examples of these measures are reducing costs, reviewing capacity and production structure and creating higher customer value through product innovation.

Nobia works continuously to monitor, evaluate and attempt to predict changes in the business environment in the form of political decisions and changes to rules in the areas that are particularly important to its operations. Nobia is active in various national and international trade associations and in other types of partnerships. The purpose is to gain early knowledge of and actively contribute to the development of areas that are important to the company's operations. Accordingly, Nobia needs to take proactive measures to assess and manage these risks. Uncertainties (including Brexit) and macroeconomic conditions impact our customers' budgets and force customers to reappraise the concepts of value thus affecting Nobia negatively, however Nobia has a structured approach and proactively initate counteractive measures which have shown to been effective in 2020.

Not meeting customers demand and preferences

Global socio-economic and demographic trends and changing consumption patterns, including increased public awareness of sustainability and increasing customer purchasing power, are driving changes in customers' needs and attitudes, and could affect the demand for Nobia products.

Demand for Nobia's products is affected by general macroeconomic trends and the resulting fluctuations in its customers' purchasing power and consumption patterns, whereby prices, the number of transactions in the housing market and access to financing are key factors.

Digitalisation is also changing customer and consumer behaviour, preferences and demand. Furthermore, greater climate awareness is starting to change customer expectations and demands.

Nobia's focus on customer and consumer insight guides its innovation activities, ensuring that new products, services are competitive and positioned in the relevant sales channels. Key success factors for Nobia's long-term growth and profitability are our ability to offer attractive, innovative and sustainable products, services and brands and to make these available to customers and consumers over the product life cycle.

Continuous investments in research and development to develop products and designing products with a life cycle perspective in line with customer demand and expectations, even during economic downturns. Nobia also places great importance on developing processes, products and information to ensure customer satisfaction, for example, by offering eco-labelled products and ensuring that the products we produce and the materials we use comply with our own and our stakeholders' standards.

Nobia is participating in the increasing digitalisation trend and its impact on customers, consumers and channels, for example, through online sales, which has due to the Coronavirus increased significantly.

Delay or failure in identifying and effectively responding to the challenges of a post-Brexit environment

The UK exited the EU on January 31, 2020, and the transition period concluded on December 31, 2020. In December 2020, the UK and EU announced they had entered into a post-Brexit deal on certain aspects of trade and other strategic and political issues. As we maintain significant operations in the EU, the terms of the December 2020 post-Brexit deal could subject the Company to increased risk. We are in the process of evaluating the impact of the December 2020 post-Brexit deal on our business, future operations, operating results and cash flows. The UK is an important market for Nobia and represents approximately 40 per cent of net sales.

We continue to monitor Brexit and its potential impacts on our results of operations, business, financial condition, or prospects. Our flexibility within the organization enables us to timely react with structural and operational changes as may be appropriate.

Currently, the vast majority of the operational actions necessary to respond to this scenario have been implemented including, but not limited to: precautionary measures such as increasing buffer stock of critical components to avoid interruption in production.

Nobia is expected to have continued considerable net sales in the UK. Nobia's fixed assets in the UK amount to 27% of Nobia's total fixed assets.

Strategic & emerging risks (cont.)

Investments in Business transformation and future growth

To support Nobia's revised strategy, we are currently investing in business transformation and future growth through, for example, initiatives to increase competitiveness and reduce cost as well as to improve capacity and delivery time. A new factory is built in Jönköping which requires capital and to support the revised operating model a new ERP solution is developed.

Failure to to attract and retain people with right skills to execute our transformation objectives due to poor competence, prioritisation, ineffective change management and a failure to understand and deliver the technology required, results in an inability to progress sufficiently quickly to maintain or increase operating margin and generate sufficient cash to meet business objectives.

Management constantly reviews and refines the business plans, and take other actions in order to effectively execute on business strategy.

We have clear market strategies and business plans to address changes to business priorities, strategic objectives and external market factors. In addition, we have executive-level governance and oversight for all the transformation activities to ensure programmes are adequately resourced, milestones achieved and to approve key rollout decisions.

Financial risks

Risks that can cause unexpected variability or volatility in net sales, margins, earnings per share, returns or market capitali sation.

Credit control failure

Credit risk pertains to losses owing due to Nobia's customers or counterparties in financial contracts failing to fulfil their payment obligations.

The Group's financial policy for managing financial risks which includes Credit control and Currency effects has been prepared by the Board and forms a framework of guidelines and rules in the form of risk mandates and limits for the finance operations. Credit risk in accounts receivable is managed through credit checks of customers using credit rating companies. A Group-wide credit risk policy sets the limits for any given customer. The credit limit is set and regularly monitored. For further information concerning accounts receivable and recognition of expected credit losses, see Note 2 Financial risks.

Financial credit risk Nobia strives to enter into agreements that allow net calculation of receivables and liabilities. In certain cases, there are also supplementary terms to these agreements regarding the exchange of collateral.

Currency effects

Transaction exposure Transaction exposure is the risk that exchange rate movements in export revenues and import expenses could negatively impact the Group's operating profit and the cost of fixed assets.

Translation exposure Translation exposure is the risk to which Nobia is exposed when translating foreign subsidiaries' balance sheets to SEK.

Transaction exposure Derivative instruments are held only for hedging purposes and not for speculative transactions. Nobia's overall strategy is to reduce the Group's exchangerate exposure linked to forecast purchases and sales of goods and uses derivative instruments in the form of currency forward contracts for this purpose. During the year, primarily accounts receivable and payable, as well as future payments of non-current assets were continuously hedged.

Translation exposure Nobia manages translation exposure by distributing the liabilities across various currencies where the Group owns assets. Translation exposure in the income statements of foreign subsidiaries is not currency hedged.

For detailed information concerning financial risks, see Note 2.

Legal & regulatory risks

Risks related to legal or governmental actions that can have a material impact on the achievement of business objectives.

Legal and compliance risk

Legal Risk Legal risks comprise a number of risks in, to some extent, diverse areas. Amended legislation, violations of laws in the operations or errors in any agreements signed by Nobia, are some examples of legal risks that could have negative financial and reputational implications for Nobia. In certain instances, they may also result in protracted and costly legal processes.

Compliance risk Non-compliance with the legal and governance requirements and globally established responsible business conduct in any of the jurisdictions in which we operate and within our supply chain could expose us to significant risk if not actively managed. Failure to successfully manage relationships with our stakeholders could disrupt Nobia's operations and adversely impact the Group's reputation.

These requirements include laws relating to the environment, price controls, taxation, competition compliance, data protection, human rights, workers health & safety and labour rights.

More stringent environmental requirements, remediation of the environment in connection with plant closures or breaches of permits could incur higher costs for the Group.

There is a growing demand from investor and regulatory communities for improved disclosures from companies in relation to diversity and climate-related risks & opportunities.

Nobia constantly monitors developments in several areas and addresses any legal risks that arise in co-operation with external advisers. By their nature, legal issues are often national, which means that local experts are also often engaged by Nobia in various issues.

A corporate culture that protects integrity is a prerequisite for our reputation and our ability to be an attractive and developing workplace. Our code of conduct is based on principles for environmental, social and economic sustainability. The code states the minimum level of acceptable behavior for all employees and partners. We have developed and operates a Code of Conduct training programme, supported by self-certification and reporting. In addition, all new hires must complete training in the Code of Conduct shortly after joining the company. During the year we have updated our code of conduct, focusing on, for example, the importance of a long term sustainable business model.

Nobia has a comprehensive programme with policies and guidelines on compliance with applicable competition, anti-corruption and data protection legislation. Our legal and governance compliance is supported by a centralised co-ordination of compliance related matters. All entities must perform a self-assessment which includes questions relating to corruption, when reviewing the evaluations for 2020, nothing emerged that indicated any increased risk of corruption. Ongoing and potential environmental risks are regularly monitored in our operations. Several key performance indicators (KPIs) that address resource and energy usage in order to minimise costs and impact on the environment have been developed and are regularly monitored by the management team.

Operational & societal risks

Risks that may affect or compromise execution of business functions or have an impact on society.

Competition

Failure to deliver an effective, coherent and consistent strategy to respond to our competitors and changes in market conditions results in a loss of market share and failure to improve profitability.

Nobia operates in mature markets, which means that underlying demand in normal market circumstances is relatively stable. Notwithstanding this, Nobia is subject to considerable competition from other producers of similar products.

Nobia's products to the retail market are sold through digital & online channels as wells as in own stores and franchises retailers. Sales to professional customers are conducted with regional and local construction companies via a specialised sales organisation or directly through the store network or online. If these players are not successful in selling Nobia's products, it could have a negative impact on Nobia's earnings.

As regards to competitors, we regularly review markets, trading opportunities, competitor strategy and activity and we are able to quickly refine our customer proposition. Nobia follows up on new players in the market and their impact on the company.

The company works to maintain strong and long-term customer relationships in strategic customer segments, and building relationships with new customers.

Nobia has a structured and proactive method for following demand fluctuations. Robust measures and cost saving programmes for adjusting capacity have proven that Nobia can adjust its cost level when demand for the Group's products declines.

Nobia's proactive approach during the pandemic thus far, there has been little impact on the Group's ability to serve customers and run operations. The Group has accelerated its efforts on sales and customer service through digital and online channels.

Operational & societal risks (cont.)

Risks that may affect or compromise execution of business functions or have an impact on society.

Information technology risks

The Group relies on IT systems in its day-to-day operations. Disruptions or faults in critical systems have a direct impact on production. Errors in the handling of financial systems can affect the company's reporting of results.

Cyber security risks are increasing in importance and could have a major impact on Nobia's operations. Theft of personal information or failure to comply with legal or regulatory requirements relating to data security and data privacy in the course of our business activities, can result in reputational damage, fines or other adverse consequences.

Theft or modification of intellectual property constitutes a risk to our products and future business success.

Nobia has a global IT security policy, including quality assurance procedures that govern IT operations. The system landscape is based on well-proven products and the IT landscape is subject to continuous investments in order to remain up to date.

Continuous investment in our cyber defence program including development of cyber security skills and improved technology and processes for scanning, monitoring and logging to identify intrusion and detect anomalous data traffic.

Awareness of cyber security risks increases the readiness to quickly address any attacks.

Technical integrity of our operating assets

We have three major production facilities which account for approximately 75% of our total production capacity.

If operations at any of these key facilities are interrupted for any significant length of time, it could have a material adverse effect on Nobia's financial position or performance.

Incidents such as fires, explosions, or large machinery breakdowns or the inability of our assets to perform the required function effectively and efficiently whilst protecting people, business, the environment and stakeholders could result in property damage, loss of production, damage to reputation, and/or safety and environmental incidents.

Our capital investment programme supports the replacement of older equipment to improve both reliability and integrity, and our proactive repair and maintenance strategy is designed to improve production reliability and minimise breakdown risks. We conduct risk assessments of our high-priority equipment and have specific processes and procedures in place for the ongoing management and maintenance of such equipment

We actively monitor all incidents and have a formal process which allows us to share lessons learned across our operations, identify emerging issues, conduct benchmarking, and evaluate the effectiveness of our risk reduction activities. Our fire Protection programme is supported by external experts and independent loss prevention audits,we take out property insurance cover for key risks and facilities are normally protected by sprinkler systems.

Environmental impact and climate change

Climate change has the potential to affect our business in various ways. While these may not be severe in the short term, we believe climate change related risks are likely to have a medium and long-term impact on our business. Wooden sheet material is the main raw material for our products and forests are an important carbon store, with sustainably managed forests having the opportunity to support a circular bioeconomy. Customers and consumers are increasingly concerned about the consequences of climate change and are looking for solutions produced from renewable materials and reduced carbon footprints. Our climate change related risks relate to transition and physical risks.

Governments and regulators are likely to take action to curb carbon emissions that may impact our business. Changes in precipitation patterns and extreme weather conditions such as floods, storms, droughts and fires may impact our supply chain and the forests our suppliers source wood from and could result in supply chain interruptions and higher wood costs. Higher temperatures may also increase the vulnerability of forests to pests and disease. Increased severity of extreme weather events may also interrupt our operations.

Furthermore, there are risks linked to a lack of control of, for example, serious environmental incidents and unforeseen demand for environmentally certified products.

Sustainability risks and climate-related risks are integrated into the Group's overall process for assessing operational risks. Risk assessment is part of our materiality process for identifying our most material sustainability topics.

Through our internal sustainability system, we identify, manage and follow up on important sustainability topics, including risks. Sustainability management is integrated into central processes such as sustainability scorecard in product development and assessment and evaluation of suppliers in the procurement process.

Through local environmental management systems, preventive measures are managed at each production plant, including emergency preparedness.

See also further information on climate-related risks on page 58, Task Force on Climate-Related Financial Disclosures (TCFD).

Attraction and retention of key skills and talent

Our success is driven by our people. Key to our long-term success is attracting, retaining, recruiting and developing a skilled and committed workforce.

Access to the right skills, particularly management and technical skills, is critical to support the performance and growth of our business.

Losing skills or failing to attract new talent to our business has the potential to undermine our ability to drive performance and deliver on our strategic objectives.

Failure to meet safety standards in relation to our workplace, results in death or injury to our customers, colleagues or third parties and ultimately adverse financial and reputational consequences.

Our culture and values play a key role in empowering and inspiring our people. These are highlighted by various programmes and collaboration initiatives throughout our operations. We have a zero tolerance policy towards discrimination and we provide equal opportunities for all employees.

To attract skills and talent we are investing in employer branding; we are engaged in fair and transparent recruitment practices. We ensure that we have competitive remuneration for the position and country of operation in question. In addition, in order to support career development we ensure that employees have access to training and development, through on-the-job training, internal training, external seminars and training programs.

The Group regularly assesses and manages safety and health risks in operations. All units conduct systematic health and safety work in which every workplace accident is analysed, and measures are taken to prevent a similar accident from happening again. Moreover, five of our 14 production plants have certified management systems, OHSAS 18001 or ISO 45001, and additional two plants are awaiting updated certification. Routines and processes have also been implemented at other plants for both monitoring and escalating workplace accidents.

Cost and availability of raw materials

Access to sustainable sources of raw materials is essential to our operations. The raw materials used by the Group include significant amounts of wood, steel, aluminium and plastics.

Wood prices and availability may be adversely affected by reduced quantities of available wood supply that meet our standards for credibly certified or controlled wood, the impact of climate change through increased frequency of severe weather events, changes in rainfall or increased instances of pest and disease outbreaks and increasing use of wood as a biofuel.

Cost variations for components (such as handles, worktops and hinges) and goods for resale (such as appliances) are mainly caused by changes in the commodity prices of raw materials in the global market or suppliers' ability to deliver.

Risk of delivery disruptions Nobia purchases material and components from Europe, including Northern Italy and Asia. Disruptions to subsuppliers' ability to deliver goods to Nobia, as a result of both global and local distributions, could lead to delays to Nobia's deliveries to its customers. Delivery delays could arise for a variety of reasons, for example, extreme weather conditions, pandemics or political disruptions. Such delays could result in costs, loss of income and a tarnished reputation.

We are committed to acquiring our raw materials from sustainable and responsible sources. We work continually with our suppliers to increase the share of recycled materials and we encourage legislation supporting the local collection of recycled materials.

We have multiple suppliers for each of our operations and our centralised procurement teams work closely with our operations in actively pursuing longer term agreements with strategic suppliers. We source our wood from diverse regions to mitigate the potential impacts of climate change on our wood suppliers.

Efficiency improvements in the company's operations, changed product specifications and price increases are examples of measures to reduce the effect of rising costs for input goods.

The impact of the pandemic on the Group's sourcing and logistics has not been significant so far. Suppliers of some products have adjusted their operations and in some cases announced price increases , which is why the availability situation and the availability of alternative products are monitored and ensured in cooperation with suppliers. Changes in the pandemic situation, as well as orders issued by the authorities, may affect the availability of some products. So far, the Group's logistics chain and customer deliveries have been operating almost normally.

Task Force on Climate-related Financial Disclosures (TCFD)

Nobia wants to help fulfill the Paris Agreement and prevent the worst consequences of climate change. We have therefore based our climate goals on what, according to the latest research, we must do to contribute to the most ambitious goal in the Paris Agreement. Furthermore, we have initiated the work with control and risk management in accordance with TCFD's guidelines, in order to increase our understanding of how we are affected by climate change and policy instruments to reduce carbon dioxide emissions. This disclosure is our first attempt to include climate related financial dislosures in our report and we will continue to develop the work in the coming years.

Governance

The Board of Director's of the Nobia Group bears the ultimate responsibility for the management of all Nobia's risks and opportunities, which includes climate related risks and opportunities. Climate action plays a central role in our sustainability strategy and we have adopted a Science Based Climate Target, approved by the SBTi. The Board of Directors monitors progress in implementing climate change mitigation and/or adaptation strategies, oversees risk & opportunities and targets as part of its review of financial and non-financial results and its evaluation of operational management.

The CEO, is the President of the Group Management, which is the highest organizational function with responsibility for the Nobia Sustainability Strategy. The CEO is overseeing risks & opportunities, including economic, social and environmental topics, such as climate targets.

The EVP and Chief Product Supply Officer is responsible within the Group Management for all operations, product management, group sourcing, and sustainability, including climate related risks and opportunities. Head of Sustainability is part of the management team for Product Supply and is leading a central sustainability function at Group level.

▶ See also page 103, 118, 119.

Strategy

Nobia develops strategy and plan the organisation's business activities based on, among other things, the outcome of materiality and risk assessment process, including climate adaptation and mitigation assessments.

As a result of our assessments, risks in a short term perspective include challenges related to reduced sales due to lack of environmental product credentials. In a medium to long term perspective we include risks such as increased direct costs for wood due to higher demand for fossil free materials, increased demands for waste reduction, cleaner material flows as well as request to assure decreased fossil fuel dependence, but also emerging regulation and related carbon pricing mechanisms.

Our newly adopted sustainability strategy for 2021-2026, addresses such risks, by for example including a science-based CO_2 reduction target that covers our own fossil fuel consumption and direct emissions from heating and own transport, as well as CO_2 reductions in the value chain of our products. This strategy also includes managing emissions in our value chain, such as transportation of goods, emissions from our products, etc.

Impact of potential *and future regulatory changes as well as increased cost for direct material is part of our Enterprise Risk Management process.*

▶ See also page 32-33.

Risk & opportunity management

Nobia has an established process for Enterprise Risk Management.

Sustainability and climate-related risks are integrated in our overall business risk assessment process. We recognise investors and other stakeholders are seeking a better understanding of how companies are evaluating and responding to climate change related risks. We have been evaluating the impact and reporting on these risks for a number of years and therefore included climate change related risk in the yearly Top Risk Assessment activity with the goal to identify and remediate significant threats to financial results, operation viability, reputation and the delivery of key strategic objectives, regardless of whether they can be quantified or not. In addition, identifying emerging risks which may arise from technological development, new or changings environmental risks are a vital part in our ERM process.

▶ See also page 50-57.

Metrics and Targets

As part of our new sustainability strategy we have set a science-based target to reduce our CO_2 emissions from scope 1 and 2 by 72 % from a 2016 base year.

We also include our value chain by committing that 70 % of our suppliers by emissions covering purchased goods and services and use of products will have science based targets by 2025.
Further, we want to help reduce our customers' energy consumption from whitegoods, by transitioning our white goods portfolio.

Result 2020:
Renewable electricity : 100 %
Renewable electricity and heating: 88 %
This year's scope 1&2 reduction: 18 %
Scope 1&2 tonCo2/Net sales SEKm: 0,85

▶ See also page 32-33, 120.

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Consolidated income statement

SEK m	Note	2019	2020
Net sales	3	13,930	12,741
Cost of goods sold	4, 7, 10, 25	-8,625	-8,297
Gross profit		**5,305**	**4,444**
Selling expenses	4, 7, 10, 25	-3,371	-3,256
Administrative expenses	4, 6, 7, 10, 25	-922	-971
Other operating income	8	432	703
Other operating expenses	9	-312	-483
Operating profit		**1,132**	**437**
Financial income	11	1	7
Financial expenses	11	-94	-91
Profit after financial items		**1,039**	**353**
Tax on net profit for the year	12, 26	-229	-100
Net profit for the year		**810**	**253**
Net profit for the year attributable to:			
Parent Company shareholders		810	253
Earnings per share before dilution, SEK[1]	23	4.80	1.50
Earnings per share after dilution, SEK[1]	23	4.79	1.50

1) Shares outstanding, less bought-back shares.

Consolidated statement of comprehensive income

SEK m	Note	2019	2020
Net profit for the year		810	253
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange-rate differences attributable to translation of foreign operations	22	241	-399
Cash-flow hedges before tax[1]	22	-19	1
Tax attributable to hedging reserve for the period[2]	22	4	-2
		226	**-400**
Items that will not be reclassified to profit or loss			
Remeasurements of defined-benefit pension plans	25	6	-135
Tax attributable to remeasurements of defined-benefit pension plans		0	30
		6	**-105**
Other comprehensive income for the year		**232**	**-505**
Total comprehensive income for the year		**1,042**	**-252**
Total comprehensive income for the year attributable to:			
Parent Company shareholders		1,042	-252

1) Reversal recognised in profit or loss of SEK 15m (-3). New provision amounts to SEK -17m (-15).
2) Reversal recognised in profit or loss of SEK -3m (1). New provision amounts to SEK 4m (3).

Comments and analysis of income statement

Net sales decreased 9% to SEK 12,741m (13,930). For comparable units and adjusted for currency effects, the change in net sales was -7%. The relationship is shown in the table below.

	QUARTER				JAN-DEC	
Analysis of net sales, %	I	II	III	IV	%	SEK m
2019	3,469	3,751	3,265	3,445		13,930
Organic growth	-85	-952	-58	183	-7	-911
– of which Nordic region[1]	10	-31	50	177	3	208
– of which UK region[1]	-92	-866	-136	-53	-19	-1,148
– of which Central Europe region[1]	-3	-55	28	59	2	29
Currency effect	61	-58	-102	-178	-2	-278
2020	**3,445**	**2,741**	**3,105**	**3,450**	**-9**	**12,741**

1) Organic growth for each organisational region.

Net sales and profit by region

	Nordic region		UK region		Central Europe region		Group-wide and eliminations		Group	
SEK m	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Net sales from external customers	6,753	6,801	5,902	4,649	1,275	1,291	–	–	13,930	12,741
Net sales from other regions	0	0	–	–	0	0	0	0	–	–
Total net sales	**6,753**	**6,801**	**5,902**	**4,649**	**1,275**	**1,291**	**0**	**0**	**13,930**	**12,741**
Gross profit	2,567	2,455	2,282	1,509	394	419	62	61	5,305	4,444
Gross profit excluding items affecting comparability	2,567	2,567	2,282	1,509	394	419	62	54	5,305	4,549
Gross margin, %	38.0	36.1	38.7	32.5	30.9	32.5	–	–	38.1	34.9
Gross margin excluding items affecting comparability, %	38.0	37.7	38.7	32.5	30.9	32.5	–	–	38.1	35.7
Operating profit	886	765	345	-234	98	143	-197	-237	1,132	437
Operating profit excl. items affecting comparability	886	897	345	-226	98	143	-197	-233	1,132	581
Operating margin, %	13.1	11.2	5.8	-5.0	7.7	11.1	–	–	8.1	3.4
Operating margin excl. items affecting comparability, %	13.1	13.2	5.8	-4.9	7.7	11.1	–	–	8.1	4.6

Depreciation/amortisation and impairment of fixed assets for the year recognised in operating profit amounted to SEK 989m (835).

Impact of exchange rate (Operating profit)

	Translation effect		Transaction effect		Total effect	
SEK m	2019	2020	2019	2020	2019	2020
Nordic region	20	-10	-20	-60	0	-70
UK region	15	5	0	0	15	5
Central Europe region	0	0	0	0	0	0
Group	**35**	**-5**	**-20**	**-60**	**15**	**-65**

Quarterly data per region

	2019				2020			
	I	II	III	IV	I	II	III	IV
Net sales, SEK m								
Nordic	1,724	1,870	1,501	1,658	1,739	1,804	1,491	1,767
UK	1,448	1,535	1,464	1,455	1,405	645	1,295	1,304
Central Europe	297	346	300	332	301	292	319	379
Group-wide and eliminations	0	0	0	0	0	0	0	0
Group	**3,469**	**3,751**	**3,265**	**3,445**	**3,445**	**2,741**	**3,105**	**3,450**
Gross profit, SEK m								
Nordic	655	732	562	618	662	669	538	586
UK	570	610	548	554	505	94	442	468
Central Europe	76	108	103	107	91	82	108	138
Group-wide and eliminations	16	15	15	16	18	21	20	2
Group	**1,317**	**1,465**	**1,228**	**1,295**	**1,276**	**866**	**1,108**	**1,194**
Gross profit excl. items affecting comparability, SEK m								
Nordic	655	732	562	618	662	669	538	698
UK	570	610	548	554	505	94	442	468
Central Europe	76	108	103	107	91	82	108	138
Group-wide and eliminations	16	15	15	16	18	21	20	-5
Group	**1,317**	**1,465**	**1,228**	**1,295**	**1,276**	**866**	**1,108**	**1,299**
Gross margin, %								
Nordic	38.0	39.1	37.4	37.3	38.1	37.1	36.1	33.2
UK	39.4	39.7	37.4	38.1	35.9	14.6	34.1	35.9
Central Europe	25.6	31.2	34.3	32.2	30.2	28.1	33.9	36.4
Group	**38.0**	**39.1**	**37.6**	**37.6**	**37.0**	**31.6**	**35.7**	**34.6**
Gross margin excl. items affecting comparability, %								
Nordic	38.0	39.1	37.4	37.3	38.1	37.1	36.1	39.5
UK	39.4	39.7	37.4	38.1	35.9	14.6	34.1	35.9
Central Europe	25.6	31.2	34.3	32.2	30.2	28.1	33.9	36.4
Group	**38.0**	**39.1**	**37.6**	**37.6**	**37.0**	**31.6**	**35.7**	**37.7**
Operating profit, SEK m								
Nordic	214	275	193	204	198	234	183	150
UK	73	127	88	57	-21	-239	13	13
Central Europe	5	32	28	33	18	25	38	62
Group-wide and eliminations	-32	-43	-42	-80	-61	-63	-39	-74
Group	**260**	**391**	**267**	**214**	**134**	**-43**	**195**	**151**
Operating profit excl. items affecting comparability, SEK m								
Nordic	214	275	193	204	198	234	183	282
UK	73	127	88	57	-21	-239	13	21
Central Europe	5	32	28	33	18	25	38	62
Group-wide and eliminations	-32	-43	-42	-80	-61	-63	-39	-70
Group	**260**	**391**	**267**	**214**	**134**	**-43**	**195**	**295**
Operating margin, %								
Nordic	12.4	14.7	12.9	12.3	11.4	13.0	12.3	8.5
UK	5.0	8.3	6.0	3.9	-1.5	-37.1	1.0	1.0
Central Europe	1.7	9.2	9.3	9.9	6.0	8.6	11.9	16.4
Group	**7.5**	**10.4**	**8.2**	**6.2**	**3.9**	**-1.6**	**6.3**	**4.4**
Operating margin excl. items affecting comparability, %								
Nordic	12.4	14.7	12.9	12.3	11.4	13.0	12.3	16.0
UK	5.0	8.3	6.0	3.9	-1.5	-37.1	1.0	1.6
Central Europe	1.7	9.2	9.3	9.9	6.0	8.6	11.9	16.4
Group	**7.5**	**10.4**	**8.2**	**6.2**	**3.9**	**-1.6**	**6.3**	**8.6**

Consolidated balance sheet

SEK m	Note	31 Dec 2019	31 Dec 2020
ASSETS			
Intangible assets	13		
Goodwill		3,042	2,830
Other intangible assets		232	221
		3,274	**3,051**
Tangible fixed assets	14		
Land and buildings		676	529
Investments in progress and advance payments		151	145
Machinery and other technical equipment		531	421
Equipment, tools, fixtures and fittings		283	245
Right-of-use assets	15	2,549	2,200
		4,190	**3,540**
Interest-bearing long-term receivables (IB)	16	2	0
Other long-term receivables	16	103	96
Deferred tax assets	26	72	119
Total fixed assets		**7,641**	**6,806**
Inventories			
Raw materials and consumables		330	331
Products in progress		110	93
Finished products		600	516
Goods for resale		105	95
		1,145	**1,035**
Current receivables			
Current tax assets		51	20
Accounts receivable	2	1,371	1,213
Derivative instruments	2, 18	2	0
Interest-bearing current receivables (IB)		4	2
Other receivables	2	60	61
Prepaid expenses and accrued income	19	315	313
		1,803	**1,609**
Cash and cash equivalents (IB)	20	257	635
Total current assets		**3,205**	**3,279**
Total assets		**10,846**	**10,085**
Of which interest-bearing items (IB)		263	637

SEK m	Note	31 Dec 2019	31 Dec 2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to Parent Company shareholders			
Share capital	21	57	57
Other contributed capital		1,497	1,506
Reserves	22	55	-345
Profit brought forward		2,668	2,816
Total shareholders' equity		**4,277**	**4,034**
Provisions for guarantees		9	9
Provisions for pensions (IB)	25	473	556
Lease liabilities (IB)	15	2,113	1,778
Deferred tax liabilities	26	49	35
Other provisions	27	28	36
Liabilities to credit institutions (IB)	2, 28	1,130	285
Other liabilities (IB)	2	4	–
Other liabilities, non-interest-bearing	2	33	0
Total long-term liabilities		**3,839**	**2,699**
Liabilities to credit institutions (IB)	2, 28	0	0
Advance payments from customers		138	140
Accounts payable	2	1,162	1,317
Provisions	27	11	10
Current tax liabilities		56	36
Lease liabilities (IB)	15	362	405
Derivative instruments	2, 18	23	21
Other liabilities	2	363	644
Accrued expenses and deferred income	29	615	779
Total current liabilities		**2,730**	**3,352**
Total shareholders' equity and liabilities		**10,846**	**10,085**
Of which interest-bearing items (IB)		4,082	3,024

Information on consolidated pledged assets and contingent liabilities is provided in Note 31.

Comments and analysis of balance sheet

Goodwill
Information on goodwill, including comments, is provided in Note 13.

Financing
Net debt declined to SEK 2,387m (3,819) at the end of the period. A positive operating cash flow of SEK 1,808m reduced net debt. The change in pension liabilities of SEK 27m and interest of SEK 61m increased net debt. The debt/equity ratio amounted to 59% at the end of the year (89% at the beginning of the year). The change in net debt is shown in the table below.

Analysis of net debt

	Group	
SEK m	2019	2020
Opening balance	1,266	3,819
OB lease liabilities, new accounting policy	2,716	–
New leases/Leases terminated in advance, net	115	304
Translation differences	155	-163
Operating cash flow	-1,179	-1,808
Interest	69	61
Remeasurements of defined-benefit pension plans	-6	147
Change in pension liabilities	17	27
Treasury shares, reissued	-9	–
Dividends	675	–
Closing balance	**3,819**	**2,387**

The components of net debt are shown in the table below.

Components of net debt

	Group	
SEK m	2019	2020
Bank loans, etc.	1,130	285
Overdraft facilities	–	–
Provisions for pensions	473	556
Leasing	2,475	2,183
Other financial liabilities	4	–
Cash and cash equivalents	-257	-635
Other financial receivables	-6	-2
Total	**3,819**	**2,387**

Change in consolidated shareholders' equity

		Attributable to Parent Company shareholders				
SEK m	Share capital	Other contributed capital	Exchange-rate differences attributable to translation of foreign operations	Cash-flow hedges after tax	Profit brought forward	Total shareholders' equity
Opening balance, 1 January 2019	**57**	**1,484**	**-173**	**2**	**2,527**	**3,897**
Net profit for the year	–	–	–	–	810	810
Other comprehensive income for the year	–	–	241	-15	6	232
Total comprehensive income for the year	**–**	**–**	**241**	**-15**	**816**	**1,042**
Dividends[1]	–	–	–	–	-675	-675
Treasury shares, reissued	–	9	–	–	–	9
Allocation of performance share plan	–	4	–	–	–	4
Closing balance, 31 December 2019	**57**	**1,497**	**68**	**-13**	**2,668**	**4,277**
Opening balance, 1 January 2020	**57**	**1,497**	**68**	**-13**	**2,668**	**4,277**
Net profit for the year	–	–	–	–	253	253
Other comprehensive income for the year	–	–	-399	-1	-105	-505
Total comprehensive income for the year	**–**	**–**	**-399**	**-1**	**148**	**-252**
Dividends[2]	–	–	–	–	–	–
Allocation of performance share plan	–	9	–	–	–	9
Closing balance, 31 December 2020	**57**	**1,506**	**-331**	**-14**	**2,816**	**4,034**

1) The 2019 Annual General Meeting resolved on dividends of SEK 675m, corresponding to SEK 4 per share.
2) The 2020 Annual General Meeting resolved on dividends of SEK 0m, corresponding to SEK 0 per share.

Consolidated cash-flow statement and comments

SEK m	Note	2019	2020
Operating activities			
Operating profit		1,132	437
Depreciation/amortisation/impairment	13, 14, 15	835	989
Other adjustments for non-cash items		29	50
Income tax paid		-305	-118
Change in inventories		-150	-26
Change in operating receivables		110	32
Change in operating liabilities		-18	704
Cash flow from operating activities		**1,633**	**2,068**
Investing activities			
Investments in tangible fixed assets		-372	-199
Investments in intangible assets		-93	-109
Sale of tangible fixed assets		67	49
Interest received		1	2
Increase/decrease in interest-bearing assets		29	5
Other items in investing activities		-56	-1
Cash flow from investing activities		**-424**	**-253**
Operating cash flow before acquisitions/divestments of subsidiaries, interest, increase/ decrease in interest-bearing assets		**1,179**	**1,808**
Operating cash flow after acquisitions/divestments of subsidiaries, interest, increase/ decrease in interest-bearing assets		**1,209**	**1,815**
Financing activities			
Interest paid		-70	-63
Change in interest-bearing liabilities		89[1]	-911[2]
Change in lease liabilities		-475	-449
Treasury shares, reissued		9	–
Dividends		-675	–
Cash flow from financing activities		**-1,122**	**-1,423**
Cash flow for the year excluding exchange-rate differences in cash and cash equivalents		**87**	**392**
Cash and cash equivalents at the beginning of the year		128	257
Cash flow for the year		**87**	**392**
Exchange-rate differences in cash and cash equivalents		42	-14
Cash and cash equivalents at year-end		**257**	**635**

1) Raising and repayment of loans comprising a net SEK 240m. The remaining change primarily comprises pension payments and repayment of current interest-bearing liabilities.
2) Raising and repayment of loans comprising a net SEK -849m. The remaining change primarily comprises pension payments and repayment of current interest-bearing liabilities.

Comments on the cash-flow statement

Cash flow from operating activities amounted to SEK 2,068m (1,633). Working capital improved cash flow by SEK 710m (-58) and was primarily attributable to government measures, such as delayed tax and VAT payments during the coronavirus pandemic. Adjustments for non-cash items amounted to SEK 50m (29) as specified in the table below.

Investments in fixed assets amounted to SEK 308m (465).

Operating cash flow, that is, the cash flow after investments but excluding the acquisitions and divestments of operations, interest and increases/decreases in interest-bearing assets, amounted to SEK 1,808m (1,179).

Adjustments for non-cash items

SEK m	2019	2020
Capital gains/losses on fixed assets	-17	-4
Provisions	21	54
Other	25	0
Total	**29**	**50**

Parent Company

Parent Company income statement

SEK m	Note	2019	2020
Net sales		281	337
Administrative expenses	4, 6, 25	-332	-506
Other operating income	8	6	8
Other operating expenses	9	-4	-9
Operating profit		**-49**	**-170**
Profit from participations in Group companies	11	500	–
Financial income	11	80	11
Financial expenses	11	-10	-202
Profit after financial items		**521**	**-361**
Group contributions received		150	155
Group contributions paid		-187	–
Tax on net profit for the year	12	0	-1
Net profit for the year		**484**	**-207**

Parent Company statement of comprehensive income

SEK m	Note	2019	2020
Net profit for the year		484	-207
Other comprehensive income for the year		–	–
Comprehensive income for the year		**484**	**-207**

Parent Company cash-flow statement

SEK m	Note	2019	2020
Operating activities			
Operating profit		-49	-170
Adjustments for non-cash items		0	4
Dividends received	11	500	–
Group contributions received		150	155
Group contributions paid		-187	–
Interest received	11	80	11
Interest paid	11	-10	-202
Tax paid		-22	-1
Cash flow from operating activities before changes in working capital		**462**	**-203**
Change in liabilities		66	1,055
Change in receivables		282	-574
Cash flow from operating activities		**810**	**278**
Investing activities			
Tangible fixed assets		-29	3
Provisions for pensions		2	1
Cash flow from investing activities		**-27**	**4**
Financing activities			
Change in interest-bearing liabilities		3	-4
Reissued treasury shares		9	–
Dividends		-675	–
Cash flow from financing activities		**-663**	**-4**
Cash flow for the year		**120**	**278**
Cash and cash equivalents at the beginning of the year		38	158
Cash flow for the year		**120**	**278**
Cash and cash equivalents at year-end		**158**	**436**

Parent Company balance sheet

SEK m	Note	31 Dec 2019	31 Dec 2020
ASSETS			
Fixed assets			
Tangible fixed assets		29	26
Shares and participations in Group companies	16, 17	1,380	1,385
Other securities held as fixed assets		6	5
Total fixed assets		**1,415**	**1,416**
Current assets			
Current receivables			
Accounts receivable		1	0
Receivables from Group companies		2,212	2,833
Other receivables	18	70	28
Prepaid expenses and accrued income	19	84	81
Cash and cash equivalents	20	158	436
Total current assets		**2,525**	**3,378**
Total assets		**3,940**	**4,794**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital[1]	21	57	57
Statutory reserve		1,671	1,671
		1,728	**1,728**
Non-restricted shareholders' equity			
Share premium reserve		52	52
Buy-back of shares		-82	-82
Profit brought forward		823	1,316
Net profit for the year		484	-207
		1,277	**1,079**
Total shareholders' equity		**3,005**	**2,807**
Long-term liabilities			
Provisions for pensions	25	21	22
Deferred tax liabilities		5	5
Long-term interest-bearing liabilities		22	17
Total long-term liabilities		**48**	**44**
Current liabilities			
Other interest-bearing liabilities		6	7
Accounts payable		44	31
Liabilities to Group companies		790	1,815
Current tax liabilities		0	0
Other liabilities	18	29	39
Accrued expenses and deferred income	29	18	51
Total current liabilities		**887**	**1,943**
Total shareholders' equity, provisions and liabilities		**3,940**	**4,794**

1) The number of shares outstanding was 168,852,821 (168,852,821).

Parent Company change in shareholders' equity

SEK m	Share capital	Statutory reserve[1]	Share premium reserve	Buy-back of shares	Profit brought forward	Total shareholders' equity
Opening balance, 1 January 2019	57	1,671	52	-92	1,495	3,183
Net profit for the year	–	–	–	–	484	484
Comprehensive income for the year	**–**	**–**	**–**	**–**	**484**	**484**
Dividends	–	–	–	–	-675	-675
Treasury shares, reissued	–	–	–	10	-1	9
Allocation of performance share plan	–	–	–	–	4	4
Shareholders' equity, 31 December 2019	**57**	**1,671**	**52**	**-82**	**1,307**	**3,005**
Opening balance, 1 January 2020	**57**	**1,671**	**52**	**-82**	**1,307**	**3,005**
Net profit for the year					-207	-207
Comprehensive income for the year	**–**	**–**	**–**	**–**	**-207**	**-207**
Dividends	–	–	–	–	–	–
Allocation of performance share plan	–	–	–	–	9	9
Shareholders' equity, 31 December 2020	**57**	**1,671**	**52**	**-82**	**1,109**	**2,807**

1) Of the Parent Company's statutory reserve, SEK 1,390m (1,390) comprises contributed shareholders' equity.

Notes

Note 1 Significant accounting policies

Compliance with standards and legislation

Nobia's consolidated financial statements are prepared in accordance with International Financial reporting Standards, IFRS, as published by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups was also applied.

The Parent Company applies the same accounting policies as the Group except in the cases described below under the section entitled "Parent Company accounting policies." The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors and President on 6 April 2021.

Principles applied in the preparation of the financial statements

Assets and liabilities are recognised at historic acquisition value (cost), except for certain financial assets and liabilities and fixed assets held for sale. Financial assets and liabilities measured at fair value comprise derivative instruments. Fixed assets held for sale are recognised at the lower of the carrying amount and fair value, less selling expenses.

Receivables and liabilities and income and expenses are offset only if required or expressly permitted in an accounting recommendation.

The Parent Company's functional currency is Swedish kronor (SEK), which is also the presentation currency for the Parent Company and Group. Accordingly, the financial statements are presented in SEK. All amounts are stated in SEK million (SEK m), unless otherwise stated.

The most significant accounting policies stated below are applied consistently to all of the periods presented in the consolidated financial statements.

Preparing the financial statements in accordance with IFRS requires that company management make assessments, estimates and assumptions that affect the application of accounting policies and the recognised amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments. Estimates and assumptions are regularly reviewed. Changes to estimates are recognised in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both current periods and future periods. Assessments made by company management in the application of IFRS that have a material impact on the financial statements and estimates made that may lead to significant adjustments in the financial statements of future fiscal years are primarily the following:

Impairment testing of goodwill

Goodwill is recognised at cost less any accumulated impairment. The Group regularly (at least once each year) performs impairment tests of goodwill, and when indicators of impairment exist, in accordance with the accounting policies described under Note 13 Intangible assets. The assumptions and assessments made pertaining to expected cash flows and the discount rate in the form of weighted average cost of capital are described under Note 13 Intangible assets. Recognised goodwill amounted to SEK 2,830m (3,042) on 31 December 2020.

Deferred tax assets

The Group's loss carryforwards for which deferred tax assets have been capitalised have a carrying amount of SEK 0m (2.7). Deferred tax assets pertaining to loss carryforwards are capitalised to the extent it is probable that carryforwards can be offset against surpluses in future taxation. Particularly high demands are placed on the assessment if the company, to which the loss carryforwards are attributable, has recognised losses in recent years. The amounts of capitalised and non-capitalised loss carryforwards in the Group are presented in Note 26 Deferred tax. If the probability that non-capitalised loss carryforwards could be utilised in future taxation in future annual accounts is deemed to be high, additional amounts may be capitalised, with a corresponding positive amount recognised in profit or loss. The reverse applies if markets were to significantly deteriorate in forthcoming years. The current assessment is that the probability of such increases or declines in the value in the balance sheet during the forthcoming year is not high, although this cannot be ruled out if conditions in the kitchen markets were to change more than expected. The Group's deferred tax assets amounted to SEK 119m (72) on 31 December 2020.

Defined-benefit pensions

The Group's defined-benefit pension plans are recognised according to common principles and calculation methods and are calculated by assessing future salary increases and inflation. The Group's pension liabilities amounted to SEK 556m (473) on 31 December 2020.

Changed accounting policies

The changed accounting policies applied by the Group from 1 January 2020 are described below. Other IFRS changes applied from 1 January 2020 did not have any material effect on the consolidated financial statements.

Amendment to IFRS 3 Business Combinations:

Change / impact: Definition of a "business"

The ISAB has issued amendments to IFRS 3 as regards the definition of a business. Classifying an acquisition as either an acquisition of a group of assets or a business gives rise to major accounting differences. The amendment is expected to result in fewer business combinations being classified as an acquisition of a business and instead being classified as an acquisition of a group of assets. The accounting differences between a business and a group of assets could be significant since different standards are applied. This affects for example the accounting of goodwill, which is not recognised for a group of assets, and transaction costs, which are expensed for a business. The classification as a business or a group of assets could also impact the recognition of deferred tax and how additional purchase considerations are presented.

The amendment did not have any material impact on the Nobia Group in 2020.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors:

Change / impact: Definition of "material"

The amendment seeks to harmonise the definition of "material" between the various IFRSs and clarify the meaning of the term. The amendment clarifies that materiality depends on the nature or magnitude of information, or both.

The definition has also been changed from the wording that information "could influence" the decisions of users of financial statements to "could reasonably be expected to influence." The IASB has also made an amendment to clarify that the users of financial statements are now the "primary users." This is to ensure that the definition is not interpreted too broadly.

The new wording is as follows: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements,

Note 1 continued

which provide financial information about a specific reporting entity."

The amendment did not impact the Nobia Group in 2020.

Amendments to IFRS 9, IAS 39, IFRS 7:

Change / impact: IBOR Reform, Phase 1 – hedge accounting

As a result of the reforms promoted by the Financial Stability Board, various countries are working on replacing IBOR with new reference rates or risk-free rates (RFR).

The amendment to reference rates could affect companies' hedge accounting, among other items. The amendments to IFRS 9, IAS 39 and IFRS 4 introduce exemptions from certain requirements regarding how a hedging relationship is to be evaluated regarding IBOR rates when hedge accounting is applied. The amendments also introduce new disclosure requirements.

The amendment did not have any material impact on the Nobia Group in 2020.

Amendment to IFRS 16:

Change / impact: Amendment to the standard on Covid-19-related rent concessions

The IASB introduced practical relief to IFRS 16 on 28 May 2020. In brief, the relief entails that lessees do not need to assess whether a corona pandemic related rent concession is a lease modification. Accordingly, a rent concession for a lessee can be recognised directly in profit or loss. There is no such relief for the lessor.

The concession entails that the lessee recognises the change in lease payment in accordance with IFRS 16, but without treating the change as a lease modification, meaning that the changed payment is recognised in profit or loss. The relief only applies to rent reductions that are a direct result of the corona pandemic. The following conditions must also be satisfied:

The changes to lease payments result in the changed total lease cost essentially being the same or lower than the total cost before the change was made.

The reduction in lease payments affects only payments originally due on or before 30 June 2021.

The lease conditions have not been significantly changed.

Companies that apply the exemption are also required to disclose this fact. Disclosures are also to be provided as to whether the relief has been applied to all leases or certain leases. For leases to which the relief has been applied, the type of lease is to be disclosed. Disclosures are also to be provided on the amounts related to rent reductions that have been recognised in profit or loss.

Lessees who apply the exemption may do so retrospectively, meaning that opening shareholders' equity may be adjusted at the start of the first period to which the relief is applied. The amendment is applied for fiscal years beginning on or after 1 June 2020. Earlier application is permitted.

Nobia took this relief into consideration in 2020 and applied it to corona pandemic related rent concessions primarily in the UK in accordance with the above.

Other new or amended IFRSs and interpretations

Other amendments to accounting policies with future application are not deemed to have any material effect on the consolidated financial statements and will not be applied in advance.

Classification

Fixed assets essentially comprise amounts that are expected to be recovered more than 12 months after the closing date. Current assets essentially comprise amounts that are expected to be recovered within the 12 months after the closing date. Long-term liabilities comprise liabilities that Nobia intends, and has an unconditional right, to pay later than 12 after the closing date. Other liabilities comprise current liabilities.

Consolidation principles and business combinations

Subsidiaries

Subsidiaries are companies subject to the controlling interest of Nobia AB. A controlling interest exists if Nobia AB has influence over the investment object, is exposed to or has the right to variable returns for its involvement and can use its influence over the investment to influence this return. When assessing whether a controlling interest exists, potential voting shares are taken into account and whether de facto control exists.

Business combinations are recognised in accordance with the acquisition method. According to this method, an acquisition of a subsidiary is considered a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The Group-wise cost is determined by an acquisition analysis in conjunction with the acquisition. The analysis determines the cost of the participations or business activities, and the fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities on the acquisition date.

Goodwill in business combinations is calculated as the total of the consideration transferred, any non-controlling interests (previously termed minority interests) and fair value of previously owned participations (for step acquisitions) less the fair value of the subsidiary's identifiable assets and assumed liabilities. When the difference is negative, it is recognised directly in net profit for the year. Transaction costs attributable to business combinations are expensed.

Contingent consideration in acquisitions is measured at fair value on both the acquisition date and continuously thereafter, with changes in value recognised in profit or loss.

For acquisitions of subsidiaries involving non-controlling interests, the Group recognises net assets attributable to non-controlling interests either at fair value of all of the net assets except goodwill, or at fair value of all net assets including goodwill. The principle is decided individually for each acquisition.

Ownership in companies that grow through acquisitions on several occasions are recognised as step acquisitions. For step acquisitions that lead to a controlling interest, the previously acquired participations are remeasured according to the most recent acquisition and the arising gains or losses are recognised in profit or loss.

When controlling interests are achieved, changes in ownership are recognised as a reallocation of shareholders' equity between the Parent Company's owners and the non-controlling interest, without any remeasurement of the subsidiary's net assets.

If ownership is reduced to such an extent that controlling interests are lost, any remaining holdings are recognised at fair value and the change in value is recognised in profit or loss.

When acquisitions of subsidiaries involve acquisitions of net assets that are not part of the operations, the acquisition cost is distributed between the individual identifiable assets and liabilities based on their fair value on the acquisition date.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the controlling interest arises and are included in the consolidated financial statements until the date on which the controlling interest ceases.

Transactions that are eliminated through consolidation

Intra-Group receivables and liabilities, income or expenses and unrealised gains or losses that arise from intra-Group transactions between Group companies, are eliminated in their entirety in the preparation of the consolidated financial statements.

Translation of foreign subsidiaries

The financial statements of subsidiaries are prepared in the local currency (functional currency) used in the country in which the company conducts operations. Swedish kronor, SEK, is utilised in the consolidated financial statements, which is the Parent Company's functional currency and also the Group's presentation currency. This means that the earnings and financial position of all Group companies that have a functional currency that is different to the presentation currency are translated to the Group's presentation currency of SEK. Foreign subsidiaries' assets and liabilities are translated at the closing-date rate and all items recognised in profit or loss and other comprehensive income are translated at the average exchange rate for the year. Translation differences are recognised in other comprehensive income and are accumulated in a separate reserve in consolidated shareholders' equity.

Note 1 continued

Significant exchange rates

	Closing-date rate		Average	
	31 Dec 2019	31 Dec 2020	2019	2020
DKK	1.40	1.35	1.42	1.41
EUR	10.43	10.04	10.59	10.49
GBP	12.21	11.09	12.07	11.80
NOK	1.06	0.95	1.07	0.98
USD	9.32	8.19	9.46	9.20

Segment reporting

An operating segment is a part of the Group that conducts business activities from which it can generate income and incur expenses and for which independent financial information is available. Furthermore, the results of an operating segment are monitored by the company's chief operating decision-maker to evaluate them and to allocate resources to the operating segment. Nobia's operating segments are the Group's three regions: the UK, Nordic and Central Europe regions. The division of the units per region is based on the geographic domicile of the units. Refer to Note 3 a more detailed description of this division and a presentation of the operating segments.

Revenue recognition

The Group's revenue derives from the following activities:

- Sales of kitchen products and other products.
- Revenue for installation services for kitchen products and other products sold.

Revenue is measured based on the remuneration specified in contracts with customers, meaning net after VAT, discounts and returns. Revenue for sales of goods and services is recognised in profit or loss when control of the goods and services is passed to the customer. Determining when control has passed to the customer, meaning a point in time or over time, requires assessments to be made.

Sales of kitchen products and other products.

The Group sells kitchen products and other products through a number of different sales channels, such as own stores, franchise stores, builders' merchants, DIY chains and other retailers. Accordingly, sales take place both directly to end customers but also via retailers. All guarantees provided, aimed at ensuring that sold products comply with the agreed specifications, are included in the standard sales price. It is not possible to purchase offered guaranteed or additional guarantees, which is why these are recognised in accordance with IAS 37. Revenue for kitchen products and other products is recognised at a point in time when control is passed to the customer and the Group has satisfied it performance obligation, which is usually when the goods are delivered to the agreed place.

In a small number of the Group's contracts, the customers is offered the option of returning ordered goods. A provision is recognised on the sales date corresponding to the expected level of returns with the corresponding reduction in revenue. No adjustment is made to the costs since it is uncertain whether the returned goods will be in saleable condition. The Group bases the above adjustments on past experience and manages these at portfolio level measured at the expected amount. Furthermore, the Group believes that there is no risk of material reversals since the level of these items has been low in the past and there are currently no indications that this situation will change.

Revenue for installation services for kitchen products and other products sold.

Revenue for installation services is deemed to be a distinct service and is thus handled as a separate performance obligation. Regardless of whether installation is included in the sales price of kitchen products and other products sold or if it is priced as a separate service, the portion of the transaction price that refers to installation will be recognised separately from revenue linked to the sale of kitchen and other products. If the installation service is included in the sales prices, a share of the total sales price will be allocated to the installation performance obligation. Such allocation will be based on the market price of such services.

Revenue for installation services is recognised separately, and recognised over time as the installation is performed. Given that this normally involves a relative short period of time, such revenue is recognised straight-line during the period in which installation is performed.

Government assistance

Government subsidies are recognised in the balance sheet as deferred income when there is reasonable assurance that the subsidy will be received and the Group will fulfil the conditions associated with the subsidy. Subsidies are allocated systematically in the income statement in the same manner and over the same periods as the costs which the subsidies are intended to cover.

Financial income and expenses

Financial income and expenses comprise interest income on bank balances and receivables, dividend income, interest expense on loans and pension liabilities, as well as exchange-rate differences on financial items. Interest income or interest expense are recognised according to the effective interest rate method. Dividends are recognised in profit or loss on the date when the Group's right to payment is established. The effective interest rate is the rate that exactly discounts the estimated future inward and outward payments during the expected life of the financial instrument to:

- gross carrying amount of the financial asset, or
- the amortised cost of the financial liability.

For financial assets that are credit-impaired after initial recognition, interest income is calculated by applying the effective interest rate to the financial asset's amortised cost. If the asset is no longer credit-impaired, interest income is re-calculated by applying the effective interest rate to the gross carrying amount.

Tax

Income tax for the year comprises current tax and deferred tax. Income tax is recognised in profit or loss except when the underlying transaction is recognised in other comprehensive income or in shareholders' equity, whereby the associated tax effects are recognised in other comprehensive income or in shareholders' equity.

Current tax is tax that is to be paid or received regarding the current year, by applying the tax rates determined or that have been determined in principle on the closing date. This item also includes adjustments to current tax attributable to previous periods.

Deferred tax is calculated according to the balance-sheet method on all temporary differences arising between recognised and fiscal values of assets and liabilities.

The tax effect attributable to tax loss carryforwards that could be utilised against future profits is capitalised as a deferred tax asset. This applies to both accumulated loss carryforwards at the acquisition date and losses arising thereafter.

Valuations take place at the tax rate applying on the closing date. Deferred tax is recognised in the balance sheet as a fixed asset or long-term liability. The income tax liability is recognised as a current receivable or liability.

If the actual outcome differs from the amounts first recognised, the differences will affect current tax and deferred tax in the period in which these calculations are made.

Tangible fixed assets

Tangible fixed assets are recognised at cost with deductions for depreciation and any impairment. Cost includes expenses that can be directly attributed to the acquisition. The borrowing costs of the cost of any assets established that comprise qualifying assets are expensed. Costs for repairs, maintenance and any interest expenses are recognised as costs in profit or loss in the period in which they arise.

In the event that an asset's carrying amount exceeds its estimated recoverable amount, the asset is written down to its recoverable amount, which is charged to operating profit.

In the income statement, operating profit is charged with straight-line depreciation, which is calculated on the original cost and is based on the estimated useful lives of the assets as follows:

Note 1 continued

- Kitchen displays 2-4 years
- Office equipment and vehicles 3-5 years
- Buildings 15-40 years
- Machinery and other technical equipment 6-12 years
- Equipment, tools, fixtures and fittings 6-12 years

Land is not depreciated.

Fixed assets/disposal groups held for sale and discontinued operations

Discontinued operations comprise important operations that have been divested or comprise a disposal group held for sale as well as subsidiaries that are acquired for the purpose of subsequently being sold. Profit after tax from discontinued operations including changes in value is recognised on a separate line in profit or loss.

The significance of a group of assets and liabilities being classified as held for sale is that the carrying amounts are recovered primarily by being sold and not by being used. All assets included in the group are presented on a separate line among assets and all of the group's liabilities are presented on a separate line among liabilities. The group is valued at the lower of the carrying amount and fair value, less selling expenses.

Intangible assets

Goodwill comprises the amount by which the cost of the acquired operation exceeds the established fair value of identifiable net assets, as recognised in the acquisition analysis. In connection with the acquisition of operations, goodwill is allocated to cash-generating units. Since goodwill has an indeterminable useful life, it is not amortised. Instead, goodwill is tested for impairment at least annually and when an indicator of impairment exists. The carrying amount comprises the cost less any accumulated impairment losses. A description of the method and assumptions used in impairment testing can be found in Note 13 Intangible assets.

Other intangible assets are recognised at cost less accumulated amortisation and any impairment. It also includes capitalised costs for purchases and internal and external costs for the development of software for the Group's IT operations, patents and licences. Amortisation takes place according to the straight-line method based on the estimated useful life of the asset (three to six years).

Research and product development

Costs for product development are expensed immediately as and when they arise.

Product development within the Group is mainly in the form of design development and is conducted continuously to adapt to current style trends. Capitalised development expenditure is amortised over the estimated useful life. Such intangible assets that have not yet been taken into use are tested for impairment every year.

This development is relatively fast, which is the reason that no portion of the costs for product development is recognised as an intangible asset. The Group does not carry out research and development in the true sense of such work, or to any significant extent.

Leases

Nobia assesses whether a contract is, or contains, a lease at the start of the contract. For cases in which Nobia is deemed to be a lessee, a right-of-use asset is recognised that represents a right to use the underlying asset together with a lease liability that represents an obligation to pay lease payments. There are exemptions for short-term leases (leases with a maximum term of 12 months) and leases of low-value assets. For leases that meet the exemption criteria, the Group recognises lease payments as an operating expense straight-line over the lease term.

Recognition for the lessor is similar to the former standard, meaning that the lessor continues to classify leases as finance or operating leases.

The lease liability is initially measured at the present value of future lease payments that were not paid on the commencement date, discounted by a weighted average incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of lease liabilities include the following:

- Fixed payments, less any incentives payable to be received when the lease is signed,
- Variable lease payments that depend on an index or rate, initially measured using the index or rates on the commencement date,
- Amounts expected to be payable by the lessee under a residual value guarantee,
- The exercise price under a purchase option that the lessee is reasonably certain to exercise, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease liabilities are recognised in subsequent periods by the liability being increased to reflect the effect of the interest and reduced to reflect effect of the paid lease payments.

The right-of-use asset is initially measured at the amount of the lease liability, plus lease payments paid at or prior to the commencement date of the lease. The right-of-use asset is recognised in subsequent periods at cost minus depreciation and impairment. Right-of-use assets are depreciated over the estimated useful life or, if it is shorter, the contracted lease term. If a lease transfers ownership at the end of the lease term or if the cost includes the reasonable certain exercise of a purchase option, the right-of-use asset is depreciated over its useful life. Depreciation starts on the commencement date of the lease.

Leases of low value (assets valued at less than about SEK 50,000 in new condition) – mainly comprising computers, printers/photocopiers and coffee machines – are not included in the lease liability but are expensed straight-line over the lease term. The Group is not deemed to have any material short-term leases (leases with a term of a maximum of 12 months).

Inventories

Inventories comprise finished and semi-manufactured products and raw materials. Inventories are valued according to the first-in, first-out (FIFO) principle, at the lower of the cost and net sales value on the closing date. The net sales value comprises the estimated sales value in the ongoing operations less selling expenses. Finished and semi-manufactured products are valued at manufacturing cost including raw materials, direct labour, other direct expenses and production-related overheads based on normal production.

Deductions are made for inter-Group profits arising in conjunction with deliveries between companies in the Group.

Financial instruments

A financial asset or a financial liability is entered in the balance sheet when the company becomes a party in accordance with the contractual terms of the instrument. A financial asset is derecognised from the balance sheet when all rewards and risks associated with ownership have been transferred. A financial liability is derecognised from the balance sheet when the obligation resulting from the agreement has been realised or is extinguished in some other manner. Financial assets and liabilities are offset and recognised net in the balance sheet only if there is a legal right to offset the recognised amounts and the intention is to settle the items in a net amount or to simultaneously sell the asset and settle the debt. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or receivership of the company or the counterparty. Financial assets and liabilities are not netted in the balance sheet. Gains and losses on derecognition from the balance sheet and modifications are recognised in profit or loss.

Recognition and measurement of financial instruments

Financial instruments are classified on initial recognition. Classification determines the measurement of the instrument. Under IFRS 9, financial assets are classified based on the company's business model and the objective of the contractual cash flows.

Note 1 continued

Financial assets

Financial assets includes cash and cash equivalents, accounts receivable, short-term investments, derivatives and other financial assets. The Group has applied IFRS 9 since 1 January 2018.

Equity instruments: classified at fair value through profit or loss.

Derivatives: are classified at fair value through profit or loss except when they are classified as hedging instruments in cash-flow hedges when the effective portion is recognised in "Other comprehensive income".

Debt instruments: classification of financial assets that are debt instruments is, in accordance with the above methods, based on the Group's business model for managing the asset and the characteristics of the asset's contractual cash flows.

Instruments are classified at:

- amortised cost
- fair value through other comprehensive income, or
- fair value through profit or loss

Financial assets classified at amortised cost are initially measured at fair value plus transaction costs. Accounts receivable are initially measured at the invoiced amount. Following initial recognition, the assets are measured according to the effective interest rate method.

Assets classified at amortised cost are held under the business model of collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subject to a loss allowance for expected credit losses. The Group has assets classified at fair value through other comprehensive income. Fair value through profit or loss applies to all other debt instruments that are not measured at amortised cost or fair value through other comprehensive income. Financial instruments in this category are initially measured at fair value. Changes in fair value are recognised in profit or loss. The Group's debt instruments are classified at amortised cost.

Fair value through other comprehensive income applies to assets held under the business model of both selling and collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial instruments in this category are measured at fair value on initial recognition. Changes in fair value are recognised under "Other comprehensive income" until the asset is derecognised from the balance sheet, at which point the amounts under "Other comprehensive income" are reclassified to profit or loss. These assets are subject to a loss allowance for expected credit losses. Fair value through profit or loss is all other debt instruments that are not measured at amortised cost or fair value through other comprehensive income. Financial instruments in this category are initially measured at fair value. Changes in fair value are recognised in profit or loss.

Financial liabilities

Financial liabilities include additional purchase considerations, loan liabilities, accounts payable and derivatives. Measurement is based on the classification of the liabilities. The Group classifies financial liabilities in the categories of: financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss, as follows:

Debt instruments: are classified at amortised cost except for derivatives. Financial liabilities measured at amortised cost are initially measured at fair value including transaction costs. After initial recognition, they are measured at amortised cost according to the effective interest rate method.

Derivatives: are classified at fair value through profit or loss except when they are classified as hedging instruments in cash-flow hedges when the effective portion is recognised in "Other comprehensive income".

Fair value measurements

For financial instruments quoted in a market, the current prices are used for measuring fair value. If there are no market quotations for the instrument, Nobia determines the fair value using normal valuation techniques, using quoted prices of similar assets or liabilities in active markets.

An assessment is made at the end of each reporting period of whether the fair value of long-term loans deviates from the carrying amount and adjustments are made for any material deviation of fair value from the carrying amount. For short-terms loans and investments, the fair value is deemed to be the same as the carrying amount since a change in the market interest rate has no material impact on the market value.

Financial assets are initially measured at cost, and for certain instruments that are not measured at fair value, transaction costs are included. Financial assets are recognised in the balance sheet until the rights in the contract have been realised or the company no longer has a right to the asset. The financial assets measured at amortised cost are continuously assessed in accordance with the expected loss model to evaluate the need for any loss allowances.

Financial derivative instruments and other hedge measures

Derivative instruments are recognised in the balance sheet on the contract date and measured at fair value, both initially and when subsequently remeasured. The method for recognising the gain or loss arising on remeasurement depends on whether the derivative is designated as a hedging instrument, and whether it is a hedge of fair value or cash flow. Derivatives that are not identified as hedging instruments are classified in the balance sheet as financial assets and liabilities measured at fair value through profit or loss. Gains and losses due to changes in fair value are recognised in profit or loss under financial items in the period in which they arise.

Hedge accounting

The Group applies hedge accounting under IFRS 9 for financial instruments aimed at hedging future commercial cash flows in foreign currencies. When the transaction is entered into, the economic relationship between the hedging instrument and hedged item, or transaction, is documented, as well as the risk management objective and strategy for undertaking the hedge. The Group also documents its assessment both at the start of the hedge and continuously as to whether the derivative instruments used in the hedge transaction are effective in terms of offsetting changes in fair value or the cash flow of hedged items. Hedges are designed in a way that they are expected to be effective, meaning that an economic relationship is expected to exist by the hedging instrument offsetting changes in fair value or the cash flow of hedged items. The economic relationship is primarily determined through qualitative analysis of critical terms in the hedging relationship. If changes in circumstances affect the hedging relationship such that the critical terms no longer match, the Group uses quantitative methods to assess effectiveness. Sources of hedge ineffectiveness are stated under each hedge type. The Group establishes the hedge ratio between the hedging instrument and the hedged item based on the hedge ratios existing in the actual hedges. The hedge ratio is 1:1 for all of the Group's hedging relationships in which hedge accounting is applied. Changes in the fair value of the hedging instrument that do not meet the criteria for hedge accounting are immediately recognised in profit or loss.

Hedging future commercial cash flows in foreign currencies

To hedge future forecast and contracted commercial currency flows, both externally and internally within the Group, the Group has entered into forward agreements. The effective portion of changes in fair value of hedging instruments is recognised in other comprehensive income. The gain or loss relating to any ineffective portion is recognised immediately in EBIT in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, for example, once the forecast external sale has taken place. When a hedging instrument expires or is sold or when the hedge no longer meets the criteria for hedge accounting, these are recognised at the same time as the forecast transaction is ultimately recognised in profit or loss. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately reclassified to profit or loss. Sources of hedge ineffectiveness include the impact of the parties' credit rating on the measurement of the hedging instrument and cash flows that do not exactly match between the hedging instrument and the hedged commercial cash flows. The Group believes that sources of hedge ineffectiveness are

Note 1 continued

not material given Nobia's credit rating and counterparties, and the procedures in place for reporting and monitoring forecast flows against outcomes. The Group normally hedges only a portion of forecast cash flows.

Loans defined as net investments

The Group has lending in foreign currency to certain subsidiaries for which the loans represent a permanent part of the head office's financing of the subsidiary. The loans are recognised at the closing-date rate, for which exchange-rate differences on the loans are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash funds and balances with banks and equivalent institutions with due days within three months from the acquisition date, and short-term liquid investments with maturities of less than three months from the acquisition date that are exposed to only an insignificant risk of fluctuations in value. Blocked funds in bank accounts are not included in cash and cash equivalents.

Impairment of financial assets

Financial assets, apart from those measured at fair value through profit or loss, are subject to impairment for expected credit losses. In addition, impairment also includes contract assets, loan commitments and financial guarantees that are not measured at fair value through profit or loss. Impairment of credit losses under IFRS 9 is prospective and a loss allowance is established when there is an exposure to credit risk, usually in connection with initial recognition of an asset or receivable. Expected credit losses reflect the present value of all deficits in cash flows attributable to default either for the next 12 months or for the full expected lifetime of the financial instruments, depending on the class of asset and credit deterioration since initial recognition. The Group defines default as the fact that it is considered unlikely that the counterparty will meet its obligations due to indicators such as financial difficulties and missed payments. Regardless, default is considered to exist when the payment is 361 days late. The Group writes off a receivable when no opportunities for additional cash flows are deemed to exist. Expected credit losses reflect an unbiased and probability-weighted outcome that is determined by evaluating the range of possible outcomes based on reasonable and supportable forecasts. The simplified model is applied to accounts receivable, lease receivables, contract assets and certain other financial receivables. A loss allowance is recognised for the expected full lifetime of the receivable or asset. A three-stage impairment model is applied to other items subject to expected credit losses. Initially, and on every closing date, a loss allowance is recognised for the next 12 months, or for a shorter period of time depending on the expected life (stage 1). If the credit risk has increased significantly since initial recognition, lifetime expected credit losses are recognised for the asset (stage 2). For assets that are considered to be credit-impaired, lifetime expected credit losses continue to be recognised (stage 3). For credit-impaired assets and receivables, the calculation of interest income is based on the carrying amount of the asset, the net loss allowance, as opposed to the gross amount in the preceding stages. The measurement of expected credit losses is based on different methods for different credit risk exposures for each model. The method for accounts receivable, contract assets and certain other financial receivables is based on past credit loss level combined with prospective factors. Lease receivables, certain other financial receivables and cash and cash equivalents are impaired according to a rating-based method. Expected credit losses are measured at the total of probability of default, loss given default and exposure on default. Both external credit ratings and internally developed rating methods are used. The measurement of expected credit losses also considers any collateral and other credit enhancement in the form of guarantees. The financial assets are recognised in the balance sheet at amortised cost, meaning the net of gross amount and the loss allowance. Changes in the loss allowance are recognised in profit or loss as credit losses. The Group's credit exposure is stated in Notes 2 and 28.

Impairment

The carrying amounts of the Group's assets are tested annually for indications of any impairment requirement. IAS 36 is applied for the impairment testing of assets other than financial assets, which are tested according to IFRS 9, assets held for resale and disposal groups that are recognised according to IFRS 5, inventories, plan assets used for the financing of employee benefits and deferred tax assets. For the exempted assets mentioned above, the carrying amount is tested in accordance with the relevant standard.

Impairment testing of tangible and intangible assets, and participations in subsidiaries

If there is an indication of an impairment requirement, the recoverable amount of the asset is tested in accordance with IAS 36 (see below). For goodwill, the recoverable amount is calculated annually. When testing for impairment requirements, if it is not possible to establish essentially independent cash flows for an individual asset, the assets must be grouped at the lowest level at which it is possible to identify essentially independent cash flows, known as cash-generating units. Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit (group of units) exceeds the recoverable amount. Impairment losses are charged against profit or loss. Impairment losses related to assets attributable to a cash-generating unit are primarily allocated to goodwill. Subsequently, a proportional impairment of other assets included in the unit (group of units) is effected. The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discounting factor that takes into account the risk-free interest rate and the risk associated with the specific asset or cash-generating unit (group of units).

Provisions

Provisions are recognised in the balance sheet among current and long-term liabilities, when the Group has a legal or informal obligation deriving from an occurred event and that it is probable that an outflow of resources will be required to settle the obligation and the amount concerned can be reliably estimated. A provision differs from other liabilities since the date of payment or the amount required to settle the provision is uncertain.

Restructuring

A provision for restructuring is recognised once a detailed and formal restructuring plan has been adopted and the restructuring process has either commenced or been publicly announced. No provisions are established for future operating expenses.

Guarantees

A provision for guarantees is recognised when the underlying products or services are sold. The provision is based on historical data and a total appraisal of the potential outcomes in relation to the probabilities associated with the outcomes.

Contingent liabilities

A contingent liability is disclosed when the company has a possible obligation deriving from an occurred event whose existence will be confirmed only by one or more uncertain future events, or when there is an obligation that has not been recognised as a liability or provision because it is not probable that an outflow of resources will be required, or alternatively because it is not possible to sufficiently reliably estimate the amount concerned.

Shareholders' equity

When shares are bought back, shareholders' equity is reduced by the entire amount paid. Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

Earnings per share

The calculation of earnings per share is based on consolidated net profit attributable to the Parent Company shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share after dilution, the average number of shares outstanding is adjusted to take into account the

Note 1 continued

dilutive effects of potential ordinary shares. During the recognised periods, potential ordinary shares comprise share rights (matching and performance share rights). Matching share rights held by employees on the reporting date are considered dilutive. Performance share rights are dilutive to the extent that profit targets have been fulfilled on the reporting date. To calculate the dilutive effect, an exercise price for the share rights is applied that corresponds to the value of future services per outstanding share right calculated as remaining cost to recognise in accordance with IFRS 2.

Employee benefits

Pensions

The Group has both defined-contribution and defined-benefit pension plans. In Sweden, the UK and Austria, employees are covered by defined-benefit pension plans. In other countries and companies, employees are covered by defined-contribution plans. Effective 2010, all new vesting in the UK comes under defined-contribution plans.

Plans for which the company's obligations are limited to the fees the company has undertaken to pay are classified as defined-contribution pension plans. The company's obligations for defined-contribution plans are recognised as a cost in earnings at the rate at which they are vested by the employees performing services on behalf of the company for a period of time.

The Group's defined-benefit pension plans state the amount of pension benefit that an employee, or a former employee, will receive after retirement based upon their salary and the number of years of service. Pension liabilities for defined-benefit plans are recognised according to common principles and calculation methods and are calculated by considering future salary increases and inflation, among other factors. The Group carries the risk that the promised benefit will be paid.

There are both funded and unfunded defined-benefit pension plans within the Group. Funded pension plans are mainly financed on the basis of contributions paid to pension funds.

Regarding defined-benefit plans, the pension commitment is calculated in accordance with the Projected Unit Credit method. This method allocates the cost of pension at the rate at which the employees perform services for the company that increase their entitlement to future remuneration. This calculation is performed annually by independent actuaries. The company's obligations are valued at the present value of expected future cash flows using a discount rate. This discount rate corresponds to the interest on high-quality corporate bonds, where a market with sufficient depth exists, or government bonds if no such market exists.

The rate in Sweden is determined based on mortgage bonds, while in the UK and Austria, the rate is based on corporate bonds.

Actuarial gains and losses may arise when the present value of commitments is established and a difference arises when the actual return on plan assets is established compared with the return calculated at the beginning of the period, based on the discount rate of the commitments. These actuarial gains and losses and this different in the return on plan assets are entitled remeasurements. These remeasurement effects arise either because the fair value differs from the previously made assumption or because the assumptions have changed. The remeasurement effects are recognised in other comprehensive income.

For funded plans, the Group recognises pension commitments in the consolidated balance sheet as a liability comprising the net of the estimated present value of the commitments and the fair value of plan assets. Funded plans with net assets, that is, plans with assets exceeding the pension commitment, are recognised as fixed assets.

The net amount of interest on pension liabilities and the expected return on accompanying plan assets is recognised as part of net financial items.

The special employer's contribution comprises a portion of the actuarial assumptions and thus is recognised as a portion of the net commitment/asset. The portion of the special employer's contribution that is calculated based on the Swedish Pension Obligations Vesting Act in legal entities is recognised, for simplicity, as accrued expenses instead of as a portion of net commitment/asset.

Tax on returns is recognised continuously in profit or loss for the period to which the tax pertains and thus is not included in the liability calculation. For funded plans, the tax is charged to the return on plan assets and recognised in other comprehensive income. For unfunded or partly unfunded plans, tax is charged to profit or loss.

Other long-term remuneration

The Group operates schemes for remuneration of employees for long service.

Actuarial gains and losses may arise when the present value of commitments and the fair value of plan assets are established, which are recognised in operating profit.

The discount rate is established on the basis of high-quality corporate bonds issued in the same currency as the remuneration that is to be paid and with maturities equivalent to the commitments in question.

Share-based remuneration schemes

Share-based remuneration pertains to employee benefits, including senior executives in accordance with the Performance Share Plans that Nobia initiated in 2019. Costs for employee benefits are recognised as the value of services received, allocated over the vesting periods for the plans, calculated as the fair value of the allotted equity instruments (IFRS 2). The fair value is determined on the allotment date, or the date on which Nobia and the employees have agreed on the terms and conditions of the plans. Since the plans are regulated with equity instruments, they are classified as "equity settled" and an amount corresponding to the recognised cost for employee benefits is recognised directly in shareholders' equity (other contributed capital).

The Performance Share Plan 2019 requires an employee's private investment in Nobia shares. At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled. The allotment of shares requires that the performance targets related to average operating profit (EBIT) and total shareholder return (TSR) on the company's shares have been achieved. However, if the EBIT performance target has been achieved but the TSR target on the Nobia share is negative, no allotment will take place. The share rights are allocated free of charge and to be entitled to receive shares under the share rights, it is required, with certain exemptions, that the participant remains employed within the Nobia Group. These share rights are divided into Series A and Series B according to the various performance targets under the Performance Share Plan 2019. Half of each participant's allotment of share rights refers to Series A, and half to Series B. The number of share rights carrying entitlement to allotment depends on fulfilment of the performance targets that apply for each series of share. The Board has set a minimum level and a maximum level for each performance target. The allotment of share rights for Series A requires that target levels are achieved for average operating profit in the 2019-2021 fiscal years. The allotment of share rights for Series B requires that target levels during the period are achieved for annual average total shareholder return (TSR) on the Nobia share. If the set minimum levels for the performance target are achieved, the share rights entitle the holder to receive allotment of 25%. If the minimum level in the range is not achieved, the share rights will not give entitlement to any allotment. If the maximum level is achieved, each share right gives entitlement to 2-3.5 shares per series depending on type of position. Allotment between the minimum and maximum levels takes place straight-line based on the intermediate amounts between the two levels.

The total shareholder return (TSR) is a market condition that is included in the initial valuation of the relevant share rights. The expense is recognised straight-line over the vesting period with a corresponding increase in shareholders' equity. The expense for the share rights is based on the fair value of the shares calculated by an external party using a Monte Carlo simulation. The amount recognised is not assessed or adjusted for the expected or confirmed outcome during the vesting period. Instead, the entire number of share rights conditional on the share return forms the basis of the expense recognition, regardless of outcome. When share rights are vested and shares allotted, social security contributions are paid in certain countries for the value of the employee's benefits. An expense and a provision are recognised, allocated over the vesting period, for these social security contributions. The provision for social security contributions is based on the number of share rights that are expected to be vested and the fair value of the share rights on each reporting date and finally, for the allotment of shares.

No new performance share plan was lanunched in 2020.

Note 1 continued

Short-term remuneration
Short-term remuneration of employees is calculated without discounting and is recognised as a cost when the related services are obtained. A provision is posted for the anticipated cost of profit shares and bonus payments when the Group has a current legal or informal obligation to make such payments, due to the services being obtained from the employees and it being possible to reliably estimate the obligation.

Payments in connection with employment termination
A cost for payments arising in connection with the laying-off of employees is recognised only if the company is legally obliged to terminate employment in advance of the normal date. When such payment is made as an offering to encourage voluntary retirement, it is recognised as a cost if it is probable that the offer will be accepted and the number of employees who will accept the offering can be reliably estimated.

Parent Company accounting policies

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Financial Reporting Board's statements for listed companies were also applied. RFR 2 entails that the Parent Company applies all IFRSs adopted by the EU and statements to the Annual Report of the legal entity as far as possible under the framework of the Annual Accounts Act and the Swedish Pension Obligations Vesting Act and with respect to the connection between accounting and taxation. The recommendation states the exceptions and additions to IFRS that are to be made. Overall, the recommendation entails differences between the Group's and the Parent Company's accounting policies in the areas stated below. The accounting policies for the Parent Company described below were applied consistently to all periods presented in the Parent Company's financial statements.

Changed accounting policies
Changes to accounting policies applied from 2020 did not have any effect on the Parent Company's financial statements.

Classification and presentation form
An income statement and statement of comprehensive income are presented for the Parent Company and the Group. The Parent Company's income statement and balance sheet are presented following the format stipulated in the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in shareholders' equity and cash-flow statement are based on IAS 1 presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in the Parent Company's income statement and the balance sheet compared with the presentation of the consolidated financial statements primarily pertain to the recognition of financial income and expenses, fixed assets, shareholders' equity and the existence of provisions as a separate heading in the balance sheet.

Subsidiaries
Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method. In the consolidated financial statements, transaction costs are recognised directly in profit or loss when they arise.

Contingent consideration is valued based on the probability of the consideration being paid. Any changes to the provisions/receivable are added to/deducted from the cost. In the consolidated financial statements, contingent considerations are measured at fair value with changes in value recognised in profit or loss.

Bargain purchases corresponding to future losses and costs are reversed during the expected periods in which the losses and costs arise. Bargain purchases arising for other reasons are recognised as a provision to the extent that the purchase does not exceed the fair value of the acquired, identifiable non-monetary assets. The portion that exceeds this fair value is recognised in profit or loss immediately. The portion that does not exceed the fair value of acquired, identifiable non-monetary assets is recognised in profit or loss systematically over a period calculated as the remaining weighted average useful life of the acquired identifiable assets that are depreciable. In the consolidated financial statements, bargain purchases are recognised directly in profit or loss.

Leased assets
All leases in the Parent Company are recognised in accordance with operating leases regulations.

Employee benefits
The Parent Company applies other principles for the calculation of defined-benefit plans than those stipulated in IAS 19. The Parent Company follows the provisions of the Pension Obligations Vesting Act and the Swedish Financial Supervisory authority's regulations since this is a condition for eligibility for rights to tax deductions. The significant differences compared with the IAS 19 regulations pertain to how the discount rate is determined, that the calculation of defined-benefit commitments based on current salary levels with no assumptions regarding future salary increases and that all actuarial gains and losses are recognised in profit or loss when they arise.

The Parent Company recognises the fair value of Performance Share Plans issued to employees of subsidiaries as shareholders' contributions by recognition in shareholders' equity and the value of the shares in the subsidiary.

Group contributions
The Parent Company applies the alternative rule to Group contributions paid and received and recognises these as appropriations in profit or loss. Prior to 2011, Group contributions were recognised directly in shareholders' equity.

Anticipated dividends
Anticipated dividends from subsidiaries are recognised if the Parent Company has the sole right to decide the amount of the dividend and the Parent Company has made a decision on the amount of the dividend prior to the publication of the Parent Company's financial statements.

Note 2 Financial risks

Foreign exchange risk

The Group's financial policy for managing financial risks has been prepared by the Board and forms a framework of guidelines and rules in the form of risk mandates and limits for the finance operations. Responsibility for the Group's financial transactions and risks is managed centrally by the Group's finance function, found in the Parent Company. The overall objective of the finance function is to provide cost-efficient financing and to minimise negative effects on the Group's earnings that derives from market risks.

Derivative instruments are held only for hedging purposes and not for speculative transactions. Nobia's overall strategy is to reduce the Group's exchange-rate exposure linked to forecast purchases and sales of goods and uses derivative instruments in the form of currency forward contracts for this purpose. If derivative instruments do not meet the criteria for hedge accounting, they are measured at fair value through profit or loss. Derivative instruments that meet the criteria for hedge accounting are designated as cash-flow hedges and measured at fair value with the change in value in other comprehensive income with the accumulated effect in shareholders' equity. This reserve is reversed to profit or loss when the hedged underlying transactions take place.

Nobia's policy is to hedge approximately 80% of the forecast flows, 0-3 months in the future, 60% 4-6 months in the future, 40% 7-9 months in the future and 100% of contracted projects. The principal currency combinations were the EUR against the GBP, the NOK against the DKK and the SEK against the NOK. Total exposure in 2020, expressed in SEK and after offsetting counteracting flows, amounted to SEK 2,442m (2,461), of which SEK 1,465m (2,174) was hedged. At year-end 2020, the hedged volume amounted to SEK 1,079m (1,003). Unrealised gains and losses recognised as cash-flow hedges in shareholders' equity will be transferred to the income statement at various points in time within 12 months.

Translation exposure

The Group's policy is not to hedge translation exposure in foreign currencies. A 10% strengthening of the SEK compared with other currencies on 31 December 2020 would entail a decrease in shareholders' equity of SEK -472m (-545) and a decrease in profit of SEK -38m (-81). The sensitivity analysis is based on the assumption that all other factors (for example, interest) are unchanged. The same conditions were applied to 2019.

Credit risk

Nobia is active in many markets and in several distribution channels. Depending on the type of distribution channel, the customer base comprises both professional customers and consumers. For these reasons, credit management and payment terms must be adapted to each business unit's business logic and distribution channels within the framework of the credit policy established by the Group. The credit policy stipulates that credit ratings are to be based on at least one credit report from a reputable credit rating institute. Credit assessments are continuously performed on customers who make regular purchases. Credit insurance is utilised for certain markets and customer categories. Collateral is often required when credit is granted to customers with low buying frequencies. Counterparty risk pertaining to banks is deemed to be very minor. The total credit risk amounted to SEK 2,007m (1,737). The credit quality of financial assets that have neither fallen due for payment nor are subject to impairment is high.

Financial exposure

Nobia's policy for financing foreign assets involves financing capital employed with external borrowings in the corresponding currency in order to minimise the impact of exchange-rate fluctuations on the debt/ equity ratio. Group loans are handled by Nobia's head office. The head office supplies the subsidiaries with funds through an internal bank. These loans are raised in local currencies. Matched external borrowing or currency contracts minimise the effects of exchange-rate fluctuations on earnings. Given the current debt/equity ratio and currency distribution of capital employed, approximately 35% of foreign capital employed must be financed through borrowing in local currencies. In combination with this policy, other forms of capitalisation may be utilised in each country to optimise the capital structure or tax situation. Nobia's financial exposure policy does not involve hedging shareholders' equity.

	2019		2020	
SEK m	Capital employed per currency	Interest-bearing loans and lease liabilities	Capital employed per currency	Interest-bearing loans and lease liabilities
SEK	232	1,379	-69	526
EUR	1,404	228	1,465	241
GBP	4,547	1,377	3,752	1,272
DKK	1,813	1,045	1,611	956
NOK	363	53	298	29
Total	**8,359**	**4,082**	**7,057**	**3,024**

Interest-rate risk

Interest-rate exposure is managed centrally, meaning that the head office is responsible for identifying and managing interest-rate risks. Nobia normally uses short, fixed-interest terms. The fixed-interest term for loans was three months.

Fixed-interest terms – borrowing

	2019			2020		
Group, SEK m	0-3 months	two years	three years	0-3 months	two years	three years
SEK	1,130	–	–	285	–	–

Refinancing risk

Nobia applies a centralised approach to the Group's financing, which means that all financing takes place in Nobia AB or Nobia Sverige AB. In December 2020, the company also raised a syndicated loan facility totalling SEK 5,000m with two banks, which replaced the previous facility of SEK 2,000m. The term is five years for SEK 3,000m and three years for SEK 2,000m. The loan has two covenants: leverage (net debt to EBITDA), and interest cover (EBITDA to net interest expenses). Nobia meets all covenants with a satisfactory margin. Nobia's policy is to obtain long-term lines of credit that are compatible with Nobia's long-term strategy, while simultaneously balancing the needs for low credit costs. In addition to these loans, Nobia has access to local cash advances.

The table below shows the maturity of all of Nobia's loans:

	2019	2020	2020
Year of maturity	2023	2023	2025
Loans and lines of credit, SEK m	2,000	2,000	3,000
Of which utilised, SEK m	1,130	285	0

Capital management

Dividends are, on average, to be within the interval of 40-60% of net profit after tax. The debt/equity ratio at year-end amounted to 59% (89). Nobia considers recognised shareholders' equity of SEK 4,034m (4,277) to be capital.

Liquidity risk

Daily liquidity is tracked with the help of carefully prepared liquidity forecasts. Liquidity is controlled centrally with the aim of using available liquidity effectively, at the same time as necessary reserves are available. Available liquidity including unutilised overdraft facilities comprised SEK 5,699m (1,485).

Note 2 continued

Commercial exposure

	2019					2020				
	USD	EUR	NOK	SEK	DKK	USD	EUR	NOK	SEK	DKK
Currency contracts on closing date										
Local currency	1	57	-153	4	40	–	57	-139	3	35
Total, SEK m[1]	11	597	-162	4	56	–	573	-133	3	48
Fair value, SEK m	0	-16	-3	-1	-1	–	-10	-4	-5	-2
Net flow calendar year										
Net flow, local currency	-5	-131[3]	319	-76	-142	-3	-86[4]	422	-46	-128
Net flow, SEK m[2]	-43	-1,387[3]	342	-76	-202	-29	-913[4]	413	-46	-181
Hedged volume, SEK m[2]	-19	-1,261	323	-42	-104	-13	-917	-241	-1	-93

1) Flows restated at closing-date rate, SEK.
2) Restated at average rate in 2019, 2020.
3) In addition, EUR 31m pertains to flows against DKK, corresponding to SEK 332m.
4) In addition, EUR 47m pertains to flows against DKK, corresponding to SEK 495m.

Sensitivity analysis

	2019			2020		
Currencies[1] and interest rates[2]	Change	Impact on profit before tax, SEK m	Impact on shareholders' equity[3], SEK m	Change	Impact on profit before tax, SEK m	Impact on shareholders' equity[3], SEK m
EUR/SEK	5%	12.1	9.5	5%	11.0	8.7
SEK/NOK	5%	8.7	6.8	5%	7.7	6.0
EUR/GBP	5%	28.3	23.5	5%	25.8	21.4
NOK/DKK	5%	12.6	9.8	5%	9.3	7.3
SEK/DKK	5%	8.2	6.4	5%	6.8	5.3
Interest-rate level	100 points	11.3	8.9	100 points	2.9	2.2

1) Transaction effects after hedges.
2) After interest-rate hedging.
3) Corresponds to profit after tax.

Analysis of maturity for financial liabilities including accounts payable

		2019						2020					
Group, SEK m	Currency	Total	Within 1 month	1-3 months	3 months -1 year	1-5 years	5 years or longer	Total	Within 1 month	1-3 months	3 months -1 year	1-5 years	5 years or longer
Bank loans (IB)													
Bank loans	SEK	1,158	1	1	6	1,150	–	291	0	0	2	289	–
Other liabilities													
Forward agreements[1]	SEK	2	0	1	1	–	–	5	0	2	3	–	–
Forward agreements[1]	EUR	17	2	5	10	–	–	10	2	3	5	–	–
Forward agreements[1]	NOK	3	0	1	2	–	–	4	0	2	2	–	–
Forward agreements[1]	DKK	1	0	0	1	–	–	2	0	1	1	–	–
Forward agreements[1]	USD	0	0	0	0	–	–	–	–	–	–	–	–
Currency swaps[2]		1	–	1	–	–	–	5	–	5	–	–	–
Other liabilities (IB)	DKK	4	0	0	3	1	–	–	–	–	–	–	–
Other liabilities (IB)	NOK	–	–	–	–	–	–	1	–	1	–	–	–
Accounts payable and other liabilities	SEK	1,557	1,070	321	82	84	–	1,956	1,264	368	205	119	–
Total		**2,743**	**1,073**	**330**	**105**	**1,235**	**–**	**2,274**	**1,266**	**382**	**218**	**408**	**–**
Interest-bearing liabilities (IB)		1,134						285					

1) The value of forward agreements is included in the item "Derivative instruments" in the balance sheet.
2) Recognised under other liabilities.
3) 2020 financial lease liabilities are recognised in Note 15.

Note 2 continued

Age analysis, accounts receivable and other receivables

	2019			2020		
SEK m	Gross	Of which expected credit losses	Of which impairment	Gross	Of which expected credit losses	Of which impairment
Non-due accounts receivable	1,122	4	–	1,008	5	–
Past due accounts receivable 0-30 days	173	1	0	102	1	1
Past due accounts receivable >30 days-90 days	92	0	4	65	–	3
Past due accounts receivable >90 days-180 days	29	0	6	66	–	8
Past due accounts receivable >180 days-360 days	20	0	9	31	–	15
Past due accounts receivable >360 days	27	0	8	42	–	7
Past due accounts receivable	**1,463**	**5**	**27**	**1,314**	**6**	**34**

Deposit account for expected credit losses and impairment of accounts receivable and other receivables

SEK m	2019	2020
Opening balance	27	32
Reversal of previously recognised impairment losses	-3	8
Changed assessment of expected credit losses	-1	-1
Impairment for the year	20	-7
Confirmed losses	-12	7
Translation differences	1	2
Closing balance	**32**	**41**

Credit quality is essentially deemed to be high for outstanding accounts receivable. There was no significant concentration of credit exposure on the closing date. The maximum exposure for credit risk is seen in the carrying amount in the statement of financial position for each financial asset. From 2018, Nobia bases any impairment on a model for expected credit losses and impairment is no longer based solely on past events. However, impairment of accounts receivable may continue if unforeseen events have occurred. Such impairment is initially recognised for each individual receivable, but may also be made collectively for a group of receivables of similar credit characteristics. When calculating expected credit losses, Nobia takes into consideration historical bad debt losses, an analysis of the respective customer segments, and observed macroeconomic effects on customers' conditions such as the impact of Brexit on the local market. In the table above, SEK 6m (5) refers to expected credit losses and SEK 34m (27) to reserved receivables.

Offsetting of financial instruments

Nobia has binding framework agreements for derivatives trading, which entails that financial liabilities can be offset – or "netted" – in the event of insolvency or a similar situation. The tables below show the amounts encompassed by netting agreements on 31 December 2020 and 31 December 2019.

Offset agreements

2020 SEK m	Financial assets	Financial liabilities
Recognised amounts in statement of financial position	1	26
Amounts encompassed by netting	-1	-1
Amounts after netting	**0**	**25**

2019 SEK m	Financial assets	Financial liabilities
Recognised amounts in statement of financial position	5	24
Amounts encompassed by netting	-5	-5
Amounts after netting	**0**	**19**

Note 3 Operating segments and Net sales

The Group's business activities are divided into operating segments based on a management approach, meaning the parts of the operations monitored by the company's chief operating decision-maker. The Group's operations are organised such that Group management monitors the earnings, returns and cash flow generated by the Group's regions. These regions comprise the Group's operating segments since Group management monitors the operations' earnings and decides on the allocation of resources based on the regions. Accordingly, the Group's internal reporting is structured so that Group management can monitor the performance and earnings of all of the regions. The following operating segments were identified: Nordic region, UK region and Central Europe region.

Nobia considers the Group's income from kitchens, bathrooms and storage to comprise a single product group since bathrooms and storage represent such a small percentage of the Group's total balance sheet, income statement and cash-flow statement.

Net sales and profit by region

	Nordic region		UK region		Central Europe region		Group-wide and eliminations		Group	
SEK m	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Net sales from external customers	6,753	6,801	5,902	4,649	1,275	1,291	–	–	13,930	12,741
Net sales from other regions	0	0	–	–	0	0	0	0	–	–
Total net sales	**6,753**	**6,801**	**5,902**	**4,649**	**1,275**	**1,291**	**0**	**0**	**13,930**	**12,741**
Depreciation/amortisation	-332	-322	-408	-415	-64	-65	-34	-50	-838	-852
Operating profit	886	765	345	-234	98	143	-197	-237	1,132	437
Operating profit excluding items affecting comparability	886	897	345	-226	98	143	-197	-233	1,132	581
Financial income									1	7
Financial expenses									-94	-91
Profit before tax									**1,039**	**353**
Impairment	1	-112	2	–	–	–	–	-25	3	-137

Total liabilities and assets per region

	Nordic region		UK region		Central Europe region		Group-wide and eliminations		Group	
SEK m	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Total operating assets	**3,212**	**2,939**	**4,283**	**3,590**	**595**	**558**	**2,493**[1]	**2,361**[1]	**10,583**	**9,448**
Total operating assets include:										
Investments in fixed assets	172	98	177	86	29	26	87	98	465	308
Total operating liabilities	**1,298**	**1,544**	**881**	**1,133**	**172**	**198**	**136**[2]	**152**[2]	**2,487**	**3,027**

1) Primarily comprises goodwill of SEK 1,934m (2,072), consolidated surplus values on fixed assets of SEK 63m (65) and fixed assets in the Parent Company of SEK 204m (177). Elimination of internal receivables amounted to SEK -18m (-26).
2) Elimination of internal liabilities amounted to SEK -18m (-26).

Geographic areas, Group

	Income from external customers[1]		Fixed assets[2]		Right-of-use assets	
SEK m	2019	2020	2019	2020	2019	2020
Sweden (domicile)	1,629	1,653	442	359	64	51
Denmark	2,709	2,898	727	657	1,058	966
Norway	1,357	1,295	185	158	56	33
Finland	1,022	924	142	123	12	47
UK	5,906	4,650	2,484	2,209	1,198	961
Germany	51	51	1	–	–	–
Netherlands	733	757	558	532	155	136
Austria	445	442	376	353	6	6
Other countries	78	71	–	–	–	–
Total	**13,930**	**12,741**	**4,915**	**4,391**	**2,549**	**2,200**

1) Net sales from external customers based on customers' geographic domicile.
2) Fixed assets that are not financial instruments, deferred tax assets, assets associated with benefits after employment termination or rights under insurance agreements.

Note 3 continued

Comparative data per product group

Net sales per product group, %	Nordic region		UK region		Central Europe region		Group	
	2019	2020	2019	2020	2019	2020	2019	2020
Kitchen furnishings	67	67	62	62	60	58	64	64
Installation services	6	6	6	6	11	10	6	6
Other products	27	27	32	32	29	32	30	30
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Nobia recognises revenue when control of the goods has passed to the customer. Revenue for kitchen products and other products is recognised at a point in time, while installations are recognised over time as the installation is performed. Installation services comprise about 6-7% of Nobia's total sales.

Nobia does not have any contract assets but contract liabilities exist in the form of advance payments from customers for the delivery of kitchen products or installation. The term of advance payments is less than one year and the closing balance on 31 December 2020 amounted to SEK 140m (138). Advance payments are recognised as revenue when Nobia has satisfied it obligation to the customer in the form of delivered kitchen products or completed installation. The contract liabilities that existed in the balance sheet on 31 December 2019 were recognised as revenue in the 2020 fiscal year.

Note 4 Costs for employee benefits and remuneration to senior executives

SEK m	2019 Salaries and other remuneration	2019 Social security costs	2019 Total	2020 Salaries and other remuneration	2020 Social security costs	2020 Total
Total subsidiaries[1]	2,681	547	3,228	2,681	536	3,217
– of which pension costs	–	254	254	–	172	172
Parent Company[1]	69	41	110	88	46	134
– of which pension costs	–	21	21	–	23	23
Group[1]	2,750	588	3,338	2,769	582	3,351
– of which pension costs	–	275	275	–	195	195

1) Excludes costs for share-based remuneration.

Total costs for employee benefits

SEK m	2019	2020
Salaries and other remuneration	2,750	2,769
Social security costs	313	387
Pension costs – defined-contribution plans	235	161
Pension costs – defined-benefit plans	30	23
Costs for special employer's contributions and tax on returns from pension	10	11
Costs for the Performance Share Plan 2019-2022	5	6
Total costs for employees	**3,343**	**3,357**

Salaries and other remuneration for the Parent Company

SEK m	2019	2020
Senior executives[1]	16	17
Other employees	53	71
Total Parent Company[2]	**69**	**88**

1) In 2020, the number of individuals was 5 (4).
2) Excludes costs for share-based remuneration.

Salaries and other remuneration for subsidiaries

SEK m	2019	2020
Presidents of subsidiaries[1]	36	39
Other employees of subsidiaries	2,645	2,642
Total subsidiaries[2]	**2,681**	**2,681**

1) In 2020, the number of individuals was 12 (13).
2) Excludes costs for share-based remuneration.

Note 4 continued

Remuneration and other benefits, 2020	Basic salary, Directors' fees	Variable remuneration	Other benefits	Pension costs	Share-based remuneration	Other remuneration	Total	Pension commitments
Chairman of the Board								
Nora Førisdal Larssen (Chairman from 5 May 2020)	0.94	–	–	–	–	–	0.94	–
Outgoing Chairman								
Hans Eckerström (until 5 May 2020)	0.40	–	–	–	–	–	0.4	–
Board members								
Stefan Jacobsson (until 5 May 2020)	0.14	–	–	–	–	–	0.14	–
Jill Little (until 5 May 2020)	0.14	–	–	–	–	–	0.14	–
George Adams	0.41	–	–	–	–	–	0.41	–
Marlene Forsell (Chairman of the Audit Committee from 5 May 2020)	0.56	–	–	–	–	–	0.56	–
Arja Taaveniku (member of Audit Committee from 5 May 2020)	0.36	–	–	–	–	–	0.36	–
Jan Svensson (from 5 May 2020)	0.27	–	–	–	–	–	0.27	–
Carsten Rasmussen (from 5 May 2020)	0.27	–	–	–	–	–	0.27	–
President								
Jon Sintorn	7.77	4.84	0.12	2.46	–	–	15.19	–
Other members of Group management[1]	23.55	7.04	1.40	6.28	–	–	38.27	0.1
– of whom, from subsidiaries[2]	14.34	3.88	1.13	3.40	–	–	22.75	0
Total	**34.81**	**11.88**	**1.52**	**8.74**	–	–	**56.95**	**0.1**

1) Number of individuals 8. 2) Number of individuals 5.

Remuneration and other benefits, 2019	Basic salary, Directors' fees	Variable remuneration	Other benefits	Pension costs	Share-based remuneration	Other remuneration	Total	Pension commitments
Chairman of the Board								
Hans Eckerström	1.10	–	–	–	–	–	1.10	–
Board members								
Nora Førisdal Larssen (member of Audit Committee)	0.49	–	–	–	–	–	0.49	–
Lilian Fossum Biner (Chairman of Audit Committee until 2 May 2019)	0.14	–	–	–	–	–	0.14	–
Stefan Jacobsson	0.38	–	–	–	–	–	0.38	–
Ricard Wennerklint (until 2 May 2019)	0.10	–	–	–	–	–	0.10	–
Christina Ståhl (until 2 May 2019)	0.10	–	–	–	–	–	0.10	–
Jill Little	0.38	–	–	–	–	–	0.38	–
George Adams	0.38	–	–	–	–	–	0.38	–
Marlene Forsell (Chairman of the Audit Committee from 2 May 2019)	0.37	–	–	–	–	–	0.37	–
President								
Jon Sintorn (from 1 Sept 2019)	2.56	–	0.03	0.98	0.49	–	4.06	–
Morten Falkenberg (until 1 Sept 2019)	5.26	–	0.12	1.58	–	–	6.96	–
Other members of Group management[1]	29.81	1.59	1.93	6.57	1.49	–	41.39	1.40
– of whom, from subsidiaries[2]	21.15	1.59	1.62	3.62	1.03	–	29.01	1.01
Total	**41.07**	**1.59**	**2.08**	**9.13**	**1.98**	**–**	**55.85**	**1.40**

1) Number of individuals 11. 2) Number of individuals 7.

The average number of employees and number of men and women among Board members and senior executives are described in Note 5.

Remuneration to senior executives

– Board and Chairman of the Board

Remuneration to the Chairman and members of the Board is determined by resolutions taken at the Annual General Meeting. Board members who are employed by Nobia do not receive a separate Directors' fee. Board members elected by the Annual General Meeting received a fixed fee of SEK 410,000 per member and the Chairman received SEK 1,200,000. In addition, the Chairman of the Audit Committee received SEK 150,000 and Committee members SEK 125,000. The Board received a total of SEK 3,489,334. Employee representatives receive a study and preparation fee of SEK 26,000 per person per year.

– President

In the 2020 fiscal year, President Jon Sintorn received SEK 7,891,308 in salary and benefits, plus a variable salary portion related to the results for 2020 of SEK 4,837,149. In addition to the normal pension in accordance with the Swedish National Insurance Act (ATP and AFP), the President has pension benefits corresponding to 30% of pensionable salary. Pensionable salary means fixed annual salary. For 2020, the premium cost for the President was SEK 2,342,400. The age of retirement is 65. The President has the right to 12 months' notice if employment is terminated by Nobia. If employment is terminated by the President, six months' notice must be given.

– Other Group management

Group management, which comprised seven individuals (11) at the end of 2020, of whom four (three) are employed in the Parent Company, received salaries and benefits during the fiscal year amount-

Note 4 continued

ing to SEK 24,956,779 plus variable salary portions based on the results for 2020 of SEK 7,043,392. Group management has the right to ITP pensions or an equivalent scheme. The age of retirement is 65. In addition, management in Sweden has the right to an increased occupational pension premium of 20% on salary portions amounting to more than 30 basic amounts, following a Board decision.

– Variable salary portion

The fundamental principle for the variable salary portion for the unit managers and Group management is that such portions may amount to a maximum bonus of 40% of fixed annual salary. The exception to this principle is the President, whose variable salary portion may amount to a maximum of 65% of fixed annual salary. Exceptions may also be made for other senior executives following a resolution by the Board. The variable portion is based on an earning period of one year. The outcome depends on the extent to which predetermined targets are met. The targets for the President are set by the Board of Directors. The President sets the targets for other senior managers following recommendations from the Board Remuneration Committee.

– Remuneration Committee

The Board of Directors appoints a Remuneration Committee from within its ranks. The Committee's tasks include preparing proposals with respect to remuneration for the President, and to reach decisions on remuneration proposals for managers that report directly to the President.

– Group management's employee contracts

The contracts include provisions regarding remuneration and termination of employment. Under these agreements, employment may be terminated by the employee with a six-month period of notice and by the company with a 12-month period of notice.

Performance Share Plan 2019

A resolution was made at the 2019 Annual General Meeting in accordance with the Board's proposal to establish a remuneration scheme in the form of a Performance Share Plan. The Performance Share Plan 2019 comprises approximately 100 employees consisting of senior executives and senior managers within the Nobia Group. Participation in the plan requires an employee's private investment in Nobia shares. At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled. The allotment of shares requires that the performance targets related to average operating profit (EBIT) and total shareholder return (TSR) on the company's shares have been achieved. However, if the EBIT performance target has been achieved but the TSR target on the Nobia share is negative, no allotment will take place.

The share rights are allocated free of charge and to be entitled to receive shares under the share rights, it is required, with certain exemptions, that the participant remains employed within the Nobia Group. The participants are not entitled to transfer, pledge or dispose of the share rights or exercise any shareholders' rights regarding the share rights during the Vesting Period. If Nobia issues a dividend to shareholders, the participants of the Performance Share Plan 2019 will be compensated by increasing the number of shares that each share right carries entitlement to. These share rights are divided into Series A and Series B according to the various performance targets under the Performance Share Plan 2019. The number of share rights carrying entitlement to allotment depends on the fulfilment of the performance targets that apply for each series of share. The Board has set a minimum level and a maximum level for each performance target. The allotment of share rights for Series A requires that target levels are achieved for average operating profit in the 2019-2021 fiscal years. The allotment of share rights for Series B requires that target levels during the period are achieved for annual average total shareholder return (TSR) on the Nobia share. For the President of the company, each Saving Share carries entitlement to a maximum of seven share rights. For other members of Group management, each Saving Share entitles the holder to a maximum of six share rights. For other senior executives and managers, each Saving Share entitles the holder to maximum of four share rights. Allotment of Nobia shares shall normally take place within two weeks of the announcement of Nobia's interim report for the first quarter of 2022.

	Performance Share Plans 2019-2022
Vesting period	May 2019-April/May 2022
Performance targets	Average operating profit (EBIT) and total shareholder return (TSR) 2019-2022
Fair value per share right	SEK 42.04 and SEK 16.30, respectively

Accumulated earnings per share are adjusted for items affecting comparability. The fair value is calculated as the share price on the plan's date of the allotment, in May at the start of the vesting period, reduced by the present value of expected dividends during the vesting period.

Performance Share Plan 20

No new performance share plan was launched in 2020.

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The costs of the Performance Share Plans are presented in the table below:

	Accumulated costs			2019[1]			2020[2]		
Plan	IFRS 2[3] cost	Social security contributions	Total cost	IFRS 2[3] cost	Social security contributions	Total cost	IFRS 2[3] cost	Social security contributions	Total cost
2019-2022	9	2	11	4	1	5	5	1	6
	9	**2**	**11**	**4**	**1**	**5**	**5**	**1**	**6**

1) Price on 31 December 2019 = SEK 70.22 per share
2) Price on 31 December 2020 = SEK 66.12 per share
3) See Note 1.

Changes in the number of outstanding share rights are as follows:

No. of share rights	2019	2020
As per 1 January	–	790,486
Allotted	792,134	–
Forfeited	-1,648	-202,764
As per 31 December	**790,486**	**587,722**

1) No exercise took place in 2019 or 2020.

Outstanding share rights at year-end had the following expiry dates:

	No. of share rights	
Expiry date	2019	2020
April/May 2022	790,486	587,722
	790,486	**587,722**

Note 5 Average number of employees

Subsidiaries in:	2019 Average number of employees	2019 Of whom, men	2020 Average number of employees	2020 Of whom, men
Sweden	700	485	703	493
Denmark	1,261	950	1,232	948
Norway	224	101	214	97
Finland	380	264	337	228
Germany	2	2	1	1
Austria	351	271	339	266
UK	2,887	2,162	2,785	2,074
Netherlands	299	225	299	226
Total subsidiaries	**6,104**	**4,460**	**5,910**	**4,333**
Parent Company	57	34	67	42
Group	**6,161**	**4,494**	**5,977**	**4,375**

	2019 Number on closing date	2019 Of whom, men, %	2020 Number on closing date	2020 Of whom, men, %
Board members	65	82	65	78
Presidents and other senior executives	125	83	100	82
Group	**190**	**83**	**165**	**81**

	2019 Number on closing date	2019 Of whom, men, %	2020 Number on closing date	2020 Of whom, men, %
Board members	9	56	10	60
Presidents and other senior executives	12	92	5	60
Parent Company	**21**	**76**	**15**	**60**

Note 6 Remuneration to auditors

Specification by type of costs

	Group		Parent Company	
SEK m	2019	2020	2019	2020
Deloitte AB				
Audit assignment	7	7	1	1
Audit activities other than audit assignment	0	0	0	0
Tax advice	1	1	0	0
Other assignments	0	0	0	0

Audit assignment refers to the statutory audit of the annual and consolidated financial statements and accounting, the administration of the Board and the President and other examinations performed by agreement or contract. This includes other duties that fall upon the company's auditor to perform and providing advisory services or other assistance due to observations made during such an audit or while performing other such duties.

Note 7 Depreciation/amortisation and impairment by activity

	Depreciation/ amortisation		Impairment	
Group, SEK m	2019	2020	2019	2020
Cost of goods sold	-234	-241	–	-105
– of which, right-of-use assets	*-77*	*-78*	–	–
Selling expenses	-528	-519	3	–
– of which, right-of-use assets	*-403*	*-409*	–	–
Administrative expenses	-76	-92	–	-32
– of which, right-of-use assets	*-11*	*-23*	–	–
Total depreciation/amortisation and impairment	**-838**	**-852**	**3**	**-137**
– of which, right-of-use assets	***-491***	***-510***	**–**	**–**

Note 8 Other operating income

	Group		Parent Company	
SEK m	2019	2020	2019	2020
Gains on sale of fixed assets	18	9	–	–
Gains on sale of stores	22	5	–	–
Exchange-rate gains from operating receivables/liabilities	308	467	6	8
Rental income	65	70	–	–
Government assistance	–	148	–	–
Other	19	4	–	–
Total other operating income	**432**	**703**	**6**	**8**

Note 9 Other operating expenses

	Group		Parent Company	
SEK m	2019	2020	2019	2020
Exchange-rate losses from operating receivables/liabilities	-300	-441	-4	-9
Loss attributable to sale of fixed assets	-1	-5	–	–
Non-recurring costs for defined-benefit plans in UK	–	-8	–	–
Other	-11	-29	–	–
Total other operating expenses	**-312**	**-483**	**-4**	**-9**

Note 10 Specification by type of cost

SEK m	2019	2020
Costs for goods and materials	-5,527	-5,140
Costs for remuneration of employees	-3,322	-3,347
Depreciation/amortisation and impairment (Note 7)	-835	-989
Freight costs	-743	-694
Other operating expenses	-2,803	-2,837
Total operating expenses	**-13,230**	**-13,007**

Note 11 Financial income and expenses

SEK m	Group 2019	Group 2020	Parent Company 2019	Parent Company 2020
Profit from participations in Group companies				
Dividends	–	–	500	–
Financial income				
Interest income, current	1	2	15	11
Exchange-rate differences	0	5	65	0
Financial expenses				
Interest expense	-18	-26	-10	-8
Interest expense for leases	-55	-48	0	0
Interest expense pertaining to pension liabilities	-21	-17	0	0
Exchange-rate differences	0	0	0	-194
Total	**-93**	**-84**	**570**	**-191**

Note 12 Tax on net profit for the year

SEK m	Group 2019	Group 2020	Parent Company 2019	Parent Company 2020
Current tax expenses for the period	-223	-137	–	-1
Deferred tax	-6	37	0	0
Tax on net profit for the year	**-229**	**-100**	**0**	**-1**

Reconciliation of effective tax, Parent Company, %	2019	2020
Tax rate in the Parent Company	21.4	21.4
Taxes attributable to earlier periods	–	-0.4
Non-tax deductible income	–	-10.4
Non-deductible costs	0.1	-1.5
Non-tax deductible dividend	-22.1	–
Non-capitalised loss carryforwards	0.6	–
Recognised effective tax	**0.0**	**9.1**

The difference between the nominal and effective tax rates for the Parent Company primarily pertains to interest transfers and non-deductible costs.

Tax expense on net profit for the year for the Group comprised 28.3% of profit before tax. In 2019, tax expense accounted for 22.0 per cent of profit before tax. The corporation tax rate in Sweden will be lowered to 20.6% in 2021. Nobia's deferred tax liabilities and assets from this country are thus recognised at the new tax rate as per 31 December 2020, with a marginal effect in the income statement and the balance sheet. The difference between recognised tax (28.3%) and anticipated tax in consolidated profit before tax calculated using the local tax rate for Sweden (21.4%) is explained in the table below.

Reconciliation of effective tax Group, %	2019	2020
Local tax rate in Sweden	21.4	21.4
Different local tax rates	1.7	5.7
Taxes attributable to earlier periods	0.0	-1.5
Non-tax deductible income	-5.0	-3.2
Non-deductible costs	3.9	6.4
Non-capitalised loss carryforwards	0.7	-0.5
Utilisation of previously unrecognised loss carryforwards	-0.6	–
Changed tax rate	-0.1	–
Recognised effective tax	**22.0**	**28.3**

Note 26 explains the calculation of deferred tax assets and liabilities.

Note 13 Intangible assets

Goodwill, SEK m	Group 2019	Group 2020
Opening carrying amount	2,887	3,042
Acquisition of operations	13	–
Sale of stores	-2	–
Translation differences	144	-212
Closing carrying amount	**3,042**	**2,830**

Impairment testing of goodwill

At the end of 2020, recognised goodwill amounted to SEK 2,830m (3,042). The carrying amount of goodwill is specified by cash-generating units as follows:

SEK m	Group 2019	Group 2020
Nobia UK	1,739	1,579
Nobia DK	354	343
Nobia SweNo	161	151
Bribus	471	453
Other	317	304
Total	**3,042**	**2,830**

Goodwill has been allocated to cash-generating units (CGU) when these units were acquired. Nobia has six CGUs, which in organisational terms correspond to the company's business units. Goodwill is subject to an annual impairment test by calculating the expected recoverable amount of each CGU. The recoverable amount is calculated as the expected cash flow discounted by a weighted average cost of capital (WACC) after tax for each CGU, which forms the basis for deriving the discount rate before tax. The recoverable amount calculated in conjunction with this is compared with the carrying amount, including goodwill, for each CGU.

For analysis of the business situation, a number of different economic indicators are used, as well as external and internal analysis of these. Assumptions are based on the effects of the Group's long-term strategic initiatives, which e.g. includes differentiated brands, group-wide range, central purchasing and product development.

The starting point of the calculation is the estimated future cash flows based on the financial budget for the forthcoming fiscal year. A forecast for the next four years is prepared based on this budget and expectations regarding market trends in the years ahead, which reflect previous experiences and external sources of information.

When calculating the expected cash flow, significant assumptions applied include expected sales growth, operating margin and working capital requirements. Demand for kitchen products has historically followed the economic trend.

- Expected market growth is based on a transition from the current economic situation to the expected long-term growth. Current market share has been assumed for future periods.
- The operating margin has been forecast to reach the average for the most recent business cycle in five years. The transition from the current level to the level has been assumed to be linear. Account has been taken of the company's assessments of capacity utilization.
- The forecast for personnel costs is based on expected inflation, a certain increase in real wages (historical average) and planned efficiencies in the company's production (according to the established five-year plan).

In order to extrapolate the cash flows outside the first five years, a growth rate of 2% (2) is applied to all CGUs.

The weighted average cost of capital is calculated on the average debt/equity ratio for large companies in similar industries and costs for borrowed and shareholders' equity. The cost of shareholders' equity is determined on the basis of the assumption that all investors require at least the same level of return as for risk-free government bonds, with an additional risk premium for the estimated risks assumed when they invest in cash-generating units. The risk premium has been established based on the long-term historical return on the stock market for large companies in similar industries by taking into consideration the risk profile of each busi-

Note 13 continued

ness unit. The required return on debt-financed capital is also calculated on the return on risk-free government bonds and by applying a borrowing margin based on an estimated company-specific risk. The required return and tax rate for each CGU is influenced by the interest and tax rates in different countries.

In 2020, the Group's weighted cost of capital before tax amounted to 8.5% (7.1) and after tax to 8.4% (5.9). In total, the utilised cost of capital after tax for 2020 is within the interval of 8.0-8.8% (4.5-8.3).

The increase in the Group's weighted cost of capital before tax is due to a mix of underlying changed assumptions in the capital market such as risk premiums and beta values, but also to certain minor changes in specific assumptions for the Group. Taken together, these changes have resulted in an increase for the Group between the years and for certain underlying CGU's.

Testing of goodwill did not lead to any impairment in 2020.

Company management has made the assessment that reasonable changes in important assumptions/key variables will not lead to the calculated total recoverable amount of the units being lower than their total carrying amount.

	Group	
Discount rate before tax, %	2019	2020
Nobia UK	9.6	8.9
Nobia DK	5.2	8.0
Nobia SweNo	9.4	9.0
Other	9.8-10.5	8.1-8.3

	Group	
Other intangible assets, SEK m	2019	2020
Opening acquisition value	501	614
Investments for the year	93	109
Sales and scrapping	-3	-75
Reclassification	15	-12
Translation differences	8	-19
Closing accumulated acquisition value	**614**	**617**
Opening amortisation	317	382
Sales and scrapping	-3	-73
Amortisation for the year	62	65
Impairment for the year	–	33
Reclassification	0	0
Translation differences	6	-11
Closing accumulated amortisation	**382**	**396**
Closing carrying amount	**232**	**221**
Of which:		
Software	200	206
Brands	0	0
Licences	6	5
Other	26	10
Closing carrying amount	**232**	**221**

Note 14 Tangible fixed assets

	Group	
Buildings, SEK m	2019	2020
Opening acquisition value	1,523	1,642
Investments for the year	76	48
Sales and scrapping	-19	-104
Reclassification	0	1
Translation differences	62	-95
Closing acquisition value including written-up amount	**1,642**	**1,492**
Opening depreciation and impairment	992	1,090
Sales and scrapping	-12	-77
Reclassification	0	0
Depreciation for the year	74	67
Impairment for the year	–	46
Translation differences	36	-61
Closing depreciation and impairment	**1,090**	**1,065**
Closing carrying amount	**552**	**427**
Closing accumulated deprecation	**1,088**	**1,019**

	Group	
Land and land improvements, SEK m	2019	2020
Opening acquisition value	141	147
Investments for the year	1	1
Sales and scrapping	-1	-6
Reclassifications	1	0
Translation differences	5	-7
Closing acquisition value including written-up amount	**147**	**135**
Opening depreciation and impairment	22	23
Sales and scrapping	–	-1
Depreciation for the year	1	1
Impairment for the year	–	10
Translation differences	0	0
Closing depreciation and impairment	**23**	**33**
Closing carrying amount	**124**	**102**
Closing accumulated deprecation	**23**	**23**

	Group	
Investments in progress, SEK m	2019	2020
Opening balance	127	149
Investments initiated during the year	52	16
Investments completed during the year[1]	-37	-15
Translation differences	7	-9
Closing carrying amount	**149**	**141**

1) Assets reclassified as other tangible fixed assets.

	Group	
Machinery and other technical equipment, SEK m	2019	2020
Opening acquisition value	2,027	2,205
Investments for the year	142	47
Sales and scrapping	-27	-11
Reclassification	11	14
Translation differences	52	-98
Closing acquisition value including written-up amount	**2,205**	**2,157**

Note 14 continued

Machinery and other technical equipment, SEK m	Group 2019	Group 2020
Opening depreciation and impairment	1,558	1,674
Sales and scrapping	-26	-11
Reclassification	0	-1
Depreciation for the year	103	102
Impairment for the year	–	48
Translation differences	39	-76
Closing depreciation and impairment	**1,674**	**1,736**
Closing carrying amount	**531**	**421**
Closing accumulated deprecation	**1,666**	**1,685**

Equipment, tools, fixtures and fittings, SEK m	Group 2019	Group 2020
Opening acquisition value	1,255	1,294
Investments for the year	98	85
Sales and scrapping	-113	-84
Acquisition of operations	1	–
Reclassification	10	10
Translation differences	43	-75
Closing acquisition value	**1,294**	**1,230**
Opening depreciation and impairment	954	1,011
Sales and scrapping	-74	-71
Reclassification	0	-1
Depreciation for the year	107	107
Impairment for the year	-3	0
Translation differences	27	-61
Closing depreciation and impairment	**1,011**	**985**
Closing carrying amount	**283**	**245**
Closing accumulated deprecation	**977**	**953**

Advance payments for tangible fixed assets, SEK m	Group 2019	Group 2020
Opening balance	0	2
Expenses during the year	3	2
Translation differences	-1	0
Closing carrying amount	**2**	**4**

Impairment for the year for tangible fixed assets amounted to SEK 104m (-3). Minor reclassifications were made during the year between classes of fixed assets.

Not 15 Right-of-use assets

Land and buildings, SEK m	Group 2019	Group 2020
Opening acquisition value	2,625	2,733
New leases	126	279
Terminated leases	-131	-170
Translation differences	113	-175
Closing acquisition value	**2,733**	**2,667**
Opening depreciation and impairment	–	394
Depreciation for the year	405	413
Terminated leases	-12	-83
Translation differences	1	-56
Closing depreciation and impairment	**394**	**668**
Closing carrying amount	**2,339**	**1,999**

Vehicles, SEK m	Group 2019	Group 2020
Opening acquisition value	159	268
New leases	106	86
Terminated leases	-7	-36
Translation differences	10	-23
Closing acquisition value	**268**	**295**
Opening depreciation and impairment	–	71
Depreciation for the year	73	81
Terminated leases	-2	-32
Translation differences	0	-8
Closing depreciation and impairment	**71**	**112**
Closing carrying amount	**197**	**183**

Other, SEK m	Group 2019	Group 2020
Opening acquisition value	18	26
New leases	7	22
Terminated leases	–	-7
Translation differences	1	-2
Closing acquisition value	**26**	**39**
Opening depreciation and impairment	–	13
Depreciation for the year	13	16
Terminated leases	–	-7
Translation differences	0	-1
Closing depreciation and impairment	**13**	**21**
Closing carrying amount	**13**	**18**

For depreciation of right-of-use assets by activity, refer to Note 7 Depreciation/amortisation and impairment by activity

Analysis of terms for leases

Nominal amount 2020		within 6 months	7 months –1 year	1-2 years	2-5 years	more than 5 years
Financial lease liabilities (IB)	DKK	28	72	115	316	489
Financial lease liabilities (IB)	GBP	100	153	233	372	179
Financial lease liabilities (IB)	EUR	18	26	43	59	45
Financial lease liabilities (IB)	SEK	5	13	17	12	0
Financial lease liabilities (IB)	NOK	1	7	11	10	2
Total		**152**	**271**	**419**	**769**	**715**

Nominal amount 2019		within 6 months	7 months –1 year	1-2 years	2-5 years	more than 5 years
Financial lease liabilities (IB)	DKK	26	69	112	310	609
Financial lease liabilities (IB)	GBP	64	161	253	517	255
Financial lease liabilities (IB)	EUR	12	20	23	59	65
Financial lease liabilities (IB)	SEK	5	14	18	23	0
Financial lease liabilities (IB)	NOK	4	11	17	21	3
Total		**111**	**275**	**423**	**930**	**932**

The Group deems the value of both low-value leases and short-term leases to be insignificant, which is why information on expenses for these leases is not presented. Similarly, expenses attributable to variable lease payments, not including the lease liability, are deemed to be insignificant. Interest expenses for leases amounted to SEK 48m (55) for the year.

Note 16 Financial fixed assets

Other long-term receivables, SEK m	Group 2019	Group 2020
Deposits	27	32
Long-term loans to retailers[1]	29	17
Long-term receivables from customers	44	43
Other	5	4
Total	**105**	**96**

1) Of which SEK 0m (2) is interest-bearing.

Shares and participations in Group companies, SEK m	Parent Company 2019	Parent Company 2020
Opening acquisition value	1,378	1,380
Divestment	–	–
Shareholders' contribution	–	–
Impairment of subsidiary shares	–	–
Other changes	2	5
Closing acquisition value	**1,380**	**1,385**

Note 17 Shares and participations in subsidiaries

Nobia AB's holdings of shares and participations in operating Group companies, %.	Corp. Reg. No.	Domicile	Share of equity, %	No. of shares	Carrying amount 2019	Carrying amount 2020
Nobia Sverige AB	556060-1006	Stockholm	100	100	1,256	1,256
Nobia Nordic Supply Chain AB	559240-7414	Stockholm	100			
Nobia Fastighets Holding AB	559236-0043	Stockholm	100			
Nobia Fastighets AB	559247-1725	Stockholm	100			
Nobia Norway AS		Trollåsen	100			
Kjøkkensenteret Rogaland AS		Stavanger	100			
Nobia Production Sweden AB	556038-0072	Tidaholm	100			
Nobia Denmark A/S		Ølgod	100			
HTH Kök Svenska AB	556187-3190	Helsingborg	100			
Nobia Denmark Retail A/S		Ølgod	100			
Invita Retail A/S		Ølgod	100			
Novart OY		Nastola	100			
Nobia Holding (UK) Limited		Darlington	100			
Nobia UK Trustee's Ltd		Darlington	100			
Magnet Ltd		Darlington	100			
Magnet (Isle of Man) Limited		Isle of Man	100			
Magnet Group Trustees Ltd		Darlington	100			
Magnet Group Ltd[1]		Darlington	100			
Magnet Distribution Ltd[1]		Darlington	100			
Magnet & Southerns Ltd[1]		Darlington	100			
Magnet Furniture Ltd[1]		Darlington	100			
Magnet Joinery Ltd[1]		Darlington	100			
Magnet Manufacturing Ltd[1]		Darlington	100			
Magnet Retail Ltd[1]		Darlington	100			
Magnet Supplies Ltd[1]		Darlington	100			
Magnet Industries Ltd[1]		Darlington	100			
Magnet Kitchens Ltd[1]		Darlington	100			
Gower Group Ltd		Halifax	100			
Gower Furniture Ltd		Halifax	100			
Charco Ninety-Nine Ltd		Halifax	100			
Rollfold Holdings Ltd		Dewsbury	100			
Rollfold Group Ltd		Dewsbury	100			
Rixonway Kitchens Ltd		Dewsbury	100			
Commodore Kitchens Ltd		Grays	100			
CIE UK (Holdings) Ltd		Ingatestone	100			
CIE PLC		Grays	100			
Essenza Interiors Ltd[1]		Grays	100			
Lovene Dörr AB[1]	556038-1724	Stockholm	100			
HTH Küchen GmbH		Harrislee	100			
Swedoor Bauelementevertrieb Gmbh[1]		Herford	100			
Nobia Svenska Kök AB	556048-3256	Tidaholm	100	30,000	92	92
ewe Küchen GmbH		Wels	100		3	3
Bribus Holding B.V.		Amsterdam	100			
Bribus B.V.		Dinxperlo	100			
Bribus Extra B.V.		Dinxperlo	100			
Aannemings- en Onderhoudsbedrijf D. de Jong B.V.		Rotterdam	100			
Other					29	34
Total					**1,380**	**1,385**

1) The company is dormant.

Note 18 Derivative instruments

SEK m	Group Carrying amount 2020	Group Fair value 2020	Parent Company Carrying amount 2020	Parent Company Fair value 2020
Forward agreements, transaction exposure – assets	0	0	21	21
Forward agreements, transaction exposure – liabilities	-21	-21	-21	-21
Total	**-21**	**-21**	**0**	**0**

In addition to the forward agreements above, the company also has currency swaps at a carrying amount and fair value for assets of SEK 1m (3) and liabilities of SEK 5m (1), which are recognised under other assets and liabilities. Unrealised gains and losses totalling a net loss of SEK -12m in shareholders' equity as per 31 December 2020 will be recognised in profit or loss at different times within 12 months of the closing date. For information about forward agreements, see Note 2 Financial risks. The preceding year's unrealised gains and losses totalling a net profit of SEK 12m were reversed in profit or loss in their entirety in 2020.

Note 19 Prepaid expenses and accrued income

SEK m	Group 2019	Group 2020	Parent Company 2019	Parent Company 2020
Prepaid rent	–	–	0	0
Bonus from suppliers	108	115	35	36
Accrued customer income	75	102	–	–
Prepaid bank charges	6	0	–	–
Insurance policies	8	11	3	3
Other	118	85	46	42
Total	**315**	**313**	**84**	**81**

Note 20 Cash and cash equivalents

SEK m	Group 2019	Group 2020	Parent Company 2019	Parent Company 2020
Cash and bank balances	257	635	158	436

Unutilised overdraft facilities, which are not included in cash and cash equivalents, totalled SEK 349m (359) in the Group, and SEK 249m (259) in the Parent Company at year-end. In addition to the overdraft facilities, the company has unutilised credit commitments of SEK 4,715m (870).

Note 21 Share capital

	No. of registered shares	No. of shares outstanding
As per 1 January 2019	170,293,458	168,686,890
As per 31 December 2019	170,293,458	168,852,821
As per 31 December 2020	170,293,458	168,852,821

Bought-back own shares	2019	2020
Opening balance	1,606,568	1,440,637
Divestments for the year	-165,931	–
Closing balance	**1,440,637**	**1,440,637**

The share capital amounts to SEK 56,763,597 (56,763,597). The share's quotient value is SEK 0.33. All of the registered shares are fully paid. All shares are ordinary shares of the same type. Nobia owned 1,440,637 treasury shares (1,440,637) on 31 December 2020.

Bought-back shares are not reserved for issue according to the option agreement or other sale.

Note 22 Reserves in shareholders' equity

SEK m	Translation reserve	Hedging reserve	Total
Opening balance, 1 January 2019	-173	2	-171
Exchange-rate differences attributable to translation of foreign operations	241	–	241
Cash-flow hedges before tax[1]	–	-19	-19
Tax attributable to change in hedging reserve for the year[2]	–	4	4
Closing balance, 31 December 2019	**68**	**-13**	**55**
Opening balance, 1 January 2020	68	-13	55
Exchange-rate differences attributable to translation of foreign operations	-399	–	-399
Cash-flow hedges before tax[1]	–	1	1
Tax attributable to change in hedging reserve for the year[2]	–	-2	-2
Closing balance, 31 December 2020	**-331**	**-14**	**-345**

1) Reversal recognised in profit or loss of SEK 15m (-3). New provision amounts to SEK -17m (-15).
2) Reversal recognised in profit or loss of SEK -3m (1). New provision amounts to SEK 4m (3).

Translation reserve

The translation reserve includes all exchange-rate differences arising in conjunction with the translation of financial statements from foreign operations that have prepared their financial statements in a different currency to the currency in which the consolidated financial statements are prepared. The Parent Company and Group present their financial statements in SEK.

Hedging reserve

The hedging reserve includes the effective portion of the accumulated net change in fair value of a cash-flow hedging and interest-rate hedging instrument attributable to hedging transactions that have not yet occurred.

Note 23 Earnings per share

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing profit attributable to the Parent Company's shareholders by the weighted average number of ordinary shares during the period.

	2019	2020
Profit attributable to Parent Company shareholders, SEK m	810	253
Weighted average number of outstanding ordinary shares before dilution	168,769,856	168,852,821
Earnings per share before dilution, SEK	4.80	1.50

Earnings per share after dilution

To calculate earnings per share after dilution, the weighted average number of outstanding ordinary shares is adjusted for the dilutive effect of all potential ordinary shares. These potential ordinary shares are attributable to the Performance Share Plans that were introduced in 2019. Refer also to Notes 4 and 21. Various circumstances may entail that the share rights do not lead to any dilution. If net profit for the year from continuing operations is negative, the share rights are not considered dilutive. Share rights are also not dilutive if the value of remaining future services to report during the vesting period correspond to an exercise price that exceeds the average share price for the period. Furthermore, the performance share rights do not lead to dilution if the achieved earnings per share are insufficient to entitle shares at the end of the vesting period.

	2019	2020
Weighted average number of outstanding ordinary shares	168,769,856	168,852,821
Performance Share Plan 2019	274,442	440,161
Weighted average number of outstanding ordinary shares after dilution	169,044,298	169,292,982
Earnings per share after dilution, SEK	4.79	1.50

Note 24 Appropriation of company's profit or loss

Proposed appropriation of company's profit or loss

The following profits in the Parent Company are at the disposition of the Annual General Meeting:

Share premium reserve	52,225,486
Unappropriated profit brought forward	1,233,554,474
Net profit for the year	-207,482,212
Total SEK	**1,078,297,748**

The Board of Directors proposes that all profits at the disposition of the Annual General Meeting be appropriated as follows:

Standard dividend of SEK 2 per share to be paid to shareholders	337,705,642
To be carried forward	740,592,106
Total SEK	**1,078,297,748**

Note 25 Provisions for pensions

Defined-benefit pension plans, Group

	Group	
Provisions for pensions, SEK m	2019	2020
Defined-benefit pension plans	473	556

There are several defined-benefit pension plans within the Group, whereby the employee's right to remuneration after termination of employment is based upon final salary and period of service. These plans are found in the UK, Sweden and Austria. The plan in the UK has already been concluded and no new benefits can be earned. These pension plans have been replaced by defined-contribution plans.

Commitments for old-age pensions and family pensions for salaried employees in Sweden are secured on the basis of the FPG/PRI system and insurance, primarily with Alecta. According to statement UFR 3 from the Swedish Financial Reporting Board, the insurance with Alecta is a multi-employer defined-benefit plan. Since the Group did not have access to information in the 2019 fiscal year that would make it possible to recognise this plan as a defined-benefit plan, ITP pension plans secured on the basis of insurance with Alecta have been recognised as defined-contribution plans. Fees for pension insurance with Alecta for the year amounted to SEK 2.0m (3.3). On 31 December 2020, Alecta's surplus, which can be distributed between the policy holder and/or the persons insured in the form of the collective consolidation rate, amounted to 148% (142% on 31 December 2019). The collective consolidation rate comprises the market value of Alecta's assets as a percentage of the insurance commitments produced in accordance with Alecta's actuarial calculation assumptions, which are not in agreement with IAS 19.

The amounts recognised in the consolidated balance sheet have been calculated as follows:

	Group	
SEK m	2019	2020
Present value of funded obligations	3,243	3,338
Fair value of plan assets	-3,019	-3,033
	224	**305**
Present value of unfunded obligations	249	251
Net debt in provisions for pensions	**473**	**556**

The net debt for defined-benefit plans amounting to SEK 556m (473) is recognised in the "Provisions for pensions" item in the consolidated balance sheet. The net debt at year-end was as follows: UK 55%, Sweden 35% and Austria 10%.

Note 25 continued

Changes in the defined-benefit pension commitments during the year were as follows:

	Defined-benefit obligation		Plan assets		Net debt	
SEK m	2019	2020	2019	2020	2019	2020
At beginning of the year	**2,954**	**3,492**	**-2,449**	**-3,019**	**505**	**473**
Recognised in profit or loss						
Costs for service during current year	9	15	–	–	9	15
Pension adjustment for defined-benefit plans in UK	–	8	–	–	–	8
Interest expense(+)/income (–)	87	61	-66	-61	21	0
	96	**84**	**-66**	**-61**	**30**	**23**
Recognised in other comprehensive income						
Remeasurements						
Actuarial gains/losses due to						
– demographic assumptions	-25	-5	–	–	-25	-5
– financial assumptions	361	462	–	–	361	462
– experience-based adjustments	-6	-1	–	–	-6	-1
Return on plan assets excluding interest income	–	–	-336	-321	-336	-321
Exchange-rate differences	213	-327	-192	297	21	-30
	543	**129**	**-528**	**-24**	**15**	**105**
Other						
Employer contributions	–	–	-69	-48	-69	-48
Benefits paid	-101	-116	93	119	-8	3
	-101	**-116**	**24**	**71**	**-77**	**-45**
At year-end	**3,492**	**3,589**	**-3,019**	**-3,033**	**473**	**556**

	Group	
SEK m	2019	2020
Cost of goods sold	3	1
Selling expenses	2	9
Administrative expenses	4	3
Net financial items	21	10
Total pension costs	**30**	**23**

The actual return on the plan assets of the pension plans amounted to:

SEK m	2019	2020
Interest income	74	61
Return on pension assets excluding interest income	336	321
Total actual return on plan assets	**410**	**382**

Principal actuarial assumptions:

	Group	
%	2019	2020
Discount rate:		
UK	2.10	1.40
Austria	1.00	0.90
Sweden	1.50	1.20
Future annual salary increases:		
UK	–	–
Austria	2.30	2.30
Sweden	2.30	2.00
Future annual pension increases:		
UK	2.60	2.80
Austria	–	–
Sweden	2.30	2.00

Life expectancy

The expected average number of years of life remaining after retirement at 65 years of age is as follows:

	Group	
%	2019	2020
On closing date		
Men	20.7-22.9	20.7-23.0
Women	23.5-25.4	23.4-25.5
20 years after closing date		
Men	22.0-26.3	22.0-25.8
Women	24.0-28.5	24.0-28.1

Note 25 continued

Plan assets comprise the following:

Group SEK m	2019 Listed price on an active market	2019 Unlisted price	2020 Listed price on an active market	2020 Unlisted price
Cash and cash equivalents	159	–	325	–
High-quality corporate bonds	1,089	–	1,040	–
Mutual funds, global	375	–	375	–
Fixed-income funds, term 7–20 years	1,396	–	1,293	–
Total	**3,019**	**–**	**3,033**	**–**

Contributions to post-employment remuneration plans are expected to amount to SEK 76m (74) for the 2020 fiscal year.

Sensitivity analysis:

The table below presents the possible changes in actuarial assumptions at year-end, all other assumptions being unchanged, and how they would affect the defined-benefit commitments.

Group, SEK m	Increase	Decrease
Discount rate (1% change)	-557	742
Expected mortality (1-year change)	192	-64
Future salary increase (1% change)	77	43
Future increase in pension (1% change)	344	-316

Total pension costs recognised in the consolidated income statement were as follows:

Pension costs, SEK m	Group 2019	Group 2020
Total costs for defined-benefit plans	30	23
Pension adjustment for defined-benefit plans in UK	–	8
Total costs for defined-contribution plans	235	161
Costs for special employer's contributions and tax on returns from pension	10	11
Total pension costs	**275**	**203**

Defined-benefit pension plans, Parent Company:

Provisions for pensions, SEK m	Parent Company 2019	Parent Company 2020
Provisions in accordance with Pension Obligations Vesting Act, FPG/PRI pensions[1]	48	53

1) According to IAS 19.

The costs are recognised in the Parent Company's income statement as follows:

Defined-benefit plans, SEK m	Parent Company 2019	Parent Company 2020
Administrative expenses	3	2

The total pension cost recognised in the Parent Company's profit or loss is as follows:

Pension costs, SEK m	Parent Company 2019	Parent Company 2020
Total costs for defined-benefit plans	4	3
Total costs for defined-contribution plans	14	16
Costs for special employer's contributions and tax on returns from pension	3	4
Total pension costs	**21**	**23**

Parent Company pension liabilities are calculated at a discount rate of 1.2% (1.5).

The assumptions are calculated on the basis of the salary levels applicable on the closing date. SEK 380,000 (376,000), pertaining to defined-benefit pension plans in the Parent Company, is expected to be paid in 2021.

Note 26 Deferred tax

The change in deferred tax assets/tax liabilities for the year, Group

SEK m	2019 Deferred tax assets	2019 Deferred tax liabilities	2019 Net	2020 Deferred tax assets	2020 Deferred tax liabilities	2020 Net
Opening balance	97	75	22	72	49	23
Recognised in profit or loss	-11	-5	-6	23	-14	37
Remeasurements of defined-benefit pension plans	0	–	0	30	–	30
Changes in forward agreements	4	0	4	-2	–	-2
Recognised directly against shareholders' equity	–	–	–	-4	–	-4
Offset/Reclassification	-22	-22	0	–	–	–
Translation differences	4	1	3	–	–	–
Closing balance	**72**	**49**	**23**	**119**	**35**	**84**

The change in deferred tax assets/tax liabilities for the year

Deferred tax assets	Defined-benefit pension plans	Other temporary differences	Loss carryforwards, Leasing, etc.	Total
As per 1 January 2019	**69**	**28**	**0**	**97**
Recognised in profit or loss	1	-20	8	-11
Recognised in other comprehensive income	0	4	–	4
Offset	–	-22	–	-22
Translation differences	4	0	–	4
As per 31 December 2019	**74**	**-10**	**8**	**72**
As per 1 January 2020	**74**	**-10**	**8**	**72**
Recognised in profit or loss	0	25	-2	23
Recognised in other comprehensive income	30	-2	–	28
Recognised directly against shareholders' equity	-21	17	–	-4
As per 31 December 2020	**83**	**30**	**6**	**119**

Deferred tax liabilities	Temporary differences in fixed assets	Other	Total
As per 1 January 2019	**49**	**26**	**75**
Recognised in profit or loss	-1	-4	-5
Recognised in other comprehensive income	–	0	0
Offset	–	-22	-22
Translation differences	1	0	1
As per 31 December 2019	**49**	**0**	**49**
As per 1 January 2020	**49**	**0**	**49**
Recognised in profit or loss	-12	–	-12
Recognised in other comprehensive income	–	-1	-1
Offset	–	–	0
Translation differences	-1	–	-1
As per 31 December 2020	**36**	**-1**	**35**

On 1 January 2021, the corporation tax rate in Sweden was lowered from 21.4% to 20.6%. Nobia's deferred taxes pertaining to Sweden are recognised at the new tax rates as per 31 December 2020, with a marginal effect in the income statement and the balance sheet.

Deferred tax assets on loss carryforwards at year-end amounted to SEK 0m (3) and were attributable to Sweden.

Nobia does not recognise any deferred tax attributable to temporary differences relating to investments in subsidiaries or associated companies. Any future effects (withholding tax and other deferred tax for profit taking within the Group) are recognised when Nobia is no longer able to govern the reversal of such differences or when, for other reasons, it is no longer improbable that reversals will be made in the foreseeable future. These possible future effects are not deemed to have any relation to the overall amount of the temporary differences.

Note 27 Other provisions

SEK m	Unutilised tenancy rights	Dilapidations	Other long-term employee benefits	Restructuring costs	Other	Total
As per 1 January 2020	**16**	**12**	**8**	**–**	**3**	**39**
Expensed in consolidated income statement						
– Additional provisions	–	–	0	20	1	21
– Reversed unutilised amounts	–	–	–	–	-2	-2
Utilised during the year	-5	-2	-2	–	–	-9
Translation differences	-1	-1	0	–	-1	-3
As per 31 December 2020	**10**	**9**	**6**	**20**	**1**	**46**

Note 28 Liabilities to credit institutions

	Group		Parent Company	
Maturity structure, SEK m	**2019**	**2020**	**2019**	**2020**
Within 1 year	–	–	–	–
Between 1 and 5 years	1,130	285	–	–
Longer than 5 years	–	–	–	–
Total	**1,130**	**285**	**–**	**–**

Note 29 Accrued expenses and deferred income

	Group		Parent Company	
SEK m	**2019**	**2020**	**2019**	**2020**
Bonus to customers	153	165	–	–
Accrued salary-related costs	210	227	10	21
Accrued interest	0	0	–	0
Insurance policies	25	25	–	–
Rents	18	36	–	–
Other	209	326	8	30
Total	**615**	**779**	**18**	**51**

Note 30 Financial assets and liabilities

		Measured at fair value through other comprehensive income	Measured at fair value through profit or loss		Amortised cost			
Group 2020, SEK m	**Note**	**Derivatives used in hedge accounting**	**Non-hedge-accounting derivative instruments**	**Financial instruments initially identified at fair value**	**Interim items**	**Accounts and loans receivable**	**Other liabilities**	**Total carrying amount[1]**
Financial assets								
Long-term interest-bearing receivables	16	–	–	–	–	0	–	0
Other long-term receivables	16	–	–	–	–	96	–	96
Accounts receivable	2	–	–	–	–	1,213	–	1,213
Current interest-bearing receivables		–	–	–	–	2	–	2
Other receivables	2, 18, 19	0	1	–	217	60	–	278
Total		**0**	**1**	**–**	**217**	**1,371**	**–**	**1,589**
Financial liabilities								
Long-term interest-bearing liabilities	28	–	–	–	–	–	285	285
Current interest-bearing liabilities	2	–	–	–	–	–	0	0
Lease liabilities		–	–	–	–	–	2,183	2,183
Accounts payable	2	–	–	–	–	–	1,317	1,317
Other liabilities	2, 18, 29	21	5	–	743	–	628	1,397
Total		**21**	**5**	**0**	**743**	**–**	**4,413**	**5,182**

1) The carrying amount is considered to essentially correspond to the fair value.

Note 30 continued

Group 2019, SEK m	Note	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss		Amortised cost			
		Derivatives used in hedge accounting	Non-hedge-accounting derivative instruments	Financial instruments initially identified at fair value	Interim items	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Financial assets								
Long-term interest-bearing receivables	16	–	–	–	–	2	–	2
Other long-term receivables	16	–	–	–	–	103	–	103
Accounts receivable	2	–	–	–	–	1,371	–	1,371
Current interest-bearing receivables		–	–	–	–	4	–	4
Other receivables	2, 18, 19	2	3	–	183	60	–	248
Total		**2**	**3**	**–**	**183**	**1,540**	**–**	**1,728**
Financial liabilities								
Long-term interest-bearing liabilities	28	–	–	–	–	–	1,134	1,134
Current interest-bearing liabilities	2	–	–	–	–	–	0	0
Lease liabilities	2	–	–	–	–	–	2,475	2,475
Accounts payable	2	–	–	–	–	–	1,162	1,162
Additional purchase consideration	2	–	–	44	–	–	–	44
Other liabilities	2, 18, 29	23	1	–	597	–	349	970
Total		**23**	**1**	**44**	**597**	**–**	**5,120**	**5,785**

1) The carrying amount is considered to essentially correspond to the fair value.

Exchange-rate gains and losses pertaining to the operations were recognised in other operating income and operating expenses in the net amount of SEK 26m (8). Financial exchange-rate gains and losses were recognised in net financial items in the amount of SEK 5m (0).

Parent Company 2020, SEK m	Note	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss		Amortised cost			
		Derivatives used in hedge accounting	Non-hedge-accounting derivative instruments	Financial instruments initially identified at fair value	Interim items	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Financial assets								
Other long-term receivables		–	–	–	–	5	–	5
Accounts receivable		–	–	–	–	0	–	0
Other receivables	18, 19	–	23	–	36	2,839	–	2,898
Total		**–**	**23**	**–**	**36**	**2,844**	**–**	**2,903**
Financial liabilities								
Long-term interest-bearing liabilities		–	–	–	–	–	39	39
Long-term non-interest-bearing liabilities		–	–	–	–	–	5	5
Current interest-bearing liabilities		–	–	–	–	–	1,815	1,815
Accounts payable		–	–	–	–	–	31	31
Other liabilities	18, 29	–	26	–	51	–	10	87
Total		**–**	**26**	**–**	**51**	**–**	**1,900**	**1,977**

1) The carrying amount is considered to essentially correspond to the fair value.

Note 30 continued

Parent Company 2019, SEK m	Note	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss		Amortised cost			
		Derivatives used in hedge accounting	Non-hedge-accounting derivative instruments	Financial instruments initially identified at fair value	Interim items	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Financial assets								
Other long-term receivables		–	–	–	–	6	–	6
Accounts receivable		–	–	–	–	1	–	1
Other receivables	18, 19	–	29	–	35	2,253	–	2,317
Total		**–**	**29**	**–**	**35**	**2,260**	**–**	**2,324**
Financial liabilities								
Long-term interest-bearing liabilities		–	–	–	–	–	43	43
Long-term non-interest-bearing liabilities		–	–	–	–	–	5	5
Current interest-bearing liabilities		–	–	–	–	–	790	790
Accounts payable		–	–	–	–	–	44	44
Other liabilities	18, 29	–	26	–	18	–	3	47
Total		**–**	**26**	**–**	**18**	**–**	**885**	**929**

1) The carrying amount is considered to essentially correspond to the fair value.

Determination of fair value of financial instruments

Level 1 according to prices listed in an active market for the same instrument.
Level 2 based directly or indirectly on observable market information not included in Level 1.
Level 3 based on input that is not observable in the market.

The measurement of derivative instruments is included in Level 2 and based on market listings or the counterparty's measurement. Derivative instruments amounted to SEK 1m (5) in assets and SEK 26m (24) in liabilities. In an estimate of fair value, the company's long-term loans are not deemed to significantly deviate from their carrying amounts.

Note 31 Pledged assets, contingent liabilities and commitments

The Group has contingent liabilities pertaining to sub-contractor guarantees, pension liabilities, bank guarantees for loans and other guarantees and other considerations that arise in normal commercial operations. No significant liabilities are expected to arise through these contingent liabilities. Based on the company's assessment, no provision has been posted for ongoing tax cases. The amounts involved are not considered to have any material effect on the company's results or financial position.

In their normal business activities, the Group and the Parent Company pledged the following guarantees and contingent liabilities.

SEK m	Group 2019	Group 2020	Parent Company 2019	Parent Company 2020
Securities for pension commitments	2	2	24	25
Other contingent liabilities	276	296	1,304	396
Total	**228**	**298**	**1,328**	**421**

Note 32 Related-party transactions

A specification of subsidiaries is presented in Note 17.

Remuneration was paid to senior executives during the year, refer to Note 4.

Summary of related-party transactions

Parent Company	Year	Sale of goods/ services from related parties	Purchase of goods/services from related parties	Invoicing Group-wide services	Other (such as interest, dividends)	Receivables from related parties per 31 Dec	Liabilities to related parties per 31 Dec
Related parties							
Subsidiaries	2020	62	136	275	163	2,834	1,815
Subsidiaries	2019	–	45	281	463	2,212	790

Note 33 Specifications for statement of cash flows

Cash and cash equivalents

	Group		Parent Company	
SEK m	2019	2020	2019	2020
Cash and bank balances	76	90	1	2
Balance of Group account with the Parent Company	181	545	157	434
Total according to balance sheet and total according to statement of cash flows	**257**	**635**	**158**	**436**

Short-term investments have been classified as cash and cash equivalents based on the following:

- They have an insignificant risk of changes in value.
- They can be easily converted to cash funds.
- They have a term of a maximum of three months from the acquisition date.

Interest paid and dividends received

	Group		Parent Company	
SEK m	2019	2020	2019	2020
Dividends received	–	–	500	–
Interest received	1	2	80	11
Interest paid	-70	-74	-10	-202
	-69	**-72**	**570**	**-191**

Reconciliation of liabilities deriving from financing activities

	CB 2019	Cash flows	Changes that do not impact cash flow				CB 2020
Group, SEK m			Acquisition of operations	Divestment of operations	Changes in leases	Exchange-rate differences	
Interest-bearing liabilities	1,134	-849	–	–	–	–	285
Lease liabilities	2,475	-449	–	–	304	-147	2,183
Total liabilities deriving from financing activities	**3,609**	**-1,298**	**–**	**–**	**304**	**-147**	**2,468**

Reconciliation of liabilities deriving from financing activities

	CB 2019	Cash flows	Changes that do not impact cash flow				CB 2020
Parent Company, SEK m			Acquisition of operations	Divestment of operations	Changes in leases	Exchange-rate differences	
Lease liabilities	28	–	–	–	-3	–	25
Total liabilities deriving from financing activities	**28**	**–**	**–**	**–**	**-3**	**–**	**25**

Note 34 Events after the closing date

To reflect the ambitions in Nobia's strategy, the Nobia board of directors adopted revised long-term financial targets for the Group in March 2021:

Growth: Average organic growth is targeted to be 3–5% per year. (previous target: organic and acquired growth of more than 5% per year on average).

Profitability: The operating margin is targeted to be greater than 10% over a business cycle. (target unchanged).

Capital structure: Leverage, defined as net debt (excl. IFRS 16 Leasing)/EBITDA, shall be below 2.5 times (previous target: net debt/equity ratio below 100%).

Dividend policy: Dividends to shareholders shall comprise at least 40% of net profit after tax (previous target: dividend of between 40–60% of net profit after tax).

Reconciliation of alternative performance measures

Nobia presents certain financial performance measures in the Annual Report that are not defined according to IFRS, known as alternative performance measures. Nobia believes that these measures provide valuable complementary information to investors and the company's management since they facilitate assessments of trends and the company's performance. Because not all companies calculate performance measures in the same way, these are not always comparable with those measures used by other companies Consequently, the performance measures are not to be seen as replacements for measures defined according to IFRS. For definitions of the performance measures that Nobia uses, see page 117.

Analysis of net sales Nordic region, Jan-Dec

	%	SEK m
2019		6,753
Organic growth	3	208
Currency effect	-2	-160
2020	**1**	**6,801**

Analysis of net sales UK region, Jan-Dec

	%	SEK m
2019		5,902
Organic growth	-19	-1,148
Currency effect	-2	-105
2020	**-21**	**4,649**

Analysis of net sales Central Europe region, Jan-Dec

	%	SEK m
2019		1,275
Organic growth	2	29
Currency effect	-1	-13
2020	**1**	**1,291**

Operating profit before depreciation/amortisation and impairment, Jan-Dec

	2016	2017	2018	2019	2020
Operating profit	1,298	1,286	1,018	1,132	437
Depreciation/amortisation and impairment	287	287	326	835	989
Operating profit before depreciation/amortisation and impairment (EBITDA)	**1,585**	**1,573**	**1,344**	**1,967**	**1,426**
Net sales	12,648	12,744	13,209	13,930	12,741
% of net sales	**12.5%**	**12.3%**	**10.2%**	**14.1%**	**11.2%**

Operating profit excluding items affecting comparability, Jan-Dec

	2016	2017	2018	2019	2020
Operating profit	1,298	1,286	1,018	1,132	437
Items affecting comparability	–	–	66[1]	–	144[2]
Operating profit excluding items affecting comparability	**1,298**	**1,286**	**1,084**	**1,132**	**581**

Profit after tax excluding items affecting comparability, Jan-Dec

	2018	2019	2020
Profit after tax	753	810	253
Items affecting comparability net after tax	55[1]	–	129[2]
Profit after tax excluding items affecting comparability	**808**	**810**	**382**

1) Recognised on the line "Other operating expenses" and pertained to pension adjustments in the UK.
2) Attributable to the closure of the Tidaholm plant, which will be replaced by a new plant in 2024, as well as a pension adjustment in the UK.

Net debt, 31 Dec

SEK m	2019	2020
Provisions for pensions (IB)	473	556
Other long-term liabilities, interest-bearing (IB)	3,247	2,063
Current liabilities, interest-bearing (IB)	362	405
Interest-bearing liabilities	**4,082**	**3,024**
Long-term receivables, interest-bearing (IB)	-2	0
Current receivables, interest-bearing (IB)	-4	-2
Cash and cash equivalents (IB)	-257	-635
Interest-bearing assets	**-263**	**-637**
Net debt	**3,819**	**2,387**

Net debt excl. IFRS 16 Leases, SEK m

SEK m	2019	2020
Net debt	**3,819**	**2,387**
Of which, IFRS 16 Leases	2,475	2,183
Of which, provisions for pensions	473	556
Net debt excl. IFRS 16 Leases	**1,344**	**204**
Net debt excl. IFRS 16 Leases and provisions for pensions	**871**	**-352**

Operating capital, 31 Dec

SEK m	2019	2020
Total assets	**10,846**	**10,085**
Other provisions	-37	-45
Deferred tax liabilities	-49	-35
Other long-term liabilities, non-interest-bearing	-33	–
Current liabilities, non-interest-bearing	-2,368	-2,947
Non-interest-bearing liabilities	**-2,487**	**-3,027**
Capital employed	**8,359**	**7,058**
Interest-bearing assets	-263	-637
Operating capital	**8,096**	**6,421**

Average operating capital, Jan-Dec

SEK m	2019	2020
OB Operating capital	5,163	8,096
CB Operating capital	8,096	6,421
Average operating capital before adjustments of acquisitions and divestments	**6,630**	**7,259**
Adjustment for effect of introduction of IFRS 16 that did not occur in the middle of the period	1,358	0
Average operating capital	**7,988**	**7,259**

Average shareholders' equity, Jan-Dec

SEK m	2019	2020
OB Equity attributable to Parent Company shareholders	3,897	4,277
CB Equity attributable to Parent Company shareholders	4,277	4,034
Average equity before adjustment of increases and decreases in capital	**4,087**	**4,156**
Adjustment for acquisitions and divestments not occurred in the middle of the period	-112	–
Average shareholders' equity	**3,975**	**4,156**

Board of Directors' assurance

The Board of Directors and the President declare that the Annual Report was prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Annual Report and the consolidated financial statements give a true and fair view of the position and earnings of the Parent Company and the Group. The Board of Directors' Report for the Parent Company and the Group gives a true and fair view of the developments of operations, position and earnings and describes significant risks and uncertainties facing the Parent Company and companies included in the Group. The consolidated accounts and balance sheet and the Parent Company income statement and balance sheet will be presented to the Annual General Meeting for adoption on 29 May 2021.

Stockholm, 6 April 2021

Nora Førisdal Larssen
Chairman

George Adams
Board member

Marlene Forsell
Board member

Jan Svensson
Board member

Arja Taaveniku
Board member

Carsten Rasmussen
Board member

Jon Sintorn
President & CEO

Per Bergström
Employee representative

Mats Karlsson
Employee representative

Our audit report was submitted on 6 April 2021

Deloitte AB

Daniel de Paula
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Nobia AB (publ) corporate identity number 556528-2752

Report on the annual accounts and consolidated accounts
Opinions
We have audited the annual accounts and consolidated accounts of Nobia AB (publ) for the financial year 2020-01-01–2020-12-31. The annual accounts and consolidated accounts of the company are included on pages 43-99 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue Recognition
The group reported revenue of SEK 12,741 million as of 31 December 2020 which mainly consists of sales related to kitchens and kitchen equipment, and for some sales also installation services. Within the group, revenue related to kitchens and pertaining products is recognized at a point of time upon delivery of the goods to the customer, which is the point in time when the customer accepts the delivery, and receives control over the products and the group have fulfilled their performance obligations. Revenue related to installations is recognized over time when the installation is performed. We have identified this as a key audit matter since revenue has a significant impact on the financial reporting and consists of a large amount of transactions as well as are dependent on customer specific agreements, delivery terms and installation which could affect the completeness and timing of recognized revenue. For the groups principles on revenue recognition, refer to note 1 and note 3 regarding accounting of operating segments.

Our Audit Procedures
Our audit procedures included but where not limited to:

- evaluation of the Group's accounting principles regarding revenue
- gained an understanding of the Group's routines and evaluating internal controls regarding revenue recognition including IT-systems used
- review of a selection of transactions to ensure accurate revenue recognition in accordance with agreements and in the correct period
- review of marginal analysis' as well as analysis of revenue against previous years and budget
- review of the adoption of appropriate accounting principles and that the required disclosures are included in the annual report and consolidated accounts

Impairment Tests of Goodwill
As of 31 December 2020, the group reported goodwill of SEK 2,830 million. On a yearly basis, and when there is an indication of impairment, Nobia tests that the carrying value of assets does not exceed the calculated recoverable amounts for these assets. The recoverable amounts are determined using present value computation of future cash flows per cash generating unit based on the expected outcome of a number of assumptions based on management's business plan and forecasts.

We have identified this as a key audit matter as the Group's goodwill is a material item in the balance sheet and the impairment test have considerable elements of management judgements which among others comprise of estimating future cash flows and calculate weighted average capital cost ("WACC").

For the group's principles on impairment tests of intangible and tangible fixed assets refer to note 1 and for material assumptions used in this year's impairment tests refer to note 13.

Our Audit Procedures
Our audit procedures included but where not limited to:

- evaluation of the Group's accounting principles for the preparation of impairment tests in accordance with IFRS
- evaluation of material assumptions as well as the sensitivity to change in these assumptions including assessment how the current pandemic might affect cash-flows.
- review of assumptions used in WACC caluculations.
- review of the discounted future cash flow model for arithmetic accuracy
- examination of the completeness of the disclosures for impairment tests in the annual report and group consolidation.

Write-downs and disassembly reserve
In December 2020, the Group concluded the preparatory phase for the new facility in Jönköping and it was decided that the current facility in Tidaholm will be taken out of use at the end of 2023. As a result of this, the Group wrote down assets attributable to the Tidholm facility and provisioned for disassembly costs totaling SEK 144 million, which affected the result for 2020.

We have identified this as key audit matter as the reporting of write-downs of assets and provisions for disassembly contains significant assessments such as assessing the residual value when machines and facilities are taken out of use and an estimation of the costs for disassembly.

For the Group's principles for impairment, see note 1 Accounting principles and note 14 Tangible fixed assets.

Our Audit Procedures

Our audit procedures included but were not limited to:

- evaluation of the Group's accounting principles for write-downs and provisions
- evaluation of the Group's assessments of residual value when machines and facilities are taken out of use and the estimation of costs for disassembly
- review that appropriate and required information is disclosed in the annual report.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–42 and 110–122. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

An additional description of our responsibility for the audit of the annual accounts and the consolidated accounts is on the Swedish Inspectorate of Auditors web page: www. revisorsinspektionen.se/revisornsansvar. This description is a part of the auditor's report.

Report on other requirements according to laws and regulations

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nobia AB (publ) for the financial year 2020-01-01 – 2020-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

An additional description of our responsibility for the audit of the annual accounts and the consolidated accounts is on the Swedish Inspectorate of Auditors web page: www. revisorsinspektionen.se/revisornsansvar. This description is a part of the auditor's report.

Deloitte AB, was appointed auditors of Nobia AB by the general meeting of the shareholders on the 2020-05-05 and has been the company's auditor since 2017-04-06.

Stockholm 6 april 2021
Deloitte AB

Daniel de Paula
Authorized Public Accountant

Corporate Governance

Nobia AB is a Swedish public limited liability company domiciled in Stockholm, Sweden. The company is the Parent Company of the Nobia Group. The basis for the control of the Group includes the Swedish Corporate Governance Code, the Articles of Association, the Swedish Companies Act, the Swedish Annual Accounts Act and Nasdaq Stockholm's Rule Book for Issuers.

Nobia has applied the Swedish Corporate Governance Code (the Code) since July 2005 and the company had no deviations to report for 2020. Nobia also applies the Swedish Annual Accounts Act concerning the company's corporate governance reporting.

Nobia monitors developments in the area of corporate governance and continuously adapts its corporate-governance principles to create value for its owners and other stakeholders. By way of information, it is noted that there were no breaches of applicable stock-exchange rules or good practice on the stock market based on decisions by Nasdaq Stockholm's Disciplinary Committee or statements by the Swedish Securities Council.

The following information is available at www.nobia.com.

- Nobia's Articles of Association
- Code of Conduct
- All corporate governance reports since 2009
- Information from Nobia's AGM

Board commitment

The Board is committed to maintaining the highest standards of corporate governance in the management of its affairs and ensuring its activities reflect the culture we wish to nurture with our colleagues and other stakeholders.

The Board places great importance on ensuring a sustainable long-term success for the businesses and markets in which Nobia operate, while being aligned with our culture. The Board has overall responsibility for establishing the Company's purpose, values and strategy to deliver the long-term sustainable success of the Company and generate value for shareholders.

Throughout the year, the Board has proactively focused on ensuring that both the short and longterm implications of Covid-19 pandemic on our business is managed consequently, significant time has been spent at each Board meeting to adress specific Coronavirus risks . During the pandemic, the Board has continuously monitored the development of the infection situation, the restrictions imposed by various governments and the business impacts of the pandemic, and the company has implemented measures to secure business continuity. The safety of our employees, partners and local communities is of primary importance to the Board. The Board and Senior Management closely monitors the development of the coronavirus pandemic and is updating its policies and instructions on the basis of the guidelines issued by the authorities.

Shareholders

On December 31, 2020, Nobia had 169 852 821 outstanding shares according to the share register. The largest shareholder, on that date was Nordstjernan AB, with 24.9 percent of the shares/votes based on the number of shares outstanding. As per the same date, IF Skadeförsäkring AB (publ) held 10.7 percent of the shares/votes based on the numer of shares outstanding

2020 annual general meeting

The right of shareholders to make decisions concerning the affairs of Nobia is exercised at general meetings of shareholders. A notice convening a general meeting is issued pursuant to the Swedish Companies Act and the company's Articles of Association.

The 2020 Annual General Meeting (AGM) was held on 5 May at World Trade Center, Auditorium New York, Klarabergsviadukten 70, Stockholm. At the meeting, ten shareholders were in attendance, personally or by proxy, representing about 69 percent of votes in Nobia. The Board Chairman, Hans Eckerström and Board member Nora Førisdal Larssen were present at the Meeting. Board Chairman, Hans Eckerström, was elected Chairman of the Meeting.

Some of the AGM resolutions were as follows:

- no dividend was to be paid to the share holders for the financial year 2019 in accordance with the Board's proposal.
- that the number of Board members was to be six with no deputy members, until the conclusion of the next AGM.
- fees to the Board, Board Chairman, and the Chairman and members of the Audit Committee.
- re-elected Nora Førisdal Larssen, Marlene Forsell and George Adams.
- Jan Svensson, Arja Taaveniku and Carsten Rasmussen was elected as new Board members.
- Nora Førisdal Larssen was elected as Chairman of the Board.
- Hans Eckerström, Stefan Jacobsson and Jill Little declined re-election.
- re-election of Deloitte AB as auditor, with Daniel de Paula as Auditor-in-Charge.
- principles and guidelines on remuneration and other employment conditions for the President and other senior executives.
- authorisation for the Board to acquire and sell treasury shares during the period until the 2021 AGM.

The complete minutes from the AGM and information are available on Nobia's website www.nobia.com.

Individual shareholders wishing to have a specific matter addressed by the AGM can do so by submitting a request to Nobia's Board in good time prior to the Meeting, to the address published on the Group's website.

❶ Shareholders through general meetings

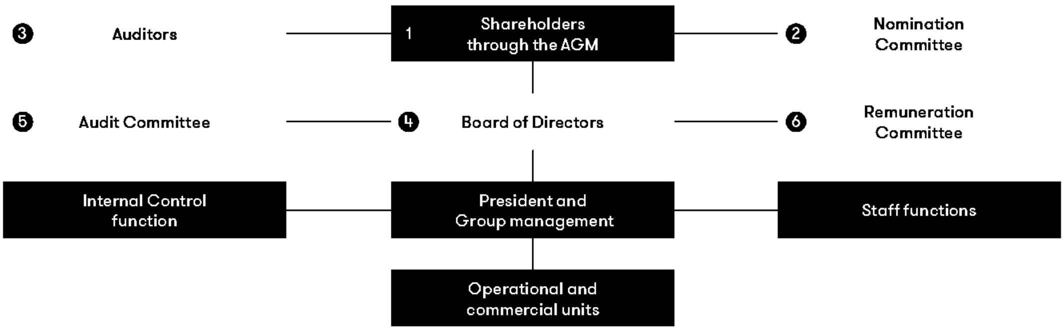
Nobia is a Swedish public limited liability company that is subject to the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code and the company's Articles of Association. Shareholders exercise their influence at the general meeting of shareholders, which is Nobia's highest decision-making body. Nobia has one class of share with one share corresponding to one vote at general meetings. Additional information about the Nobia share and ownership structure can be found on pages 114-115. The AGM resolves on the Articles of Association and at the AGM, which is the annual scheduled general meeting, the shareholders elect Board members, the Board Chairman and auditors, and decide on their fees. Furthermore, the AGM resolves on the adoption of the income statement and the balance sheet, appropriation of the company's profit and discharge from liability for the Board members and President in relation to the company. The AGM also resolves on the composition and work of the Nomination Committee, and resolves on principles for remuneration and other employment conditions for the President and other senior executives.

❷ Nomination committee

According to the instruction for Nobia's Nomination Committee adopted at the 2020 AGM, the members and Chairman of the Committee are to be elected at the AGM for the period until the conclusion of the following AGM.

The Nomination Committee shall comprise at least three but not more than four members representing the largest shareholders of the company. The Chairman of the Nomination Committee shall convene the first meeting of the Nomination Committee. The Nomination Committee is entitled to appoint an additional two co-opted members. Co-opted members shall assist the Nomination Committee in performing its duties but have no voting rights. The Chairman of the Board may be a member of the Nomination Committee only as a co-opted member.

In accordance with the Code, the Nomination Committee should be chaired by an owner representative. The instruction for the Nomination Committee adopted by the AGM also states that the Nomination Com-



Key external regulatory frameworks:

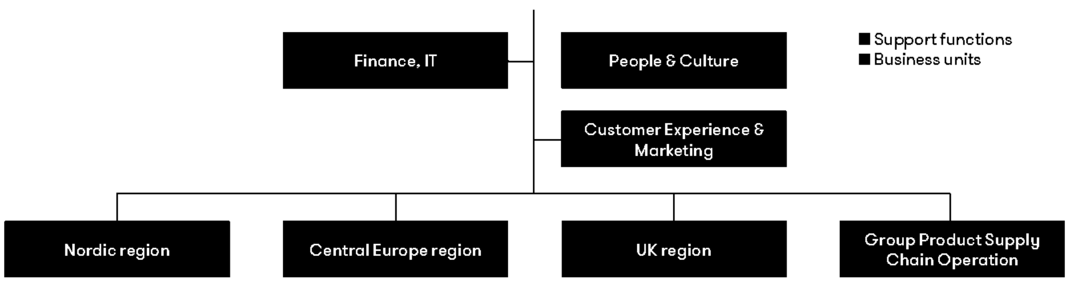
- Swedish Companies Act
- Annual Accounts Act and IFRS
- Nasdaq Stockholm's Rule Book for Issuers
- Market Abuse Regulation (MAR)
- Swedish Corporate Governance Code
- Modern Slavery Act

Examples of voluntary commitments:

- UN Sustainable Development Goals
- UN Global Compact initiative
- Science Based Target initiative
- Sustainability reporting according to the Global Reporting Initiative

Examples of key internal regulatory frameworks:

- Articles of Association
- The Board's rules of procedure and instructions to the President
- Audit Committee's rules of procedure
- Nobia's Financial & Accounting Manual
- Risk Management Process
- Sustainability strategy
- Code of Conduct
- Supplier Code of Conduct
- Environmental and climate policy
- Policy for sustainable forestry
- Modern Slavery Statement



mittee's tasks are to submit proposals on the election of the Board Chairman and other members of the Board of Directors, Directors' fees and any remuneration for committee work, election and remuneration of the auditor, election of the Chairman of the AGM and election of members of the Nomination Committee.

In performing its other duties, the Nomination Committee shall fulfil the requirements incumbent on the Committee in accordance with the Code. The Nomination Committee applied rule 4.1 of the Code to its work as its diversity policy.

In accordance with the resolution adopted at the 2020 AGM, the Nomination Committee comprised the following members prior to the 2021 AGM:

Nomination Committee ahead of the 2021 AGM

Name/representing	Share of votes 31 Dec 2020
Peter Hofvenstam (Chairman) representing Nordstjernan	24.9%
Ricard Wennerklint representing If Skadeförsäkring	10.7%
Mats Gustafsson representing Lannebo funds	4.4%
Arne Lööw representing Fourth Swedish National Pension Fund	7.4%
Total	**47.4%**

The members of the Nomination Committee represent approximately 47% of the shares and votes in the company. No remuneration is paid to the Committee members.

The Nomination Committee held four minuted meetings prior to the 2021 AGM. All members were present at these meetings.

The Nomination Committee's proposals prior to the 2021 AGM are incorporated in the notice of the AGM, which was published on Nobia's website on 25 March.

Shareholders are welcome to contact the Nomination Committee and submit proposals by post to: Nobia AB, Nomination Committee, Blekholmsterassen 30 E7, SE-111 64 Stockholm, Sweden.

3 Auditors

The AGM elects the auditor who examines the Annual Report, consolidated financial statements, the administration of the Board and President, the Annual Report and accounts of subsidiaries, and also submits an audit report.

Deloitte AB was re-elected as the company's auditor at the 2020 AGM for a mandate period of one year until the conclusion of the 2021 AGM. The Auditor-in-Charge is Authorised Public Accountant Daniel de Paula.

The Nomination Committee's proposals for auditing firm and Auditor-in-Charge prior to the 2021 AGM were presented in the notice of the AGM, which was published on Nobia's website on 25

Nominations Committee activity 2020

Set out below are some of the key matters addressed by the committee.

Board and committee composition

- The Nomination Committee held interview and receives information from the Board Chairman and other Board members and the CEO about the work of the Board.
- Reviewed the composition of the Board to ensure maintenance of an appropriate balance of skills and diversity of experience to support the future growth strategy.
- Concluded that the number of women on the Board elected by the general meeting corresponding to 50%. The gender-distribution requirements of the Swedish Corporate Governance Code are thus deemed to be meet.
- Reviewed the continued independence of each Board member, including consideration of their term in the Board and any potential conflicts of interest.
- Reviewed the time commitment required of each director, concluding that all non-executive directors continued to devote appropriate time to address their duties to Nobia.

Corporate governance and other matters

- Considered the requirements of the Board in the longer term.
- Considered and recommended based on the Audit Committee recommendation the re-election of Deloitte until next Annual General Meeting.
- Recommended the re-election of all directors at the Annual General Meeting.
- The Nomination Committee evaluates its instructions every year and presents proposals to the Annual General Meeting when necessary.
- Concluded that a majority of the members elected by the general meeting are independent in relation to Nobia and company management and in relation to Nobia's largest shareholders.

March. Nobia's purchases of services from Deloitte, in addition to audit assignments, are described in Note 6 on page 84.

4 Board of directors
The primary role of the Board is to lead the Group and to ensure its long-term success, taking into consideration the views and interests of not only our investors, but our other key stakeholders. The Board, led by the Chair, has responsibility for setting, and overseeing the implementation of, the Group's strategy, ensuring the implementation of an appropriate risk management framework and overseeing financial performance. Underpinning this are the values and culture defined by the Board and a strong corporate governance framework, designed to ensure ethical and sustainable performance.

In accordance with Nobia's Articles of Association, the Board is, to the extent appointed by the General Meeting, to comprise not fewer than three and not more than nine members, with not more than three deputy members. A maximum of one Board member elected by the AGM may work in company management or in the management of the company's subsidiaries. Furthermore, a majority of the Board members elected by the AGM are to be independent in relation to the company and company management.

The objective is for the Board to have an appropriate composition with respect to Nobia's operations, stage of development, strategy and other circumstances, and be characterised by diversity and breadth in terms of the skills, experience and background of the Board members elected by the general meeting, and aim for a gender balance. The board is to approve any significant assignments the chief executive officer has outside the company

The 2020 AGM resolved that the elected Board was to comprise six members with no deputy members. The Board also includes members elected by the employees' organisations in accordance with the Swedish Board Representation (Private Sector Employees) Act.

Other executives in the company participate at Board meetings to make presentations and the Group's CFO has served as secretary to the Board for the entire year. During the year, the committee convened eleven times. All members were present at these meetings.

The annual evaluation of the Board of Directors' work, including the Board's committees (Audit Committee and Remuneration Committee) was conducted by the Chair of the Board, Nora Larssen. She evaluated the Board's working procedures, competence and composition, including the background, experience and diversity of Board members. Her findings were presented to the Nomination Committee. The Board continuously evaluates the performance of the President and CEO, Jon Sintorn and annually meet without management being present in order to evaluate the performance.

Board activity 2020

The key matters considered by the Board during the year are set out below. In addition, each meeting includes a report from the Group CEO providing an operational update; a report from the Group CFO on the Group's financial performance; and a report on recent governance and regulatory matters.

Financial performance

- Reviewed and approved the quarterly, half-yearly and full results and trading updates.
- Reviewed and approved the Nobia Group financial statements, ensuring they are fair, balanced and understandable.
- Considered dividend recommendations and declarations in light of the Group's stated dividend policy.
- Reviewed and approved the budget for 2021, considering assumptions made and the reasonableness of the plan and focusing on the operational overviews, cash flow management.

Strategy formulation and monitoring

- A strategy review session, considering where Nobia is today, its strategic focus, options for future growth and detailed Divisional strategic initiatives, resulting in continued support for Nobia's strategic direction and confidence that Nobia's strategy is sustainable in the long-term.
- Discussed and implemented the simplification of Nobia's corporate structure, resulting in creating strong Commercial Regions and a separate Product & Supply Division to support the Commercial Regions .
- Considered and approved a number of capital expenditure projects, taking into consideration the interests of Nobia's key stakeholders.
- Concluded on the investment of a new factory in Jönköping
- Regular review of competitor and market analyses.

Operational performance

- Reports from the Group CEO.
- Considered succession and talent management plans.
- Monitored the planning of a number of large capital projects, including the prepartion for a new factory in Jönköping.

Governance and stakeholders

- Regular reports from the chair of each committee and continuously keept its self updated of governance and regulatory developments.
- Evaluated the efficiency of the board work and concluded despite not being able to hold physcihal meetings and travel to different sites digital tools enabled an effective Board year.
- Had three meetings with the auditor without the presence of Group Management.
- Reviewed and approved the principal Group policies.
- Evaluated the Presidents work during 2020.

Risk management

- Recived regular risk reports from management and held a number of extra ordinary meetings to adress risks associated with corona virus pandemic.
- Sustainbility risks and opportunties including emerging risks were also considered as part of the integrated risk management process.
- Recived updates on the status of the Group insurance program.

All board decisions were unanimous and no conflicting opinions were recorded on any issue decided during the year. Due to the Covid-19 outbreak in early 2020 several meetings had either indirectly or directly a connection on how this pandemic affected or could affect Nobia and what mitigation acitivities that could be taken proactively.

5 Audit committee
The committee's primary responsibility is to oversee the Group's corporate financial reporting, including the relationship with the external auditor, as well as Nobia's internal control and risk management framework and to assist the Board with any judgements and decision-making required in this regard. This remained the key focus of the committee during the year, with its activities being consistent with prior years and in line with its terms of reference. The Audit Committee is selected by the Board at the statutory Board meeting after the Annual General Meeting and until the statutory Board meeting the following year.

The work of the Audit Committee is directed by the Audit Committee Charter, which is reviewed and approved annually by the Board. The Chair of the committee has the accounting competence required by the Swedish Companies Act and both of the members are independent from the Company and its main shareholder.

The Audit Committee is also responsible for supporting the Nomination Committee in preparing proposals on the election of external auditors and auditor's fees.

The Audit Committee reports to the Board after every meeting. Minutes are taken at all Audit Committee meetings and these minutes are made available to all Board members and the auditors. During the year, the committee convened nine times. All members were present at these meetings.

A policy is in place that governs the provision of non-audit services provided by Deloitte to Nobia, differentiating between those services that are permissible and prohibited and including the requirements for the approval of permissible services. For all non-audit services, the business must submit a formal request setting out the objectives, scope of work, likely fee level and the rationale for requiring the work to be carried out by the Group's external auditor, as well as sufficient information to allow an assessment of materiality. The committee monitors compliance with the policy, receiving reports annually summarizing the approved non-audit services. The Group's CFO, Head of Group Accounting & Business Control and the Head of Internal Control participated in the Audit Committee's meetings. In 2020, Marlene Forsell and Arja Taaveniku were elected as the Audit Committee.

6 Remuneration committee
The Board appoints a Remuneration Committee from within its ranks, which for the period from the 2020 AGM until the 2021 AGM comprised Nora Forisdal Larssen (Board Chairman), and Jan Svensson.

The Committee's task is to prepare proposals to the Board relating to the remuneration and employment terms for the President. The Committee also has the task of making decisions on the President's proposals regarding remuneration and other employment terms for the managers who report to the President. Furthermore, the Committee submits proposals to the AGM regarding principles for remuneration and other employment terms for senior executives and monitors and evaluates the ongoing schemes for variable remuneration to senior executives, and the schemes concluded during the year, and the implementation of the Annual General Meeting's decision on guidelines for remuneration to senior executives. The Committee held five meetings during the year. The Board of Directors resolved to deviate from the guidelines during 2020. Board member George Adams has been engaged on a consultancy basis and has received, in addition to his Board fee, compensation for his work-efforts. The background and reasons were that, in June 2020, the former EVP and Head of commercial region UK resigned from his position. Concurrently, the UK operations were subject to an ongoing strategic review and the coronavirus outbreak had a negative impact on Nobia in general and the UK operations in partic-

Audit Committee activity 2020

Set out below are some of the key matters addressed by the committee.

Financial reporting

Reviewed the integrity of all financial announcements with input provided by the Group CFO, Group Controller and Deloitte.

- Reviewed the Nobia Group financial statements for tone and consistency and considered whether the report as a whole was fair, balanced and understandable.
- Considered and agreed the accounting treatment applicable to the simplification of the Group's corporate structure.
- Reviewed and discussed Deloitte's reports to the committee.
- Reviewed accounting policies to be applied for the year ending 31 December 2020.
- Reviewed new accounting pronouncements and any potential impact for the Group's financial reporting.

External audit matters

- Recommended to the Nomination Committee that the appointment of Deloitte for the 2021 audit be put to shareholders at the Annual General Meeting.
- Reviewed the independence, objectivity and effectiveness of Deloitte.
- Reviewed and approved the external audit plan, taking account of the scope, materiality and audit risks and agreeing the audit fees.
- Received a report of any non-audit services performed by Deloitte in order to monitor auditor independence.
- Reviewed and agreed the engagement and representation letters.
- Held two meetings with Deloitte without management present; the committee chair also engaged regularly with the lead audit partner.

Risk management and internal controls

- Undertook a review of the Group's risk management policy, plan and tolerance levels and of the process to assess the risks. Emerging risks were also considered.
- Reviewed the effectiveness of the risk management and internal control systems.
- At each committee meeting undertook a more in-depth review of a number of the most significant Group risks.
- Received a presentations on IT risk management and cyber security.
- Received a presentation on Operational Supply Chain risk

Internal Audit

- Nobia has a corporate governance function which includes internal audit activities primrarily towards financial risks. External and internal resources may also be engaged in the context of certain special examinations.

Governance

- Monitored and reviewed the implementation of the Group's Code of Conduct, as well as the supporting policy framework.
- Reviewed the legal and compliance risks faced by the Group.
- Reviewed the committee's terms of reference, performance and work programme.
- Reviewed reports received via Nobia's confidential reporting hotline, Speakup.

ular. To support the UK operations in these unforeseen and extraordinary challenging times, the Board considered different options and decided that it would be in the best interest of the company to engage Board member George Adams, who had significant operational and commercial experience, temporarily on a consultancy basis. During his short consultancy assignment, George Adams received market-based remuneration. The EVP and business area manager for the UK who left Nobia in June 2020 received compensation in excess of 12 monthly salaries, the reason for the deviation from the compensation guidelines was that the individual had a fixed-term contract that Nobia was forced to renegotiate. The Board considers the deviation to be acceptable as this was part of the strategic and long-term change in Nobia's operations in the United Kingdom.

Remuneration to senior executives
The members of Group management receive both fixed and variable remuneration. The fundamental principle is that the variable salary portion may amount to a maximum of 40% of fixed annual salary. The exception to this principle is the President, whose variable salary portion may amount to a maximum of 65% of fixed annual salary. Exceptions may also be made for other senior executives following a resolution by the Board. The variable salary portion is normally divided between several targets, for example, the Group's earnings, earnings in the business unit for which the manager is responsible and individual/quantitative targets. The variable portion is based on an earning period of one year. The targets for the President are determined by the Board. The targets for the other senior executives are established by the President following recommendations by the Board's Remuneration Committee.

Nobia has implemented long-term share-based remuneration plans since 2005, following decisions by each year's AGM. The Performance Share Plans are described in more detail in the Financial overview of the Board of Directors' Report on pages 46-51. The remuneration and benefits of senior executives are described in Note 4 on pages 79-80.

Group management
The CEO is responsible for the business development of the company and leads and coordinates the daily operations according to the Board's instructions for the CEO and other decisions made by the Board. Group management comprised eight individuals at the end of 2020. For further information about Group management, refer to pages 108-109. Group management holds regular meetings according to a fixed schedule. These meetings monitor strategic and operational progress, major change programmes, risks and other strategic issues of significance for the Group as a whole. In addition, the President and the CFO meet the management team of each commercial business unit several times per year at local management team meetings.

Sustainabilty governance
Sustainability is an integrated part of our operations and is pursued at various levels, from the Board's approval of Group-wide policies and principles to operational reviews, risk assessment and goal-oriented work in our business units. Sustainability is to permeate the company's entire business and all employees have a responsibility to contribute to Nobia's sustainability agenda. One of the principle tasks of Nobias board of directors include identifying how sustainability issues impact risks to and business opportunities for Nobia, consequently have sustainbility been integreated in the Strategy and Enterprise Risk Management processes. Nobia's engagement and commitment have been implemented in frameworks and work processes. Read more on pages 50-58.

Auditors
Deloitte AB was re-elected as the company's auditor at the 2020 AGM for a mandate period of one year until the conclusion of the 2021 AGM. The Auditor-in-Charge is Authorised Public Accountant Daniel de Paula. The Nomination Committee's proposals for auditing firm and Auditor-in-Charge prior to the 2021 AGM were presented in the notice of the AGM, which was published on Nobia's website on 25 March. The interaction of the auditors with the Board is described above. Nobia's purchases of services from Deloitte, in addition to audit assignments, are described in Note 6 on page 84.

Auditor´s Report on the corporate governance statement
To the general meeting of the shareholders in Nobia AB (publ), corporate identity number 556528-2752.

Engagement and responsibility
It is the board of directors who is responsible for the corporate governance statement for the financial year 2020 on pages 102-107 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm April 6, 2021
Deloitte AB

Daniel de Paula
Authorized Public Accountant

Internal control over financial reporting

The Board's responsibility for internal governance and control is regulated in the Swedish Companies Act, the Annual Accounts Act and the Swedish Corporate Governance Code. The Annual Accounts Act requires that the company, each year, describes its system for internal control and risk management with respect to financial reporting.

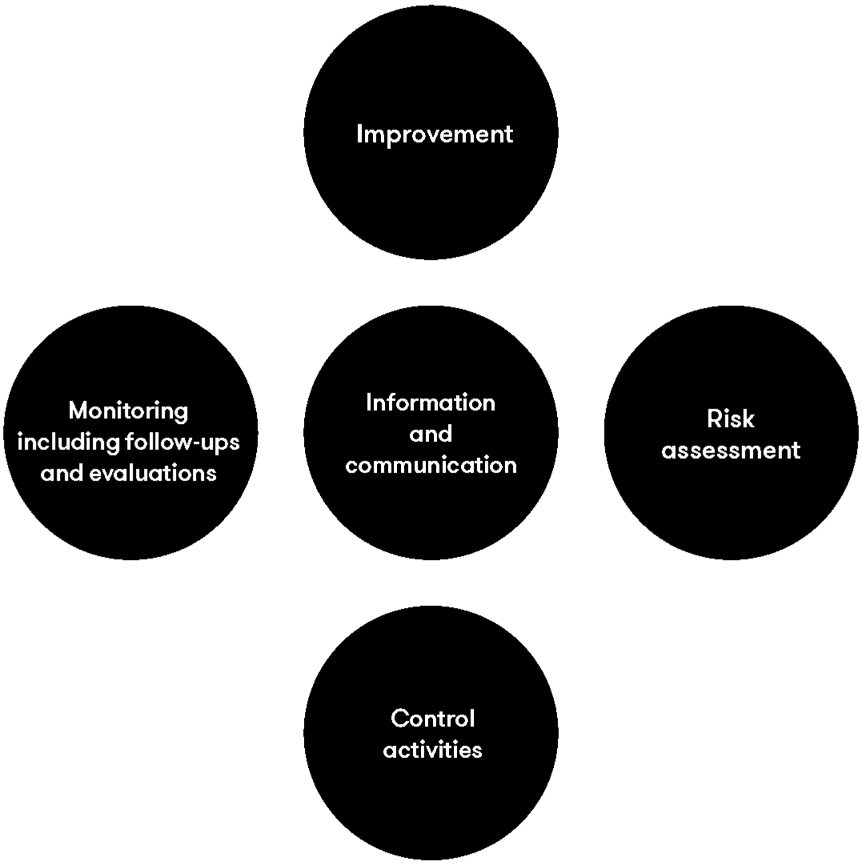
Nobia's internal control process for financial reporting has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies.
The internal control process is based on a control framework that creates structure for the other five components of the process – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The five components of this framework are Control environment, Risk assessment, Control activities, Monitor and improve, and Inform and communicate.

Control environment
The Board of Directors is responsible for maintaining effective internal control and has therefore established fundamental documents of significance for financial reporting. These documents include the Board of Directors' rules of procedure and instructions to the CEO, the Code of Conduct, financial policy and an accounting manual. All units in the Group apply uniform accounting and reporting instructions. Internal control guidelines have been established and are reviewed annually for all operating companies. These Group-wide guidelines have a relatively broad scope and concern various processes such as ordering, sourcing, financial statements, plant management, compliance with various policies, legal matters, and HR matters. The Code of Conduct is regularly reviewed and updated, and compliance is monitored systematically in operations.

Risk assessment
The primary risk associated with the financial reporting is the risk that material errors may be made when reporting the company's financial position and earnings. Risk assessment includes identifying risks of not fulfilling the fundamental criteria, i.e., completeness, accuracy, valuation and reporting for significant accounts in the financial reporting for the Group and at regional and local levels, as well as risk of loss or misappropriation of assets and liabilities. Nobia has a standardised process for performing a risk-based evaluation of its financial risks. To minimise this risk, control documents have been established pertaining to accounting, procedures for annual accounts and follow-up of reported annual accounts.

Control activities
The Group Function Finance is responsible for ensuring complete, accurate and timely financial reporting, including compliance with instructions and guidelines. Regional and local Chief Financial Officers are responsible for ensuring that financial reporting from each unit is correct, complete and delivered in a timely manner. In addition, each business unit has head of accounting with responsibility for the individual business unit's financial statements. The company's control activities are assessed based on, for example, approved budgets prepared by the individual business units and updated during the year with continuous forecasts. Nobia has a standardised system of control measures involving processes that are significant to the company's financial reporting. The controls are adapted to the operational process and system structure of each unit. Accordingly, each unit prepares a record of the actual controls to be carried out in the unit in question.

Monitor and improve
Significant instructions and guidelines related to financial reporting are prepared and updated regularly by the Group Function Finance and are available on the Group's intranet. All business units report their financial results monthly in accordance with the Group's accounting policies. This reporting serves as the basis for quarterly reports and a monthly operating review. Operating reviews form the basis of a structure in which sales, earnings, cash flow, capital employed and other important key figures and trends for the Group are compiled and are used for analysis and actions by management and controllers at different levels. Financial reviews take place quarterly at regional management meetings, monthly in the form of performance reviews and through more informal analysis. Other important Group-wide components of internal control comprise the annual business planning process and regular forecasts. Control of these processes is assessed through self-evaluation, some of these questions relates to antibribery. Controls that have failed must be addressed, which means establishing and implementing actions to correct weaknesses. In addition, independent testing of selected controls is conducted by the Group Internal Control function. In some cases, Nobia has enlisted external help to validate these controls. Financial results are reported and examined regularly within the management teams of the operating units and communicated to Nobia's management at monthly and quarterly meetings Information on the status and where the internal control process can be enhanced is



periodically provided to Group management, the Audit Board and the Audit Committee by the Head of Internal Control.

Financial reporting to the Board
The Board's rules of procedure stipulate which reports and information of a financial nature are to be submitted to the Board at each scheduled meeting. The CEO, together with the Chairman, ensures that the Board receives the reports required to enable the Board to continuously assess the company's and Group's financial position. Detailed instructions specifically outline the types of reports that the Board is to receive at each meeting.

External financial reporting
The quality of external financial reporting is guaranteed via a number of actions and procedures. Nobia's CEO is responsible for ensuring that all information issued, such as press releases with financial content, presentation material for meetings with the media, owners and financial institutions, is correct and of a high quality. The responsibilities of the company's auditors include reviewing accounting issues that are critical for the financial reporting and reporting their observations to the Audit Committee and the Board of Directors. In addition to the audit of the annual accounts, a review of the report for the third quarter and of the company's administration is carried out.
inform and communicate

The company has information and communication channels designed to ensure that information is identified, captured and communicated in a form and time frame that enable managers and other employees to carry out their responsibilities, and contributes to ensuring that the correct business decisions are made. Guidelines for financial reporting are communicated to employees, for example, by ensuring that all manuals, policies and codes are published and accessible through the Group-wide intranet as well as information related to the internal control process. To inform and communicate is a central element of the internal control process and is performed continuously throughout the year. Management, process owners and control operators in general are responsible for informing and communicating the results within the internal control process. Outcomes are reported and regularly discussed at Audit Committee meetings.

Board of Directors

Nora Førisdal Larssen
Chairman of the Board

Year elected 2011

Born 1965

Nationality Norwegian

Education
B.Sc. Economics, MBA.

Other assignments
Senior Investment Manager at Nordstjernan. Board member of Disruptive Materials, chairman of Etac and Emma S.

Work experience
Product Line manager at Electrolux and partner at McKinsey & Co.

George Adams
Board member

Year elected 2017

Born 1956

Nationality British

Education
Politics, Philosophy & Economics, Oxford University

Other assignments
Chairman of FX Tools. Board member of ScS.

Work experience
Senior positions at Kingfisher. President of the European DIY Retailers Association (EDRA).

Marlene Forsell
Board member

Year elected 2019

Born 1976

Nationality Swedish

Education
B.Sc. Business Administration Stockholm School of Economics

Other assignments
Board member of Kambi Group, Lime Technologies, AddSecure and Index Pharmaceuticals.

Work experience
CFO of Swedish Match 2013 – 2018 and before that several leading positions in finance at the same company.

Jan Svensson
Board member

Year elected 2020

Born 1956

Nationality Swedish

Education
B.Sc. Business Administration Stockholm School of Economics

Other assignments
Chairman of Tomra Systems ASA and Fagerhult. Board member of ASSA ABLOY, BillerudKorsnäs, Loomis, Climeon, Stena Metall and Herenco.

Work experience
CEO and Board member of Investment AB Latour 2003 – 2019.

Arja Taaveniku
Board member

Year elected 2020

Born 1968

Nationality Swedish

Education
Executive MBA, Stockholm School of Economics

Other assignments
Board member of Handelsbanken, Mekonomen and Dunelm Plc. Chairman of Svenska Handelsfastigheter

Work experience
Among others, Chief Offer and Supply Chain Officer at Kingfisher Plc 2015 - 2018, CEO Ikano Group 2012-2015 and Business Area Director, IKEA Kitchen & Dining 2009 – 2012.

Carsten Rasmussen
Board member

Year elected 2020

Born 1972

Nationality Danish

Education
Master of Logistics from Aarhus University

Other assignments
Chairman of LEGO System A/S.

Work experience
COO of LEGO Group since 2017, where he has been employed since 2001. Previous experience including positions at Scan Choco A/S 1997 – 2001.

Hans Eckerström, Chairman, attended six meetings and one Remuneration Committee meeting, left the Board on 5 May 2020. Total remuneration 2020: SEK 400,000.

Jill Little, Board member, attended six meetings, left the Board on 5 May 2020. Total remuneration 2020: SEK 140,000.

Stefan Jacobsson, Board member, attended six meetings, left the Board on 5 May 2020. Total remuneration 2020: SEK 140,000.

Auditors Deloitte AB
Auditor-in-charge Daniel de Paula, Authorised Public Accountant
Other audit assignments: Permobil and BAE Hägglunds.

Per Bergström
Employee representative

Year elected 2000

Born 1960

Nationality Swedish

Education –

Other assignments
Board member of Tidaholms Energi, Elnät, Bredband Östra Skaraborg and Nobia Production Sweden.

Work experience
Various roles within production, Nobia Production Sweden.

Susanne Levinsson
Employee representative, deputy

Year elected 2017

Born 1973

Nationality Swedish

Education
High school diploma.

Other assignments –

Work experience
Various roles within production, Nobia Production Sweden.

Terese Asthede
Employee representative

Year elected 2013

Born 1971

Nationality Swedish

Education
Post-secondary education, logistics

Other assignments –

Work experience
Various positions within sales and project management, Nobia.

Mats Karlsson
Employee representative, deputy

Year elected 2019

Born 1976

Nationality Swedish

Education
Master of Politics. Business analyst

Other assignments –

Work experience
Managerial roles within sourcing, Nobia Production Sweden.

Board of Directors 2020

Assignment	Independent	Own and related parties' shareholdings	Shares in related companies	Board of Directors' meetings, 13 meetings	Audit Committee, 9 meetings	Remuneration Committee, 4 meetings	Remuneration 2020, SEK	Of which Board, SEK	Of which Committee, SEK
Nora Førisdal Larssen, Chairman of the Board	No	5,000	–	13	3	4	940,000	907,000	33,000
George Adams, Board member	Yes	–	–	13	–	–	793,000[1]	410,000	–
Marlene Forsell, Board member	Yes	5,500	–	13	9	–	560,000	410,000	150,000
Jan Svensson, Board member	Yes	20,000	–	7	–	3	270,000	270,000	–
Arja Taaveniku, Board member	Yes	–	–	7	6	–	360,000	277,000	83,000
Carsten Rasmussen, Board member	Yes	–	–	7	–	–	270,000	–	–
Per Bergström, Employee representative	–	–	–	13	–	–	–	–	–
Susanne Levinsson, Employee representative, deputy	–	–	–	13	–	–	–	–	–
Terese Asthede, Employee representative	–	–	–	13	–	–	–	–	–
Mats Karlsson, Employee representative, deputy	–	–	–	13	–	–	–	–	–

1) George Adams was compensated SEK 383,000 for management support services in the UK during April, May and June 2020. See page 106.

Group management

Jon Sintorn
President and CEO

Born 1966

Employed 2019

Previous positions
President and CEO of Permobil. Global head of Cooling, DeLaval. Various positions at ABB.

Holding in Nobia
1,791,120 call options.

Kristoffer Ljungfelt
Chief Financial Officer (CFO)

Born 1977

Employed 2013

Previous positions
CFO Nordic region in Nobia. Finance Director in Nobia Norway and Business Area Director in Sigdal Kjøkken. Variuos positions at Electrolux.

Holding in Nobia
28,179 shares (private and occupational pension). 145,560 call options.

Ola Carlsson
EVP Chief Product Supply Officer

Born 1965

Employed 2017

Previous positions
Group Vice President Global Operations at Munters and Chief Operations Officer at Electrolux Small Appliances.

Holding in Nobia
33,894 shares.

Cecilia Forzelius
EVP People & Culture

Born 1975

Employed 2020

Previous positions
Chief People Officer and HR Director Northern Europe, Transcom. Various management positions at Skandia and Telia.

Holding in Nobia
–

Ole Dalsbø
EVP Commercial Region North (Nordic region)

Born 1966

Employed 2004

Previous positions
Leading positions at Nobia Norway, Norema and Sigdal Kjøkken.

Holding in Nobia
26,298 shares.

Sara Björk
Chief Information Officer (CIO)

Born 1973

Employed 2020

Previous positions
Head of IT for H&M Group's IT division for design, sourcing and production.

Holding in Nobia
–

Dan Carr
EVP Commercial Region West (UK region)

Born 1975

Employed 2005

Previous positions
CFO UK Region, Nobia

Holding in Nobia
4,377 shares.

Dan Josefsberg
EVP, Marketing, Customer Experience and Communication

Born 1973

Employed 2019

Previous positions
Managing Partner of PwC Experience Center and Pond.

Holding in Nobia
23,712 shares (through companies).

TeamEngine E-Signing

The Nobia share and shareholders

The Nobia share is listed on Nasdaq Stockholm and is included in the Consumer Products and Services sector. Following a sharp downturn at the start of the coronavirus pandemic, the share recovered and closed down 6% for the full year. Market capitalisation at the end of 2020 was SEK 11.2 billion.

Listing and turnover

The Nobia share has been listed on Nasdaq Stockholm since 2002, where the share is included in the Consumer Products and Services sector. The majority of the shares are traded on Nasdaq Stockholm, but some shares are also traded on other marketplaces.

In 2020, a total of 139 million Nobia shares (76) were traded on Nasdaq Stockholm at a value of SEK 6.9 billion (4.4). The average turnover per day was approximately 552,000 shares (303,000), corresponding to a value of SEK 27m (17). The Nobia share's liquidity, measured as rate of turnover, totalled 75% (45). The average rate of turnover on the Stockholm exchange was 75% (62).

Share performance

The share had a weaker performance than the stock exchange as a whole in 2020. The share price declined 6%, compared with the Stockholm exchange in total, which increased 13% in the same period. During the year, the OMXS Stockholm Consumer Products and Services index increased 51%.

The closing price for the Nobia share in 2020 was SEK 65.85, corresponding to market capitalisation of SEK 11.2 billion. The highest price paid in 2020 was SEK 75.9 on 14 January. The lowest price paid during the year was SEK 29.8 on 19 March.

Share capital

On 31 December 2020, Nobia's share capital amounted to SEK 56,763,597, divided between 170,293,458 shares with a quotient value of SEK 0.33. Each share, with the exception of bought-back treasury shares, entitles the holder to one vote, and carries the same entitlement to the company's capital and profits.

Dividend policy

Nobia's dividend policy is that the dividend should comprise 40-60% of net profit after tax. Investment requirements, acquisition opportunities, liquidity and the financial position of the company in general are taken into consideration when preparing dividend proposals.

Proposed dividend

The Board's proposal for the 2020 dividend is SEK 2 per share. Due to the uncertainty relating to the effects of the spread of the coronavirus at the beginning of 2020, the Board of Directors withdrew its dividend proposal for 2019 and no dividend was paid for 2019.

Share data

Listing: Nasdaq Stockholm, Large Cap
Ticker: NOBI
Sector: Consumer Products and Services
ISIN code: SE0000949331

Analysts that follow Nobia

Company	Analyst
Carnegie	Kenneth Toll Johansson
DNB Markets	Mattias Holmberg
Handelsbanken	Adela Dashian
Nordea	Victor Hansen
SEB	Julius Rapeli
Pareto	Fredrik Moregård

Treasury shares

At the start of 2020, Nobia owned 1,440,637 treasury shares, corresponding to 0.8% of the total number of shares issued. No transactions involving treasury shares were conducted in 2020 and the number of treasury shares therefore amounted to 1,440,637 at the end of 2020. The purpose of treasury shares is to safeguard Nobia's commitments under the Group's share-based remuneration plan.

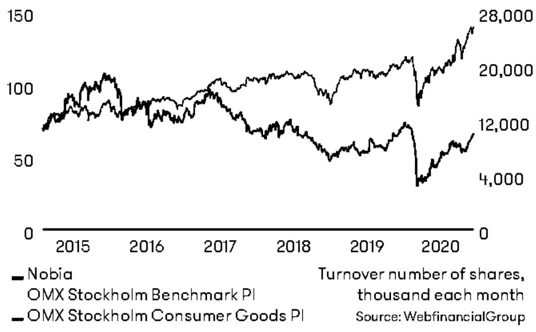
Ownership structure

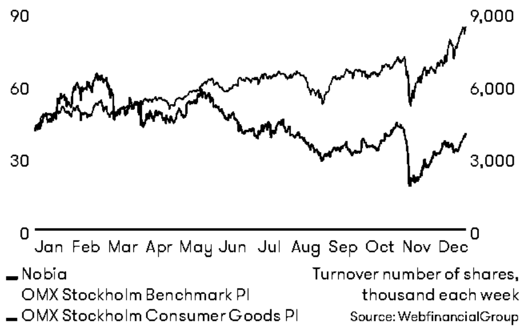
At year-end, Nobia had 18,793 shareholders (16,136). Swedish ownership was 73% (75), while foreign ownership during the year increased to 27% (25). The largest foreign shareholdings were in the US, with approximately 12%, and the UK, with approximately 8%.

The five largest shareholders – Nordstjernan, If Skadeförsäkring, the Fourth Swedish National Pension Fund, Swedbank Robur funds and Lannebo funds – owned 52.6% (52.0) of all shares at year-end. The ten largest shareholders owned 67.6% (65.9) of the shares.

Shareholdings among persons in senior positions

At the time of publication of this Annual Report, Group management owned, directly and indirectly, 2,053,140 shares and call options in Nobia (1,771,174). On the same date, Nobia's Board members had total direct and indirect holdings of 30,500 shares (60,000).





Ownership structure, 31 December 2020

	Number of shareholders	Percentage of shareholders, %	No. of shares	Percentage of capital, %
1–500	14,411	76.7%	1,775,015	1.0%
501–1 000	1,932	10.3%	1,590,800	0.9%
1,001–5,000	1,833	9.8%	4,089,009	2.4%
5,001–10,000	266	1.4%	1,972,322	1.2%
10,001–15,000	79	0.4%	1,007,642	0.6%
15,001–20,000	47	0.3%	830,686	0.5%
20,001–	225	1.2%	159,027,984	93.4%
Total	**18,793**		**170,293,458**	

Largest owners, 31 December 2020

Shareholder	No. of shares	Percentage of capital, %
Nordstjernan AB	42,432,410	24.92
IF Skadeförsäkring AB	18,200,000	10.69
Fourth Swedish National Pension Fund	12,645,559	7.43
Swedbank Robur funds	8,717,659	5.12
State Street Bank and Trust	7,759,408	4.56
Lannebo funds	7,562,692	4.44
BNY Mellon SA/NV	4,531,258	2.66
CBNY-Norges Bank	3,998,936	2.35
BNY Mellon NA	3,745,921	2.2
JP Morgan Chase Bank N.A.	3,624,617	2.13
The 15 largest owners	**126,088,718**	**74.1**

Source: Euroclear Sweden.

At year-end, Nobia held 1,440,637 treasury shares, corresponding to 0.8% of all shares.

Data per share

	2016	2017	2018	2019	2020
No. of shares at year-end (millions)	175.3	175.3	170.3	170.3	170.3
No. of shares at year-end after dilution (millions)	168.7	168.7	168.7	169.3	169.3
Average no. of shares at year-end after dilution (millions)	168.7	168.7	168.7	169.0	169.3
Share price at year-end, SEK	84.85	69.40	49.24	69.80	65.85
Earnings per share after dilution, SEK	2.70	6.02	4.46	4.79	1.50
Shareholders' equity per share, SEK	20	25	23	25	24
Dividend per share, SEK	3.00	7.00	4.00	0	2.00[1]
P/E ratio, multiple	31	12	11	15	44
Direct yield, %	3.5	10.0	8.1	0	3.0
Share of dividend, %	111	116	90	0	133

1) Proposed dividend

Five-year overview

SEK m	2016	2017	2018	2019	2020
Income statement					
Net sales	12,648	12,744	13,209	13,930	12,741
Change in %	3	1	4	5	-9
Gross profit	4,933	5,014	5,090	5,305	4,444
Operating profit	1,298	1,286	1,018	1,132	437
Financial income	22	9	10	1	7
Financial expenses	-73	-45	-42	-94	-91
Profit after financial items	**1,247**	**1,250**	**986**	**1,039**	**353**
Tax on net profit for the year	-269	-256	-233	-229	-100
Profit for continuing operations	978	994	753	810	253
Profit from discontinued operations, net after tax	-523	21	–	–	–
Net profit for the year	**455**	**1,015**	**753**	**810**	**253**
Net profit for the year attributable to:					
Parent Company shareholders	456	1,015	753	810	253
Non-controlling interests	-1	0	–	–	–
Net profit for the year	**455**	**1,015**	**753**	**810**	**253**
Balance sheet					
Fixed assets	4,076	4,034	4,759	7,641	6,806
Inventories	857	908	962	1,145	1,035
Current receivables	1,561	1,765	1,917	1,803	1,609
Cash and cash equivalents	1,005	473	128	257	635
Assets held for sale	506	–	–	–	–
Total assets	**8,005**	**7,180**	**7,766**	**10,846**	**10,085**
Shareholders' equity	3,415	4,154	3,897	4,277	4,034
Non-controlling interests	4	–	–	–	–
Non-interest-bearing liabilities	2,556	2,453	2,440	2,487	3,027
Interest-bearing liabilities	1,701	573	1,429	4,082	3,024
Liabilities attributable to assets held for sale	329	–	–	–	–
Total shareholders' equity and liabilities	**8,005**	**7,180**	**7,766**	**10,846**	**10,085**
Net debt including pensions	493	77	1,266	3,819	2,387
Capital employed	5,182	4,727	5,326	8,359	7,058
Operating capital	3,912	4,231	5,163	8,096	6,421
Performance measures					
Gross margin, %	39.0	39.3	38.5	38.1	34.9
Operating margin, %	10.3	10.1	7.7	8.1	3.4
Operating profit before depreciation/amortisation and impairment (EBITDA), %	1,585	1,573	1,344	1,967	1,426
Operating margin before depreciation/amortisation and impairment, %	12.5	12.3	10.2	14.1	11.2
Profit after financial items as a percentage of net sales	9.9	9.8	7.5	7.5	2.8
Turnover rate of operating capital, multiple	3.2	3.0	2.6	1.7	2.0
Return on operating capital, %	32.5	31.5	21.7	14.2	6.0
Return on equity, %	13.0	27.8	20.2	20.4	6.1
Debt/equity ratio, %	14	2	32	89	59
Equity/assets ratio, %	43	58	50	39	40
Cash flow from operating activities	1,281	987	1,001	1,633	2,068
Investments	290	319	414	465	308
Earnings per share after dilution	2.70	6.02	4.46	4.79	1.50
Dividend per share, SEK	3.00	7.00	4.00	0.00	2.00[1]
Personnel					
Average number of employees	6,573	6,178	6,178	6,161	5,977
Net sales per employee, SEK 000s	2,121	2,094	2,172	2,280	2,159
Personnel expenses	3,225	2,939	3,135	3,343	3,357
Number of employees at year-end	6,445	6,087	6,081	6,109	5,901

1) The Board's proposal.

Definitions – Performance measures

Performance measures	Definition/calculation	Use
Return on equity	Profit after tax as a percentage of average shareholders' equity attributable to Parent Company shareholders based on opening and closing balances for the period. The calculation of average shareholders' equity has been adjusted for increases and decreases in capital.	Return on equity shows the total return on shareholder's capital in accounting terms and reflects the effects of both the operational profitability and financial gearing. The measure is primarily used to analyse shareholder profitability over time.
Return on operating capital	Operating profit as a percentage of average operating capital based on opening and closing balances for the period excluding net assets attributable to discontinued operations. The calculation of average operating capital has been adjusted for acquisitions and divestments.	Return on operating capital shows how well the operations use net capital that is tied up in the company. It reflects how both cost and capital-efficiency net sales are generated, meaning the combined effect of the operating margin and the turnover rate of operating capital. The measure is used in profitability comparisons between operations in the Group and to view the Group's profitability over time.
Gross margin	Gross profit as a percentage of net sales.	This measure reflects efficiency of the part of the operations that is primarily linked to production and logistics. It is used to monitor cost efficiency in this part of the operation.
EBITDA	Earnings before depreciation/amortisation and impairment.	To simplify, this measure shows the earnings-generating cash flow in the operation. It provides a view of the ability of the operation, in absolute terms, to generate resources for investment and payment to financiers and is used for comparisons over time.
Items affecting comparability	Items that affect comparability in so far as they do not reoccur with the same regularity as other items.	Reporting items affecting comparability separately clearly shows the performance of the underlying operation.
Net debt	Interest-bearing liabilities less interest-bearing assets. Interest-bearing liabilities also include pension liabilities and lease liabilities.	Net debt is used to monitor the debt trend and see the level of the refinancing requirement, pension and lease liabilities. The measure is used as a component in the debt/equity ratio.
Operating capital	Capital employed excluding interest-bearing assets.	Operating capital shows the amount of capital required by the operations to conduct its core operation. This is the capital that generates operating profit. It is mainly used to calculate the return on operating capital.
Operating cash flow	Cash flow from operating activities including cash flow from investing activities, excluding cash flow from acquisitions/divestments of operations, interest received, increase/decrease in interest-bearing assets.	The measure comprises the cash flow generated by the underlying operation. The measure is used to show the amount of funds at the Group's disposal for paying financiers of loans and equity or for use in growth through acquisitions.
Organic growth	Change in net sales excluding acquisitions and divestments and changes in exchange rates.	Organic growth facilitates a comparison of sales over time by comparing the same operations and excluding currency effects.
Region	Region corresponds to an operating segment under IFRS 8.	
Earnings per share	Net profit for the period divided by a weighted average number of outstanding shares during the period.	
Operating margin	Operating profit as a percentage of net sales.	The measure reflects the operating profitability of the operations. It is used to monitor the profitability and efficiency of the operations, before taking into account capital tied up. The performance measure is used both internally in governance and monitoring of the operation, and for benchmarking with other companies in the industry.
Debt/equity ratio	Net debt as a percentage of shareholders' equity including non-controlling interests.	A measure of the ratio between the Group's two forms of financing. The measure shows the percentage of the loan capital in relation to capital invested by the owners, and is thus a measure of the financial strength but also the gearing effect of lending. A higher debt/equity ratio means a higher financial risk and higher financial gearing.
Equity/assets ratio	Shareholders' equity including non-controlling interests as a percentage of balance-sheet total.	This measure reflects the company's financial position and thus its long-term solvency. A healthy equity/assets ratio/strong financial position provides preparedness for managing periods of economic downturn and financial preparedness for growth. It also provides a minor advantage in the form of financial gearing.
Capital employed	Balance-sheet total less non-interest-bearing provisions and liabilities.	The capital that shareholders and lenders have placed at the company's disposal. It shows the net capital invested in the operations, such as operating capital, with additions for financial assets.
Currency effects	Translation differences refers to the currency effects arising when foreign results and balance sheets are translated to SEK. Transaction effects refers to the currency effects arising when purchases or sales are made in currency other than the currency of the producing country (functional currency).	

Sustainability data

Sustainability is an important component of our operations. The focus and direction of our sustainability efforts are determined by our impact, the possibilities available to us and demands from our stakeholders.

Framework for sustainability topics
Nobia's framework for sustainability topics includes internal and external guidelines and regulations, sustainability strategy, processes, data collection, monitoring and reporting. Read more about our internal and external guidelines and voluntary commitments on page 103 and 119.

At Group level, there is a management system for overall management of the Group's sustainability topics, such as stakeholder dialogues, materiality and risk analyses, data collection, etc. The sustainability management system is an internal tool for business governance that is used to help systematically monitor compliance with the strategy and the Group's objectives.

Our main stakeholders and communication channels
Understanding the expectations of key stakeholders is crucial for being able to meet current and future needs. Nobia's stakeholders are identified based on the groups impacted by our operations and the groups that impact our operations. Various forms of stakeholder dialogues provide us with information about the economic, environmental and social issues that are priorities for our stakeholder groups.

Shareholders and investors: Meetings, annual reports, interim reports, press releases, website, regular survey. **Employee representatives:** European Works Council, regular survey. **Civil society, professional associations and academia:** Meetings, surveys and rankings, regular survey. **Customers:** Meetings, focus groups, social media, regular survey. **Suppliers:** Ongoing dialogue in the purchase process, supplier risk assessment, audits, Speak Up (anonymous reporting channel), regular survey. **Employees:** Continuous dialogue, meetings, employee surveys, training courses, appraisals, Speak Up, regular survey.

Process of identifying and managing material topics
Our process of defining material topics sets the relevant economic, environmental and social aspects that are to be prioritised in our work and to report on. We analyse our value chain based on our existing list of material topics and update it based on new information from impact analyses, monitoring the business world, risks and opportunities identified and input from dialogue with our stakeholders.

Our material topics are prioritised based on the impact they have on Nobia's business, the impact they have on the environment and people, and how important they are to our primary stakeholders. The materiality analysis is updated and validated every year by the central sustainability function in consultation with other parts of Group management.

This year's review, which also lays the foundation for our new 2021–2026 sustainability strategy, did not lead to any material changes. However, based on the topics and their strategic importance to our operations, we have decided to further develop the topics so that they generate maximum value.

These material topics form the basis of what we measure, monitor and report on in this report, and what forms the basis of our sustainability strategy and our targets. The table on page 119 lists the topics that we focus on, where in the value chain we work, primary stakeholders, and the tools and controls for these topics. The table also presents the topics that we employ to contribute to the UN Sustainable Development Goals and how we meet the principles of the Global Compact.

Identifying sustainability risks is part of the materiality process and is coordinated with the Group's risk process. Read more about the identification and management of sustainability-related risks on pages 50-58.

Governance, organisation and monitoring
Sustainability is integrated throughout the operations and our commitment have been implemented in frameworks and processes. Fulfilment of these targets and compliance with both the sustainability strategy and the Group's sustainability framework are systematically monitored through our new sustainability management system. This system is an internal tool for business governance.

A central sustainability function is in place at Group level, responsible for strategic sustainability activities. The President receives monthly sustainability reports. Sustainability topics are also a regular recurring item on the Board's agenda. Each production unit has employees whose main work duties involve environmental and sustainability issues. The product development and sourcing units have specialist functions that drive efforts with, for example, product safety, eco-labelling and supplier audits.

Sustainability-related procedures and processes, for example, in product development, sourcing, marketing managing product labelling and certification, are integrated into the systems and processes of each function. For instance, the product development process carries out systematic product risk assessments and compliance with environmental legislation takes place within the frame work of the local environmental management systems.

During the year, Nobia had no product safety incidents that led to insurance cases or legal proceedings. No business unit in Nobia was convicted of environmental crimes or reported deviations related to labelling of products.

Strategic memberships and partner projects:
- BSI (British Standards Institute)
- CIK (Circular Kitchen project
- Cooperation with TU Delft on circular solutions
- IVL Swedish Environmental Research Institute
- Möbelfakta's criteria council
- Science-Based Target initiative
- SIS (Swedish Standard Institute) Furniture Standardisation Committee
- TMF (Swedish Federation of Wood and Furniture Industry) Sustainability Group
- TMF (Swedish Federation of Wood and Furniture Industry) Technical Committee
- UN Global Compact
- Västa Götaland Network, quality and environment skills exchange

Certified management systems
Our production facilities hold management system certification in quality, environment, energy and occupational health and safety. Among our market companies, Nobia Svenska Kök has ISO quality and environmental certification.

Standard	Unit
ISO 9001	Bjerringbro, Darlington, Dewsbury, Dinxperlo, Freistadt, Halifax, Morley, Tidaholm, Wels, Ølgod
ISO 14001	Bjerringbro, Darlington, Dewsbury, Dinxperlo, Farsö, Freistadt, Grays, Halifax, Morley, Nastola, Tidaholm, Wels, Ølgod
ISO 50001	Darlington, Dewsbury, Halifax, Morley
OHSAS 18001	Darlington, Dewsbury, Halifax, Morley
ISO 45001	Berringbro[1], Ølgod[1], Nastola
ISO 14001, ongoing	Eggedal

1) Bjerringbro and Ølgod are awaiting approval of, for example, a new assembly line related to heavy lifting before ISO 45001 certification can be approved.

Material topics, governance and monitoring

	Innovations for a sustainable lifestyle	Circular materials and flows		Reduced climate impact	Promoting a sustainable culture	
Areas	Choice of material, environmental labelling, lifecycle analysis	Resource consumption, chemicals, packaging, waste management	Certified wood, recycled wood	Energy consumption, transportation, materials and products	Health and safety, human rights, labour rights, equality, diversity, anti-corruption	Environment, human rights, labour rights and anti-corruption
Boundary	Product development, suppliers, own production, sales, customer use	Product development, suppliers, own production, customer use	Suppliers	Suppliers, own production, transportation, customer use	Own operations	Suppliers
Principal stakeholders	Shareholders and investors, customers, suppliers, employees	Shareholders and investors, customers, suppliers	Shareholders and Investors, civil society, professional associations and academia, customers	Shareholders and investors, employee representatives, customers, suppliers, employees	Shareholders and investors, employee representatives, customers, suppliers, employees	Shareholders and investors, employee representatives, civil society, professional associations and academia, customers
Internal frameworks[1]	Environment & climate policy; Sustainability strategy	Environment & climate policy; Sustainability strategy	Environment & climate policy; Policy for sustainable forestry; Code of Conduct for Suppliers, Sustainability strategy	Environment & climate policy; Sustainability strategy	Code of Conduct, Modern Slavery policy, Sustainability strategy	Supplier Code of Conduct; Modern Slavery policy; environment & climate policy, Sustainability strategy
Work method	Sustainability scorecard for products, Sustainability management system[6], FMEA[8]	Sustainability scorecard for products, Sustainability system[3], LEAN system, ISO 14001[2]	System with requirements and monitoring for responsible sourcing of wood materials, SAF[4], NSAR[5]	Central scorecard for production, Sustainability system[3], ISO 14001[2], ISO 50001[6]	Central scorecard for production, Systematic health and safety activities in production, SpeakUp, HR processes, OHSAS 18001 and ISO 45001[7]	SAF[2], NSAR[3], Speak Up
Contribution to the UN Sustainable Development Goals:	8.4 Improve resource efficiency in consumption and production. 12.8 Promote universal understanding of sustainable lifestyles	8.4 Improve resource efficiency in consumption and production 12.5 Substantially reduce waste generation 15.2 Promote implementation of sustainable forestry 17.17 Encourage effective partnerships		13.1 Strengthen resilience and adaptive capacity to climate-related disasters.	8.8 Protect labour rights and promote safe working environments for all 12.8 Promote universal understanding of sustainable lifestyles 17.6 Revitalize the global partnership for sustainable development	
UN Global Compact principles[9]	1, 7, 8, 9	2, 7, 8, 9		7, 8, 9	1, 2, 3, 6, 7, 10	
Goals, monitoring and results	Refer to pages 30, 31	Refer to pages 30, 31	Refer to page 31	Refer to pages 32, 33	Refer to pages 34, 35, 57	Refer to page 36

1) For external frameworks, see page 103. 2) Certified environmental management system for production plants. 3) Group-wide sustainability management system. 4) Digital platform for sustainability audits of suppliers. 5) Supplier audit system. 6) Certified energy management systems for production facilities 7) Failure Mode and Effect Analysis, systematic product risk assessment 8) Certified management system for work environment for production facilities 9) Principles of the UN Global Compact human rights (principles 1–2), labour (principles 3, 4, 5, 6), environment (principles 7, 8, 9) and anti-corruption (principle 10).

Programs for responsible sourcing, number

	2019	2020
Significant suppliers	294	287
Sustainability-reviewed suppliers	279	285
Suppliers approved after review	246	257
Suppliers with audit requirements	33	28
Suppliers approved after audit	14	6
Suppliers not approved after audit (in current programmes)	6	0
Suppliers awaiting audit (in current programmes)	13	22

The information in the table shows the status of Nobia's supplier programme at the end of each year. No audits were performed in 2020. Read more on page 36.

Sustainability data

	Unit	2018	2109	2020
Direct economic value generated and distributed				
Net sales	SEK m	13,209	13,930	12,741
Operating expenses	SEK m	8,823	8,955	8,633
Employee wages and benefits	SEK m	2,544	2,750	2,769
Social security contributions and pensions	SEK m	591	593	588
Taxes to state and municipality	SEK m	233	229	100
Interest to lenders	SEK m	4	17	24
Dividends to shareholders	SEK m	1,180	675	0
Economic value retained	SEK m	-166	711	627
Materials				
Wood consumption	thous. of m^3	417	429	374
Energy consumption				
Total energy consumption	GWh	195	183	169
Non-renewable fuel	GWh	51	52	41
Renewable fuel	GWh	53	21	21
Electricity and heating purchased	GWh	101	110	107
Heating sold	GWh	11	0	0
Energy intensity, electricity and heating	kWh/cabinet	27	25	27
Significant air emissions				
Scope 1	thous. of tonnes CO_2e	13.2	12.6	10.2
Scope 2, market-based	thous. of tonnes CO_2e	5.3	0.7	0.6
Scope 3[1]	thous. of tonnes CO_2e	19.2	18.1	15.3
Biogenic emissions	thous. of tonnes CO_2e	19.1	8.0	6.9
Scope 2, local-based	thous. of tonnes CO_2e	15.2	16.8	13.6
CO_2 intensity, electricity and heating	kg CO_2e/cabinet	0.9	0.8	0.7
CO_2 intensity, transportation	kg CO_2e/cabinet	4.3	3.5	3.5
VOC[2]	tonnes	316	298	262
VOC intensity per lacquered details	kg VOC/100 details	5.0	4.9	4.3
Waste				
Total waste (excl. hazardous waste)	thous. of tonnes	41.0	44.9	44.1
Waste for reuse	thous. of tonnes	n.a.	0.3	0.7
Waste for recycling	thous. of tonnes	20.7	28.3	27.6
Waste for incineration	thous. of tonnes	19.8	15.9	15.5
Waste for landfill	thous. of tonnes	0.5	0.3	0.3
Hazardous waste	thous. of tonnes	0.6	0.5	0.7
Employees				
Number of employees				
Women	number	1,629	1,643	1,626
Men	number	4,452	4,466	4,275
Administration, sales	number	3,069	3,132	3,042
Production, logistics	number	3,012	2,977	2,859
Workplace-related accidents[3,4]	number	92	62	54
Commitment index[5]		78	79	-
Suppliers				
Approved suppliers[6]	per cent	n.a.	88	92

1) Includes purchased transport of goods and business travel by air.
2) Volatile organic compounds
3) Workplace accidents with at least eight hours' sickness absence
4) Data from our production plant in the Netherlands is not included in the total for 2018
5) No employee survey was conducted during 2020
6) The number of suppliers in our supplier programme for risk assessment and evaluation that have been approved; the remainder are awaiting audit

About this report

Report premises

This sustainability report has been prepared in accordance with the Core level of the GRI Standards. The sustainability report encompasses all principles of the UN Global Compact and describes the sustainability topics of interest to Nobia's stakeholders. Nobia has published GRI-based sustainability reports since 2012. This report refers to the 2020 calendar year. The sustainability report has not been subject to review or audit by an external party other than based on statutory requirements.

Boundary

The report encompasses the entire Group. Specific boundaries for each material topic are presented on page 119. The content of the Sustainability Report and the sustainability topics presented summarise the sustainability initiatives of the past year and are based on a materiality analysis. Environmental data is based on operations in our production facilities and own stores.

Changes to the report

Data for the heating of own stores in the UK were adjusted since they are no longer limited by the threshold value that previously applied to official reporting; consumption and emissions therefore increased for Scope 1. During the year, we refined our internal reporting of emissions from our own transportations, which resulted in a certain update of data for Scope 1. Biogenic emissions were corrected and emissions of methane and nitrous oxide are now included in Scope 1 and the remaining emissions are reported separately. Market-based electricity was calculated on residual mix. All adjustments were made for all reported years, meaning 2018-2020. Minor corrections of waste data were also made for earlier years.

Calculations

Calculations of carbon emissions from energy consumption and transportation were based on the guidelines of the Greenhouse Gas Protocol and encompasses CO_2e, which means a full greenhouse gas impact. Conversion factors for energy consumption and carbon emissions are based on data from the Swedish Environmental Protection Agency and Swedenergy. Calculations on internal sustainability data are based on actual data from meters and invoices as far as possible. Information for electricity, heating, business travel and goods transport is based on supplier-specific information. For further information and data on climate calculations, refer to Nobia's CDP Climate Investor Response 2020.

The contact perform for information in the Sustainability Report is Amanda Jackson, Head of Sustainability,
e-mail: amanda.jackson@nobia.com

Auditor's report on the statutory sustainability report

To the Annual General Meeting of Nobia AB (publ),
Corp. Reg. No. 556528-2752

Engagement and responsibility

The Board of Directors is responsible for the sustainability report for 2020 on pages 24–36, 50-58 and 118-121, and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination was conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinions

A sustainability report has been prepared.

Stockholm, 6 April 2021
Deloitte AB

Daniel de Paula
Authorised Public Accountant

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1) Our tool for supplier assessment comprises several parameters, meaning that it is currently not possible to specify the environmental or social grounds on which reviews and audits are based. For example, a decision to conduct an may be the result of the supplier having no certified management system, in combination with a high risk production process.

2021 Annual General Meeting

Due to coronavirus, the Board has decided that the AGM will be held without the physical attendance of shareholders, proxies or external parties, and that shareholders will have the opportunity to vote only by post prior to the AGM. Information about the resolutions made by the AGM will be published on Thursday 29 April 2021 as soon as the outcome of the postal voting has been finalised.

Right to participate at the AGM
Shareholders who wish to participate in the AGM by postal vote must:

- firstly be registered as a shareholder in the shareholders' register maintained by Euroclear Sweden AB as of Wednesday, 21 April 2021, and
- secondly, not later than Wednesday 28 April 2021 register their participation by casting their postal vote in accordance with the instructions under the heading Postal voting below so that such postal vote has been received by Euroclear Sweden AB not later than this date.

Nominee shares
In order to be entitled to vote at the AGM, a shareholder whose shares are registered with a nominee must, in addition to registering their participation by casting their postal vote, re-register their shares in their own names so that the shareholder is recorded in the shareholders' register by the record date of Wednesday 21 April 2021. Such re-registration (known as voting right registration) may be temporary and can be requested from the nominee in accordance with the nominee's procedures in such good time as the nominee decides. Voting right registration that has been carried out by the nominee not later than 23 April 2021 will be counted when preparing the shareholders' register.

Postal voting
The Board has decided that shareholders may exercise their voting right only by postal voting in accordance with Section 22 of the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2020:198). A special form is to be used for postal voting. This postal voting form is available on Nobia's website https://www.nobia.com/agm²021. A completed and signed postal voting form may be sent by post to Nobia AB, "Årsstämma", c/o Euroclear Sweden, Box 191, SE-101 23 Stockholm, Sweden or by e-mail to GeneralMeetingService@euroclear.com. The completed form must have been received by Euroclear not later than Wednesday 28 April 2021. Shareholders who are natural persons may also cast their postal vote electronically, using their BankID as verification, via Euroclear Sweden AB's website https://anmalan.vpc.se/EuroclearProxy. Such electronic votes must have been cast not later than Wednesday 28 April 2021.

Shareholders may not add specific instructions of conditions to their postal vote. The entire postal vote will be considered invalid if this happens. Additional instructions and conditions are available on the postal voting form and at https://anmalan.vpc.se/EuroclearProxy.

Shareholders' right to receive information
The Board of Directors and the President shall, if a shareholder so requests and the Board believes that it can be disclosed without any significant harm to Nobia, provide information about circumstances that could affect the assessment of a matter on the agenda and circumstances that could affect the assessment of Nobia's or its subsidiaries financial situations and Nobia's relationship with another Group company.

A request for such information is to be submitted in writing to Nobia not later than ten days prior to the AGM, that is, Monday 19 April 2021, to Nobia AB (publ), Blekholmstorget 30, SE-111 64 Stockholm, Sweden or by e-mail to bolagsstamma@nobia.com. The information will be made available on Nobia's website http://www.nobia.com/agm2021 not later than Friday 23 April 2021. The information will also be made available at Nobia's head office in Stockholm, Blekholmstorget 30, on the same day. The information will also be sent to shareholders who have requested it and provided their address.

Dividend
For 2020, the Board proposes a dividend of SEK 2 per share. The dividend proposal entails a total share dividend of approximately SEK 338m. The record date for the right to dividend is 3 May 2021 and last day for trading in Nobia shares including the right to receive dividend is April 29, 2021. If the Annual General Meeting resolves in accordance with the board's proposal, the dividend is expected to be paid through Euroclear Sweden AB on Thursday, May 6, 2021.

Annual Report
The Nobia Annual Report is published in Swedish and English, and both versions are available for download from the company's website. The Swedish version of the Annual Report is printed and sent to shareholders by mail, and to other individuals who have requested such a version.

Financial information
Nobia's objective is to facilitate the valuation of the company by the stock market through clear information. The provision of information is based mainly on quarterly financial reporting, press releases, information on the website, company presentations and meetings with shareholders, analysts and investors.

Financial calendar 2021

28 April	Interim report January-March 2021.
19 July	Interim report January-June 2021.
26 October	Interim report January-September 2021.

The Annual General Meeting will be held on 29 April.

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