nobia

# 2022 Annual and Sustainability Report

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**Annual and Sustainability Report**
The audited Annual Report and consolidated financial statements can be found on pages 31–84. The statutory Corporate Governance Report can be found on pages 21–30 and the statutory Sustainability Report can be found on pages 89–114.

# This is Nobia

**Nordic**
- 2,566 employees
- 19 own stores, 189 franchise stores and approximately 400 retail stores
- 6 production facilities

**UK**
- 2,597 employees
- 195 stores, of which 156 have a trade concept, and approximately 250 retail stores
- 4 production facilities

**Portfolio Business Units**
- Netherlands, Austria, UK
- 793 employees
- More than 500 sales locations
- 4 production facilities


» **Key to long-term value creation:**
At Nobia, we design kitchens for life. For us, this means creating well-designed, functional and emotionally appealing kitchens that allow for a sustainable lifestyle and reduced climate impact. We create kitchens that are designed and manufactured with people and the environment in mind, which are also inspiring and allow for a more sustainable and healthy life in the kitchen.

» **Sustainability throughout the value chain**
Therefore, the core of our sustainability work is to create value in the entire life cycle. With our kitchens, we are a part of the everyday lives of millions of people – where the kitchen has taken on an increasingly central role. Every week, we meet more than 60,000 customers and deliver more than 10,000 kitchens.

» **Strong brands**
Nobia is present in seven countries with some 16 strong local brands, which benefit by leveraging the Group's economies of scale to collaborate and strengthen competitiveness in local markets.

» **Double ambition – "Designing kitchens for life"**
With operations that encompass 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 are Europe's leading kitchen specialist

In 2022, the Commodore and CIE operations were transferred from the UK region to the Central Europe region, which changed its name to Portfolio Business Units.

# 2022 in brief

## Higher sales levels, but margins impacted by serious inflationary pressure

2022 was marked by persistent inflation on input goods, energy and transports, following the pandemic and the war in Ukraine. The Group's sales rose organically by 4%. Despite price increases aimed at counteracting the inflationary pressures, our operating profit and margin were lower than the preceding year.

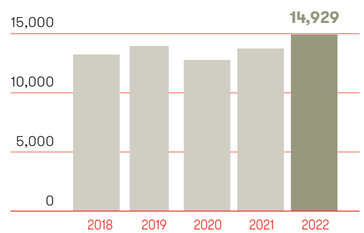
## Cost reduction programme

Two cost-reduction programmes were initiated, both primarily focusing on the UK operations, to drive margin improvements. The second programme was announced in January 2023. Together, the programmes are to actuate annual gross improvements of about SEK 450m at full effect in 2024.

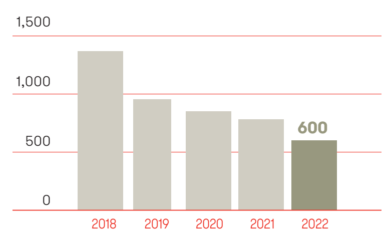
## Science-based climate targets

Thanks to continued reductions of Scope 1 and 2 GHG emissions, Nobia was able to meet its science-based targets for climate change mitigation under its own organisational control by a good margin during the year. Since the base year of 2016, we have reduced emissions by 77% and we are now preparing our future commitments in line with the collected science.

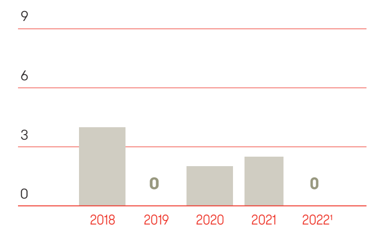
**Net sales, SEK m**




**Scope 1 & 2 kg $CO_{2e}$/net sales SEK m**

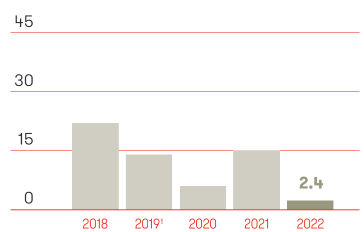



**Dividend per share, SEK**



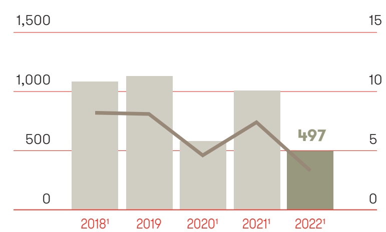

1) The Board proposes that no dividend be paid for 2022.

**Return on operating capital, %**



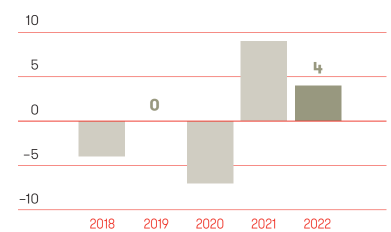

1) Effect of IFRS 16 as of 2019.

**Operating profit, SEK m and operating margin, %**

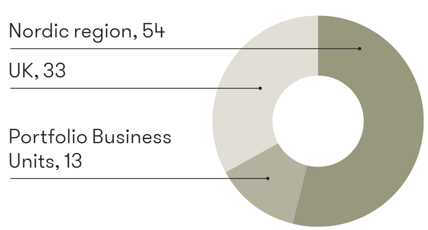



1) Excluding items affecting comparability.

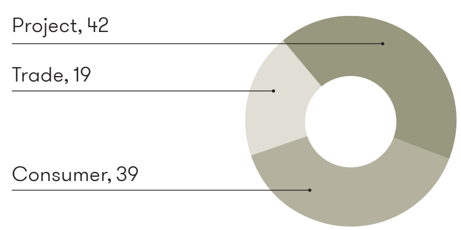
**Organic growth, %**



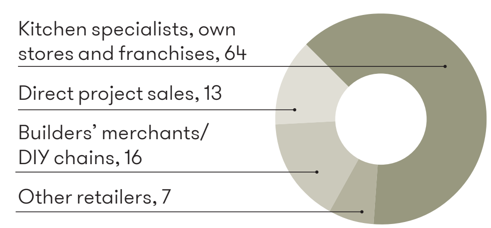

## Net sales per region, %




## Sales by customer segment, %




## Sales per sales channel, %



# CEO's comments

**The past few years have required us to adjust to unpredictable circumstances. A global pandemic, then Russia's invasion of Ukraine, which has had a profound effect on both society and the macro-economy. While navigating this turbulence, we have maintained our intense long-term focus on transforming Nobia to become more effective, resilient and sustainable.**

2022 was marked by soaring inflation. The consequences of this included rises in the price of direct materials, increases in transport costs and an energy crisis resulting in unprecedented energy price levels. These factors combined resulted in a cost increase for the Group of more than SEK 1 billion. We proactively adjusted prices to compensate for these cost increases, but it has not been possible to offset everything, which is reflected in the margin trend. Inflation combined with rapid interest rate hikes impacted consumer confidence, and consumers became progressively more cautious about investing in discretionary products such as kitchens.

### Healthy sales trend but lower margins

The Group's sales amounted to almost SEK 15 billion, up 9% on last year. Organic growth was 4%, but was driven by price increases and the actual volume was lower. Operating profit amounted to SEK 497m (1,009) excluding items affecting comparability and the corresponding margin was 3.3% (7.4). The aforementioned high cost inflation had a negative impact, as did lower volume. By region, Nordic and the UK grew 5% organically, while Portfolio Business Units fell 2%. Earnings were lower in the three regions, largely due to the inflationary pressure. Our supply chain in the Nordic region experienced a challenging year with capacity constraints and challenges in the supply of materials. We have taken many steps and expect the situation in the supply chain to normalise in the first half of 2023.

**It is more important than ever before that we deliver on the Group's long-term transformation programme in parallel with making short-term improvements.**

Jon Sintorn, President and CEO

**Temporarily high investment level**

We are currently in the midst of a transformation phase that features the most important investments Nobia has ever made: the new factory in Jönköping and the harmonisation of IT systems and product platforms. This is the underlying reason why our investments in fixed assets are at temporarily higher levels. Cash flow from operating activities amounted to SEK 919m (1,540) for the year. Cash flow from investing activities fell almost SEK 800m, largely due to the factory investment, and amounted to SEK –1,720m, (–868), while operating cash flow was SEK –746m (670). In light of the high investment level, the Board believes that it is reasonable not to recommend a dividend for 2022.

**Cost reduction programme**

Given the general gloomier market outlook and weaker financial results in the UK for some time, we initiated two restructuring programmes during the year. In the first half of the year we reduced central functions in the UK and instead redirected investments to customer-facing resources in the store network, which reflects a new business model for the operations under the Magnet brand in the UK. The aim of the programme is to reduce costs of about SEK 150m, some of which will be reinvested and some will contribute to earnings improvements.

Early in 2023, we announced another cost reduction programme for all parts of the Group, but again mostly focusing on the UK. We will exit unprofitable parts of the UK project business, we will close two small plants and make further organisational changes to achieve a flatter central organisation. The programme will deliver annual earnings improvements of about SEK 300m when fully effective from mid-2024.

**Long-term transformation programme**

It is more important than ever before that we deliver on our long-term transformation programme in parallel with making short-term improvements. Our strategic ambition is to transform Nobia into "the world's best kitchen specialist by offering a superior customer experience." The kitchen market is local with mostly local or national brands. This means a local footprint is needed, ideally through kitchen specialists that provide an important part of the customer experience. Nobia operates under 16 well-known brands and we reach our customers through a mix of own stores, franchise stores, independent retailers or direct sales depending on customer preferences.

Digital tools to improve and simplify kitchen purchases for customers are becoming increasingly important, hence we are investing more in this area. As of 2022, Nobia is also present in Germany where we opened our first franchise stores for sales of HTH kitchens in the German market. This is a thrilling adventure and more store openings are already in the pipeline.

A key aim of our transformation is to create economies of scale and leverage them better to be even more competitive locally. The new factory we are building in Jönköping will be the most advanced in the industry when it is fully operational in 2024. The plant will truly be a game changer for Nobia. This increase in capacity we enable us to realise significant economies of scale, mainly in the Nordic region and potentially also for serving other market. We will also be able to manufacture customised kitchens on a large scale, which is important since customers are demanding increasingly personalised kitchens. The kitchen is more and more the heart of many homes and the importance of design is on the rise. Our factory will enable us to reach new heights in terms of flexibility and quicker product launch cycles. The most recent manufacturing technology will provide us with leading environmental performance, enhanced quality and longer lifetime for our kitchens. Already now we use the factory for the limited manufacture of kitchen components to offload our nearby facility in Tidaholm.

**Sustainable development**

Nobia continued to make good progress in relation to its science-based climate targets. We have now achieved a 77% reduction in climate impact from our own operations (Scope 1 and 2) compared with the base year of 2016. However, most of our total impact is outside Nobia (Scope 3), for example, with materials suppliers. Calculating this part of our climate footprint is a complex process, but by making continuous improvements to the calculations we are expanding our knowledge about our products' indirect impact and finding new improvements.

More sustainable resource utilization through more circular materials and flows has also long been a priority. During the year, we continued with our circular offering RE:NEW, solutions for updating the kitchen, for example by fitting new doors and handles, in the Nordic region, and Rehome which offers customers in the UK the option of selling their old kitchen. Similar to previous years, Nobia remains a committed member of the UN Global Compact and supports the ten principles on human rights, labour, environment and anti-corruption. Naturally, we also endeavour to contribute to the UN Sustainable Development Goals.

**We are currently in the midst of a transformation phase that features the most important investment Nobia has ever made: the new factory we are building in Jönköping.**

**Outlook**

The outlook for 2023 is characterized by macroeconomic challenges and uncertainty. High inflation, rising energy costs and interest rates have meant, among other things, a slowdown in the housing market and lower consumer confidence, which in turn affects the kitchen market. Within the project market there is still relatively many ongoing housing projects, but a reduction in the number of housing starts eventually leads to a lower order intake.

At the same time, we are making good progress in line with our transformation initiatives. I am convinced that we have the right priorities to be successful, in the short term as well as in the long term. Pushing through our priorities would not be possible without all committed employees, and I want to take the opportunity to mediate my appreciation for all the hard efforts during an eventful year.

Jon Sintorn
*President and CEO*

# Scandinavian design is expanding geographically

HTH and uno form are well-known kitchen brands in the Nordic region, recognised for their Danish and Scandinavian design heritage. In Germany, which borders HTH's domicile of Denmark, there is considerable interest in Scandinavian design. The combination of demand and geographical proximity provides conditions conducive to expansion and organic growth, as it allows for Nobia's production facilities in Denmark to be utilised. With its strong kitchen concepts, HTH's ambition is to achieve an attractive position and in the medium term, establish itself in northern and western Germany, within reach of some 20 million inhabitants. Distribution will be franchised and a flagship store was opened in the heart of Hamburg, where HTH is now highly visible in a district focused on well-known lifestyle brands.

Uno form, which operates in the luxury kitchen segment, is initially focusing on the Netherlands and Belgium, with the opening of a first store in Ghent.

# Europe's most modern kitchen factory

The construction of Nobia's new factory in Jönköping is under way and the production of kitchen components will begin in early 2023. The factory will be fully operational in 2024 with the production of complete kitchens. The location in Jönköping allows for optimal logistics efficiency and customer proximity. Its manufacturing capacity, which initially will be utilized for the Nordic market, will be utilised to relieve the factory in Ølgod, Denmark, where the manufacturing capacity will be freed up to facilitate expansion and growth into Northern Germany. The advantages of the new factory include high capacity and flexibility, shorter lead times for customer-ordered manufacturing, enhanced cost efficiency thanks to a high degree of automation and new technology, and leading sustainability performance in terms of energy efficiency, safety, recycling and waste management. The investment is a key component for realising our Nordic strategy – to deliver sustainable growth and good profitability.

## RE:NEW – Repair, reuse and recycle

Lifestyle and design trends that help us look forward are important starting points in business and product development. As the interest in sustainability grows, customers are increasingly looking for opportunities to repair or upgrade their existing products or to buy used items. With the RE:NEW concept, customers can easily extend the lifetime of their kitchen, such as by replacing only selected components, which reduces resource utilisation and climate impact over the life cycle of the products. The RE:NEW concept, which offers, for example, the replacement of cabinet doors, handles and worktops, is available in Sweden, Denmark and Norway. With the new investment Superfront, we offer equivalent services to customers with kitchens made by competing brands, and in the UK, we collaborate with Rehome to develop and test a business model where we give customers the opportunity to sell their old kitchen or help to recycle the materials in the best way.

# Group-wide kitchen concept

Design and sustainability are the guiding stars of Nobia's strategy. During the year, Nobia continued the roll-out of its first Group-wide kitchen concept, available under the Marbodal, Sigdal, HTH and Invita brands in the Nordic region and Magnet in the UK, where the concept received the "Kitchen of the Year" award from Ideal Homes. With a multi-brand kitchen design concept, economies of scale can be realised in several areas, such as sourcing, production and marketing materials. The concept's design is based on Scandinavian influences and utilises authentic materials, clean lines, a soft colour palette and elegant contrasts to  reflect the growing interest of consumers in natural materials. The result is a concept that clearly reflects the trend to regard nature as a source of recovery.

# Market

» **Value of the kitchen market:**
The value of the kitchen market (furniture, appliances, etc.) where Nobia is present is estimated to be approximately SEK 85 billion at the retail level. The number of kitchens sold is estimated at around 2.5 million, of which barely half are sold in the UK and the remainder in the Nordic region and Austria/the Netherlands, which each account for one quarter of the sales.

» **Local kitchen brands**
Kitchen brands are usually local within a specific country or region, but some kitchen specialists, such as Nobia, have consolidated several brands and countries into the same Group.

» **Price segment:**
The larger part of the market is in the mid-price segment, followed by the economy segment, while the premium and luxury segment makes up a small part of the market.

» **Sustainability increasingly important:**
Sustainability is an increasingly important aspect for all customer segments. The kitchen is a room in the home where we spend more and more time doing more than cooking. Thus, customer demand for sustainable, flexible and customised kitchen solutions is increasing.

» **Market segment:**
In terms of value, approximately 20% of the market consists of sales to new housing construction, while the remainder is sold to consumers and builders and primarily driven by renovation or home-improvement needs.

# The retail (consumer) market

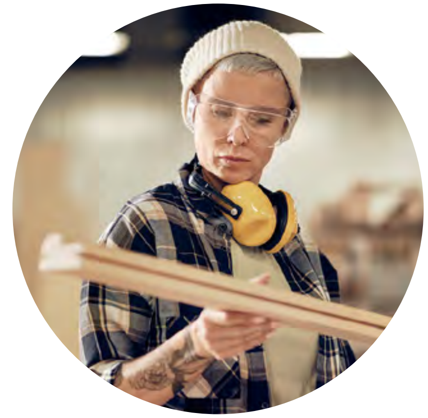
- Constitutes approximately 50% of the kitchen market
- An infrequently purchased product associated with a high level of customer involvement
- Customers want customized kitchen solutions and professional assistance with planning

For private households, kitchens are a major and complex investment that includes the important factors of function, design, style and materials, an investment made once every 15 years on average. As a room, the kitchen is becoming increasingly important, a place where we spend more and more time – and not just cooking. Consequently, people are more willing to spend on kitchen fittings. Sustainability in the kitchen is also becoming ever more important, both when it comes to the choice of materials and being able to use the kitchen sustainably, for example through more energy-efficient appliances and functions for sorting household waste. Replacing parts of a kitchen, such as doors, handles and other accessories, is also becoming more commonplace. Kitchens are sold either as rigid cabinets in the medium and higher price classes, or as ready-to-assemble kitchens in flat packs. The economic climate, interest rate levels and consumer confidence affect demand, as does any tax relief for renovation. Kitchens are sold to consumers in kitchen stores that may be owned by the kitchen manufacturer or operating under franchise agreements or completely independently, as well as in DIY stores, consumer electronics chains or furniture stores.

# Project customers

- Constitutes approximately 20% of the kitchen market
- Competitive advantages are sustainability certifications, dedicated project management, ability to deliver large orders on time, range of options and kitchens that are easy to install

Contracts to deliver kitchens to new construction of multi-family properties are often agreed on a project basis directly with construction companies. These are often long-standing business relationships, particularly with the large customers. Project customers have similar product requirements as consumers, but different service needs, and they want to offer apartment buyers kitchens with good design and a range of options. Project customers are also in need of more sustainability data, to calculate their impact and comply with certification criterion and reporting requirements. Attractive kitchens are often regarded as a part of marketing new properties, and being able to offer well-known kitchen brands is an advantage. New construction is sensitive to economic fluctuations, and it is affected by macroeconomic events, urbanisation, consumer confidence, housing prices and interest rates, as well as financing opportunities. One sub-segment is sales of kitchens to the public housing sector, where municipal housing authorities provide housing. Most kitchens in this sub-segment are sold for renovation as part of a planned maintenance programme, and they often depend on political decisions.



# Trade

- Constitutes approximately 30% of the kitchen market
- Are an important customer segment that has a close relationship with the consumer where the kitchen is installed
- Are repetitive kitchen buyers who complete multiple renovation projects every year

The trade segment, like project customers, is part of the professional kitchen market. These customers are tradesmen/builders or small local companies that usually purchase and install kitchens for end consumers. Some focus only on kitchen installation, but the majority also perform other renovation work for private households. Tradesmen have an important relationship with consumers, and they help customers with everything from choosing kitchens to installation. Tradesmen often purchase multiple kitchens every year and can therefore become a repetitive and stable line of business, compared with selling directly to a consumer who purchases far more infrequently. The trade segment is a large and growing customer group for Magnet in the UK in particular. The brands in the Nordic region and Bribus in the Netherlands are also sold to tradesmen, both through kitchen specialists and builders' merchants.

# Strategy and objectives

» **Overall goals:**
We want to be customers' first choice everywhere we operate and be a responsible company that is attractive to employees and investors.

» **The key to long-term value creation**
is how we transform our in-depth knowledge to inspiring kitchen solutions that are economically and environmentally sustainable, regardless of whether the kitchens are sold to consumers or professionals.

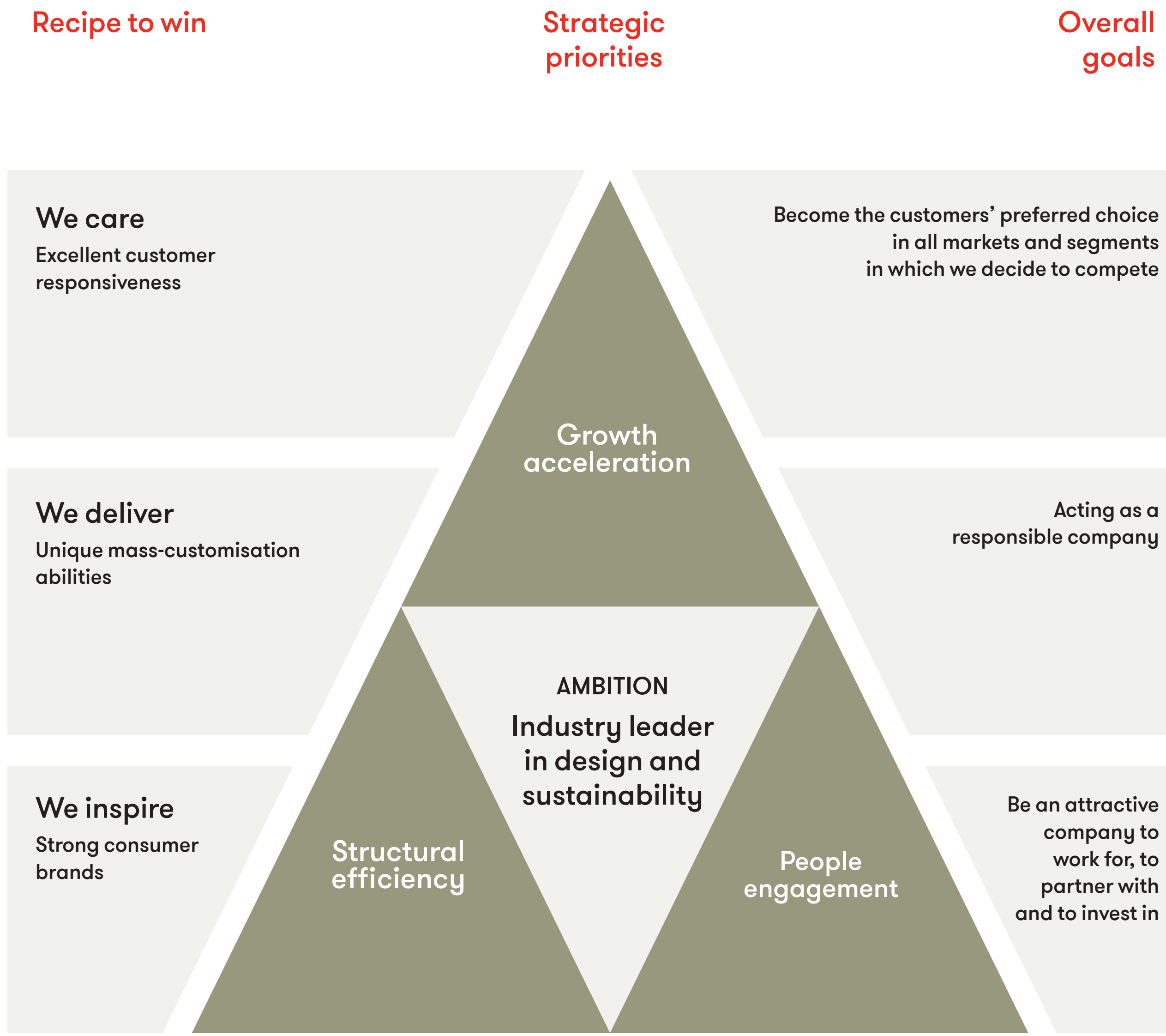
» **Industry leadership in design and sustainability**
Offering well designed kitchens that inspire, guide and make it easier for people to cook, eat and live more sustainably in their kitchens is a prerequisite for enduring success. Sustainability is becoming more and more important to customers. Reducing the total climate impact of our kitchens in the value chain so that the Group's impact is in line with the Paris Agreement is important to us.

» **Nobia's focus**
is primarily on how we can create sustainable and profitable organic growth in the long term, which means increasing sales organically while continually improving operating margins at the same time. Our journey can be summarised in three overall strategic priorities: growth acceleration, structural efficiency and people engagement.

# Business model

Nobia's business model is to manufacture and sell kitchens with strong and well-known brands to consumers and companies. Operations cover the entire value chain from design, product development and sourcing to sales and distribution, as well as installation services in certain markets. We are creating strong consumer brands that will also be a competitive advantage when we sell to other customer segments such as tradesmen and project customers. Another important strength is the ability to produce large volumes of personal and customised kitchens.

We primarily sell complete kitchen solutions: everything a kitchen needs. The furnishings are primarily manufactured from sustainability certified wood material and produced or assembled in our own facilities. Together with purchased components, such as appliances, drawers, handles and worktops, kitchens are consolidated for delivery to customers. Sales take place via own stores, franchise stores and retailers, such as DIY stores. We also have direct sales to large professional customers such as residential and property developers.




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

## Ambition: to be the industry leader in design and sustainability

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 design involves continually anticipating our customers' expectations and developing well-designed, beautiful and emotionally appealing kitchen solutions that distinguish us from our competitors.

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.

# Sustainability initiatives in four focus areas

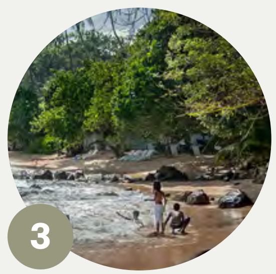
As a manufacturer, Nobia has an impact on society and the environment in our own operations and in our value chain. The Group's strategic focus areas and associated priority topics reflect our actual and potential impact on the environment and people, and expectations from our stakeholders. These focus areas are the foundation or our strategic planning and our practical work. Read more about our sustainability initiatives on pages 89–114.


## Innovations for a sustainable lifestyle

**Overall goals:**
To design kitchen products that are conducive to a more sustainable life in the kitchen by promoting sustainable consumption through innovative solutions and partnerships that are supported by information that is relevant to the customer, while ensuring that our products are safe to use throughout their lifetime.


## Circular materials and flows

**Overall goals:**
To promote sustainable resource utilisation through circular business models, renewable and recycled materials, by maintaining biodiversity and reducing waste, and facilitating future recycling through clean material flows.




## Reduced climate impact

**Overall goals:**
To use a scientific-based approach to reduce the climate impact of our own operations and in our value chain in line with the Paris Agreement, while working to enhance energy efficiency.


## Promoting a sustainable culture

**Overall goals:**
To deepen the expertise on sustainability issues in our operations so that each and every person, based on their function, can become a stronger contributor to our shared goals; to be active in the supply chain to contribute to the UN Sustainable Development Goals.

# Strategic priorities

## Growth acceleration

- Focus on the trade segment in the UK
- Strengthened position in consumer sales in the Nordics
- Product launches with a focus on design and sustainability
- Selective geographic expansion
- Increased customer interaction with new digital tools

**Implemented**
- Transformation programme for UK operations, including renewed brand positioning for Magnet, expanded sales and kitchen design capacity, as well as the introduction of changes to store networks comprising renovations and some new establishments.
- Invested in several digital tools that allow customers the opportunity to handle a good portion of their kitchen purchase processes online and thereby improve the customer experience.

### Establishment of HTH in Germany

Nobia is selectively pursuing international expansion by opening a number of franchise stores in Germany and Benelux. The expansion is based on HTH's strong brand recognition and Scandinavian design heritage, as well as proximity to production units in Denmark. The first store was opened in 2022 and more establishments will follow in 2023.

## Structural efficiency

- Investments in manufacturing capacity and the ability to mass produce customised kitchens
- Reduction and harmonisation of the Group's product platforms
- Harmonisation of business processes

**Implemented**
- The first installations of a harmonised, Group-wide IT platform were implemented during the year. All of Group's own kitchen stores in Denmark and UK now use a shared CRM system.
- A Shared Service Center was established in Vilnius with the aim of building a competence hub for the specialisation and sharing of resources to achieve economies of scale in, for example, finance, reporting, kitchen planning and master data management.

### Europe's most modern kitchen factory

In 2024, the new 123,000 m$^2$ factory will be completed. The construction of the building was completed during 2022 and installations commenced for the first production machines. The factory will provide a considerable boost to capacity and is unique in the industry in that it leverages the very latest automation technology to mass produce customised kitchens, with short lead times and world-class sustainability performance.

## People engagement

- Involve employees and give them clear responsibilities
- A culture characterised by cooperation and shared purpose and direction
- Access to the right competence
- Organised for strategy execution

**Implemented**
- A new employee engagement survey tool and process as a step to further listen to and engage employees.
- A new Code of Conduct with the purpose of supporting our people in conducting ethical and sustainable business.
- Continued implementation of our company Purpose and Values "Care, Deliver and Inspire" in the everyday business across the Group.

### Organised for strategy execution

We continue to strengthen the organistion for improved strategy execution; such as building harmonized and global functions within e.g. Technology, Experience & Data (IT) and People & Culture (HR), expanding the Shared Services Center and shaping a strong people organisation for the new factory in Jönköping.

# Targets and fulfilment

**3–5%**
**Growth**
Average organic growth of 3–5% per year.

**Target fulfilment:**
The Group's net sales grew organically by 4% (8) in 2022. By region, organic growth was 5% (10) in the Nordic region, 5% (9) in the UK and -2% (2) for Portfolio Business Units.

**>10%**
**Profitability**
The operating margin is targeted to be greater than 10% over a business cycle.

**Target fulfilment:**
The operating margin excluding items affecting comparability totalled 3.3% (7.4). The corresponding operating margin was 8.5% (13.7) for the Nordic region, –1.4% (+0.9) for the UK and 4.0% (7.7) for Portfolio Business Units.

**<2.5**
**Capital structure**
Net debt/EBITDA is targeted to be lower than 2.5.

**Target fulfilment:**
Leverage, defined as net debt/EBITDA, shall be below 2.5 times. The ratio is calculated excluding IFRS 16 Leasing, pension liabilities and items affecting comparability. Net debt/EBITDA amounted to 2.36 times (–0.02).

**>40%**
**Dividend policy**
Dividends shall comprise at least 40% of net profit after tax.

**Target fulfilment:**
The Board proposes that no dividend be paid for 2022 given the temporarily high investment level, primarily related to building the new factory in Jönköping. In 2021, the dividend was 2.50 kronor per share, corresponding to 60% of net profit after tax.

**100%**
**of new kitchen products designed for a more sustainable life in the kitchen**
by 2025.

**Target fulfilment:**
Sustainability is an integrated part of the design and product development process and we are now focusing on optimising sustainability and product information from concept all the way to product launch. 92% (75) of new product launches in the Nordic region, were designed to meet Nordic Swan eco-label's criteria for product labelling.

**>99%**
**of all wood originates from FSC® or PEFC™ certified sources;**
the remainder from suppliers audited and approved for sustainability, by 2025.

**Target fulfilment:**
At year-end, 96% (96) of the Group's total timber and wood materials originated from a certified source. The remaining wood, 4%, came from suppliers audited and approved for sustainability.

**–72%**
**Reduced climate impact**
Reduce $CO_2$ emissions from manufacturing and own transports (Scope 1 and 2) by 72% by 2026 (base year 2016).

**Target fulfilment:**
At the end of 2022 we had achieved a 77% (72) reduction compared with 2016, for Scope 1 and Scope 2. 49% (52) of the emissions of Group suppliers with the greatest climate impact were encompassed by science-based climate targets.

**Skills development in sustainability**
Training courses, support and tools available for all employees in all markets by 2023 at the latest.

**Target fulfilment:**
Initiatives and support continued to be implemented during the year to ensure that our employees are able to help meet our sustainability targets. Initiatives at the production level take place in specific training projects and in the day-to-day operations. The next step is to ensure that know-how about our products is included from design and product development all the way to marketing and customer communication.

# Three regions

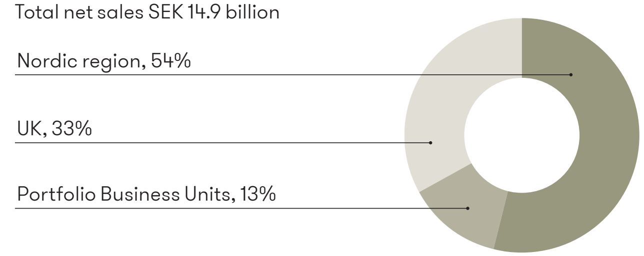
» **Nobia is a leading kitchen specialist**
Well-known local brands and strong market positions in seven countries.

» **The Group is organised in three regions:** Nordic region, the UK and Portfolio Business Units. In 2022, the Commodore and CIE operations were transferred from the UK region to the Central Europe region, which changed its name to Portfolio Business Units.

» **Nobia's three regions build on**
A strong local presence with management teams, functions and responsibility required to develop each operation towards its stated targets. Local competitiveness is strengthened by the Group's economies of scale in areas such as sourcing, product development and infrastructure investments.

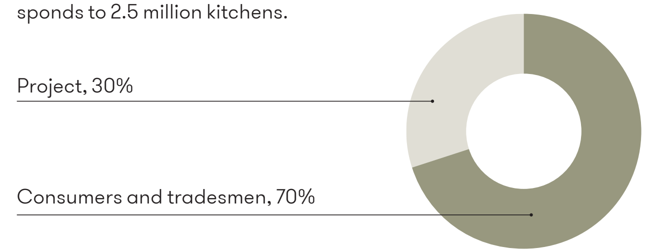
## Group net sales per region, %

Total net sales SEK 14.9 billion




## Addressable market, sales by segment, %

Nobia's total addressable market in the countries where it currently operates is estimated at approximately SEK 85 billion, which corresponds to 2.5 million kitchens.



# Towards the objective of being customers' first choice in all of our markets

## Nordic region:

**More than SEK 8 billion in sales, high margins and strong brands**

- Strong local brands in each country.
- Brands with a strong position in the consumer segment, which also provide advantages in the trade and project segments.
- Numerous sales channels, where kitchen stores are primarily franchise stores.
- Strongest market positions in project sales, growth potential in consumer sales.
- Investment in progress in a new Nordic factory.

## UK:

**SEK 5 billion in sales with Magnet as the primary brand**

- Magnet is one of the UK's best known kitchen brands.
- Customer offering in all three main segments: consumer, trade and project.
- Growth in the trade segment is a high priority.
- Kitchen specialist stores are owned and operated by Nobia.
- Gower delivers kitchens to the DIY chain Wickes.

## Portfolio Business Units:

**SEK 1.9 billion in sales. Operations in Austria, the Netherlands and the UK**

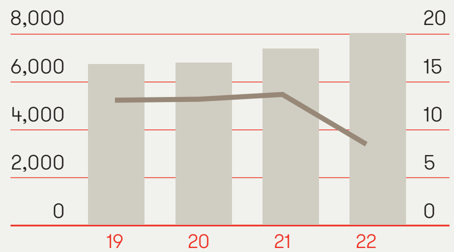
- In Austria, ewe is the primary brand. Retailers are primarily furniture chains or independent retailers.
- Bribus in the Netherlands sells kitchens primarily to project customers in the public housing rental market and commercial property developers.
- Commodore and CIE are project sales specialists for exclusive kitchens, primarily in the London area.
- Superfront sells doors and accessories such as handles and legs online to customers throughout Europe.

# Key facts about the regions

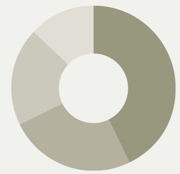
Net sales, SEK m and operating margin, % | Net sales per country, % | Sales per product, % | Sales by customer segment, % | Channels, by sales, %

## Nordic region:

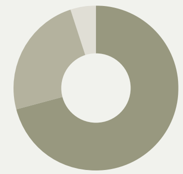
- Denmark, Sweden, Norway, Finland
- 2,566 employees
- 19 own stores, 189 franchise stores and approximately 400 retail stores
- 6 production facilities



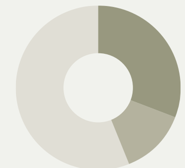

Excl. items affecting comparability.



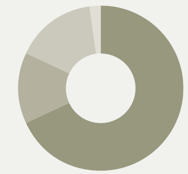
- Denmark, 43
- Sweden, 25
- Norway, 19
- Finland, 13



- Kitchen furnishings, 71
- Other products, 24
- Installation services, 5



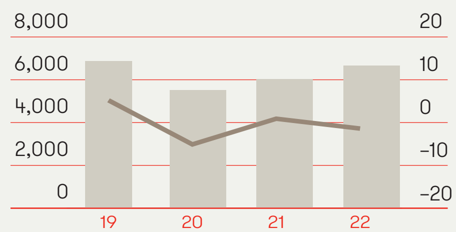
- Consumer, 31
- Trade, 13
- Project, 56



- Kitchen specialists, own stores and franchises, 69
- Direct project sales, 14
- Builders' merchants/ DIY chains, 16
- Other, 2

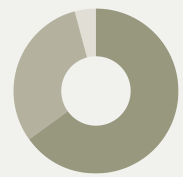
## UK

- UK
- 2,597 employees
- 195 stores, of which 156 have a builder concept, and approximately 250 retail stores
- 4 production facilities

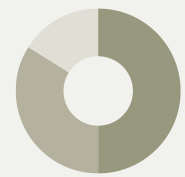



Excl. items affecting comparability.

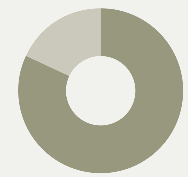
- UK, 100



- Kitchen furnishings, 65
- Other products, 31
- Installation services, 4



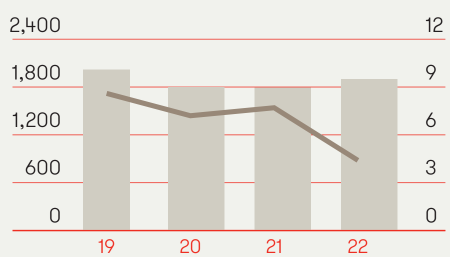
- Consumer, 50
- Trade, 34
- Project, 16

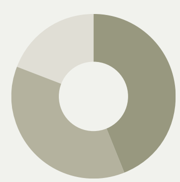


- Kitchen specialists, own stores and franchises, 82
- Builders' merchants/ DIY chains, 18

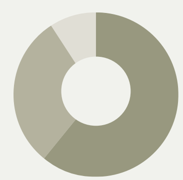
## Portfolio Business Units

- Netherlands, Austria, UK
- 793 employees
- More than 500 sales locations
- 4 production facilities

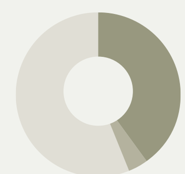


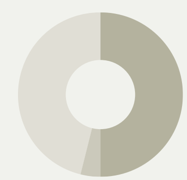
- Netherlands, 44
- Austria, 37
- UK and other, 19



- Kitchen furnishings, 61
- Other products, 30
- Installation services, 9



- Consumer, 40
- Trade, 4
- Project, 56



- Direct project sales, 50
- Builders' merchants/ DIY chains, 4
- Other, 46

# Corporate Governance Report

**Nobia AB is a Swedish public limited liability company domiciled in Stockholm, Sweden.** The company is the Parent Company of the Nobia Group (the "Group"). The basis for the control of the Group includes the Swedish Corporate Governance Code (the "Code"), the Articles of Association, the Swedish Companies Act, the Swedish Annual Accounts Act and Nasdaq Stockholm's Rule Book for Issuers. It is noted that during 2022, there were no breaches of the Code, 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 Code is available at corporategovernanceboard.se.The following information is available at www.nobia.com.

- Nobia AB's Articles of Association
- Code of Conduct
- All corporate governance reports since 2009
- Information from Nobia AB's AGM

### Board commitment

The Board is committed to maintaining the highest standards of corporate governance. The Board has the overall responsibility for setting the Group's objectives and strategies and for ensuring that the Group is able to execute the strategy. In addition, the Board is to adopt the values that are to form the basis of the Group's work – values that are to also reflect the work of the Board. The aim of the Board's activities is to ensure long-term sustainable shareholder value.

### Shareholders

On 31 December 2022, Nobia AB had 170,293,458 shares issued according to the shareholders' register. The largest shareholder on that date was Nordstjernan AB with 24.9% of the shares/votes, based on the number of shares outstanding. As per the same date, IF Skadeförsäkring AB (publ) held 10.7% of the shares/votes based on the number of shares outstanding.

### 2022 Annual General Meeting

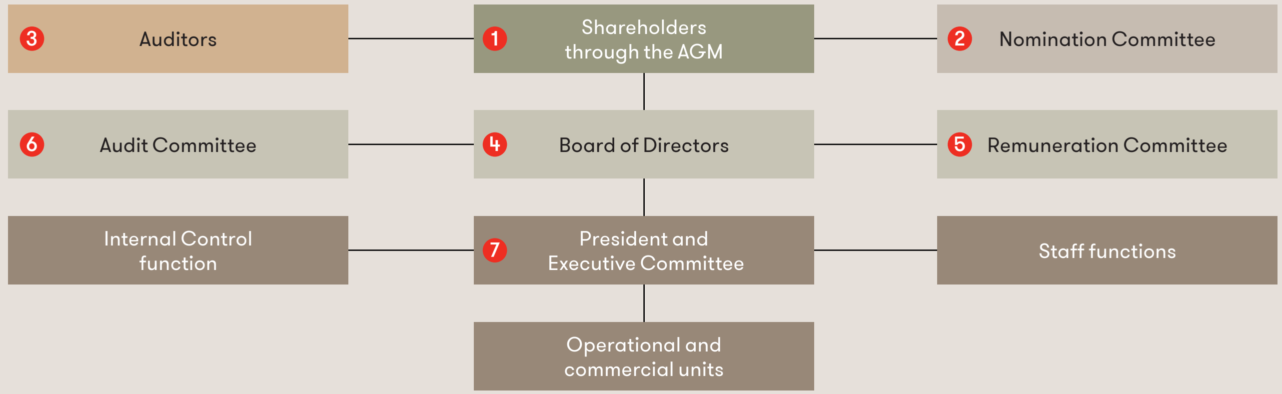
The right of shareholders to make decisions concerning the affairs of Nobia AB is exercised at general meetings of shareholders. A notice convening a general meeting is issued pursuant to the Swedish Companies Act and the company's Articles of Association. The 2022 Annual General Meeting (AGM) was held on 5 May. Due to the coronavirus, the Board decided that shareholders would also have the opportunity to vote by postal vote prior to the AGM. 65% of Nobia's outstanding shares were represented at the AGM. Board Chairman, Nora Førisdal Larssen, was elected Chairman of the Meeting.

**Some of the AGM resolutions were as follows:**

- a dividend of SEK 2.50 per share was to be paid to the shareholders 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-election of the members Nora F. Larssen, Marlene Forsell, Carsten Rasmussen and Jan Svensson, and the election of Tony Buffin and David Haydon as new Board members.
- election of Jan Svensson as the new Chairman of the Board.
- the election of PricewaterhouseCoopers AB as new auditors.
- 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 2023 AGM.

The complete minutes from the AGM and information are available on www.nobia.com.

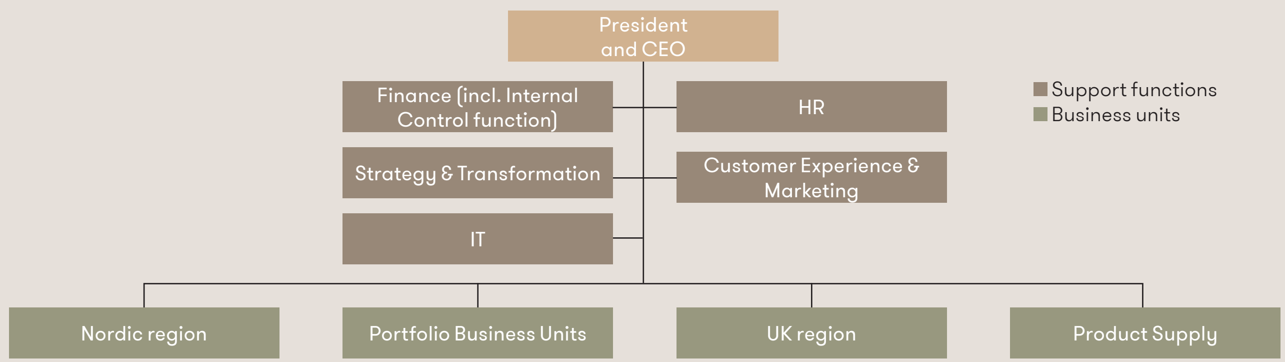
**1 General Meeting**
Shareholders exercise their influence at the general meeting of shareholders, which is Nobia AB's highest decision-making body. Nobia AB has one class of share with one share corresponding to one vote at general meetings. Additional information about the Nobia AB share and ownership structure can be found on pages 115–116. The AGM, which is the annual scheduled general meeting, resolves on the Articles of Association, elects Board members, Board Chairman and auditors, and decides 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 Nobia AB. 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.




***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.

***Voluntary commitments:***
UN Sustainable Development Goals. UN Global Compact. Science-Based Targets initiative Sustainability reporting according to the Global Reporting Initiative (GRI) and the Task Force on Climate Related Financial Disclosures (TCFD).

***Key internal regulatory frameworks:***
Articles of Association. The Board's rules of procedure and instructions to the President. Code of Conduct. The Group's Finance & Accounting Manual. Supplier Code of Conduct. Environmental and climate policy. Wood policy. Modern Slavery Statement.



The Articles of Association do not contain any provisions on the dismissal of Board members or amendments to the Articles of Association.

**2 Nomination Committee**

According to the instruction for Nobia AB's Nomination Committee adopted at the 2022 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 Committee's tasks are to submit proposals on the election of the Board Chairman and other members of the Nobia AB Board, 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. The Nomination Committee has established procedures and processes for assessing the independence of Board members. 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 2022 AGM, the Nomination Committee comprised the following members prior to the 2023 AGM:

***Nomination Committee ahead of the 2023 AGM***

| Name/representing | Share of votes, 31 Dec 2022 |
|---|---|
| Peter Hofvenstam (Chairman) representing Nordstjernan | 24.9% |
| Fredrik Ahlin representing If Skadeförsäkring | 10.7% |
| Lovisa Runge representing Fourth Swedish National Pension Fund | 9.3% |
| Marianne Nilsson representing Swedbank Robur funds | 2.2% |
| **Total** | **47.1%** |

# Work of the Nomination Committee

An overview of the Nomination Committee's work is presented below.

- Preparation and recommendations to the election of the Chairman of the AGM, the Board Chairman and other members of the company's Board.
- Preparation and recommendations of directors' fees specified between the Chairman and other Board members, and any remuneration for Committee work.
- Considered and recommended re-election of PricewaterhouseCoopers AB as auditor based on the Audit Committee recommendation, including fees.
- Election of members of the company's Nomination Committee for the period after the Meeting.
- Election of members of the company's Nomination Committee for the period after the end of the AGM until a new Nomination Committee is appointed.
- Interviewed the Board Chairman, 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 Group's strategy.
- Reviewed the continued independence of Board members.
- Assessed the hours of work required of each Board member to manage their duties to Nobia AB and concluded that the Board members continued to devote appropriate time to their Board activities.
- The Nomination Committee evaluates its instructions every year and presents proposals to the AGM when necessary. No such changes are proposed to the 2023 AGM.
- Ensured that the majority of the proposed members elected by the general meeting are independent in relation to Nobia AB and company management and in relation to Nobia AB's largest shareholders and other stakeholders.

The members of the Nomination Committee represent nearly 50% of the shares and votes in Nobia AB. No remuneration is paid to the Committee members.

The Nomination Committee held three minuted meetings prior to the 2023 AGM. All members were present at these meetings. The Nomination Committee's proposals prior to the 2023 AGM are incorporated in the notice of the AGM, which was published on Nobia's website on 22 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 Nobia AB's Annual Report, consolidated financial statements and the administration of the Board and President, and also submits an audit report. As part of the audit, the auditors receive and update their understanding of the control environment, including relevant control activities. In addition, the auditors perform a review of the third quarter interim report. Audit firm PricewaterhouseCoopers AB (PwC) was elected as the company's new auditor at the 2022 AGM for a mandate period of one year until the conclusion of the 2023 AGM. The Auditor-in-Charge is Authorised Public Accountant Anna Rosendal. The Nomination Committee's proposal to the 2023 Annual General Meeting is the re-election of audit firm PwC. The Group's purchases of services from PwC, in addition to audit assignments, are described in Note 6.

### 4 Board of Directors

The main task of the Board is to ensure Nobia AB's sustainable and long-term success and safeguard the interests of all shareholders, as well as decide on and monitor the Group's impact on the economy, environment and people.

In accordance with Nobia AB's Articles of Association, the Board is 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 Board has ensured that internal guidelines are in place, such as policies and procedures for preventing and handling conflicts of interest.

The objective is for the Board to have an appropriate composition with respect to the Group's operations, stage of development 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.

## Work of the Board

The key matters considered by the Board during the year are set out below. In addition, each Board meeting includes a management report from the Group CEO and a report on the Group's financial performance and recent governance and regulatory matters from the Group CFO. All Board decisions were unanimous.

#### Targets and strategies

- Evaluated internal and external factors, including analyses of competitors and the business environment, and assessed risks and opportunities, as a basis for monitoring and setting targets and strategies.
- Annual review of the Group's targets and strategies, including climate and sustainability targets.

#### Financial performance

- Approved the Group's external financial statements, ensuring they are fair, balanced and understandable.
- Submitted proposals on dividends to shareholders.
- Reviewed and approved the annual budget, considering assumptions made within the framework of the Group's strategy.
- Studied the reports from the Audit Committee.
- Read the audit report and held a meeting with the auditors without the presence of the Executive Committee.

#### Performance of operations

- Assessed the performance of the operations as presented by the President, and, where necessary, in more detail with the heads of division and functions and discussed risks and opportunities and how they can best be managed.
- Analysed challenges and short-term measures to manage future macro economic conditions.
- Studied regular reports on major strategic investments, such as the new factory in Jönköping and the Group's system upgrade.
- Review of cost savings program and the re-positioning of Region UK.

#### Organisation & risk management

- Evaluated the organisation and organisational changes.
- Studied the reports from the Remuneration Committee.
- Decided on guidelines for remuneration of senior executives for recommendation to the AGM.
- Reviewed and approved the Group's overall policies.
- Received regular risk reports from management.
- Analysed and managed consequences of the war in Ukraine and its affect on Nobia.

#### Board evaluation

The Board's work is evaluated every year in order to develop the working structure and efficiency of the Board. The Chairman of the Board is responsible for this evaluation and presenting it to the Nomination Committee. The aim of the evaluation is to gain an understanding of the Board members' opinions on how the Board's work is performed and the measures that can be taken to enhance the efficiency of this work. The Chairman or one of the Board's members, on behalf of the Chairman, collects data from all Board members every year. The result of the evaluation was reported to and discussed by the Board and the Nomination Committee.

The 2022 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. Information about Board members is available on pages 28–29. Other executives in the company participate at Board meetings to make presentations. The Group's CFO served as the Board's secretary. During the year, the Board has had seven meetings, each with full attendance. The annual evaluation of the Board of Directors' work was conducted by the Chairman. The Board's working procedures, competence and composition, including the background, experience and diversity was evaluated and the results presented to the Nomination Committee. The Board continuously evaluate the performance of the President and annually meets without management being present, in order to evaluate the performance.

**5 Remuneration Committee**

The Board has established a Remuneration Committee to address remuneration-related matters for which the Board is responsible. The Committee's work is governed by the instructions prepared by the Board. The Committee's main 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 the implementation of the AGM's resolutions, for example, on evaluations and monitoring of schemes for variable remuneration. From the 2022 AGM until the 2023 AGM, the Committee comprised Nora F. Larssen (Board Chairman meeting 1), Jan Svensson (member meeting 1 and Board Chairman meetings 2 and 3) and Carsten Rasmussen (member meetings 2 and 3). During the year, the Committee held three meetings, each with full attendance. The President and EVP People & Culture also participated in certain parts of these meetings. Minutes are taken at the meetings and these minutes are made available to the entire Board and the auditors.

**6 Audit Committee**

The Board has established an Audit Committee to monitor the financial reporting and control. The Committee's work is governed by the instructions prepared by the Board. The main task of the Audit Committee is to monitor the financial reporting, the auditor's observations

# Work of the Remuneration Committee

An overview of the Remuneration Committee's work is presented below.

**General principles of remuneration**

- Evaluated general remuneration principles and other terms of employment for senior executives.
- Revised the remuneration guidelines and other terms of employment for the Executive Committee
- Prepared a remuneration report for the Board ahead of the AGM in accordance with the Swedish Corporate Governance Board.

**Remuneration of senior executives**

- Revised the President's salary and other remuneration.
- Prepare data and proposals for salary review of the President's salary for the Board.
- Assessed the President's proposal for salary review of other senior executives.

**Variable remuneration**

- Evaluated, monitored and determined the outcome for the year for the variable remuneration programme (bonus programme) for senior executives.
- Prepared proposals for the Board on metrics for future variable remuneration programmes.
- Evaluated outstanding share-based remuneration schemes and the relevance for future programmes.
- Prepared proposals for decision on the Performance Share Plan for the Board to present to the AGM.

# Work of the Audit Committee

An overview of the Audit Committee's work is presented below.

**Financial reporting**

- Evaluated the financial reporting based on timeliness, completeness and correctness.
- Evaluated used accounting policies
- Assessed specific standpoints and judgements made in the reporting.
- Assessed the auditor's reporting and management's handling of the auditor's recommendations.
- Continuously evaluated the finance organisation.

**External audit matters**

- Evaluated the auditor's independence, including non-audit-related services performed.
- Approved the external audit plan and audit fees.
- Held regular meetings with the auditors, both with and without members of the Executive Committee.
- Recommended re-election of audit firm to the Nomination Committee.

**Internal control, risk management & internal guidelines**

- Approval of the annual plan for internal control, and received reports of performed reviews.
- Reviewed the units' own assessments of internal control compliance and discussed action plans.
- Assessed the auditor's examination of internal controls and recommendations and the Group's correction of previously identified shortcomings.
- On numerous occasions, performed a detailed analysis of selected units' risk assessments and risk management.
- Assessed reports of deviations from the Group's Code of Conduct, including via the Group's anonymous whistle-blower function Speak-Up.
- Received an overall analysis of the regulatory compliance in Jönköping factory and a project governance analysis of one of Nobia's larger ongoing projects.

and management's implementation of these recommendations, and to ensure that the Group has an appropriate internal control and risk management framework. The Audit Committee also evaluates the auditors and provides recommendations on the election of auditors to the Nomination Committee. To ensure the independence of the auditors, the Audit Committee has prepared guidelines regulating the engagement of auditors for non-audit-related services. The auditors must also ensure that the non-audit-related services they offer do not affect their independence.

As part of the evaluation of the Group's internal control framework, the Audit Committee assesses every year whether an internal audit function is required. The Audit Committee is of the opinion that an internal audit function is not required since the Group has an internal control function that prepares and controls compliance with the Group's internal control guidelines and the reporting of this to the Audit Committee is deemed to be transparent.

The Audit Committee had two members during the year: Marlene Forsell (Chairman) and Nora F. Larssen. The members of the Committee have the accounting competence required by the Swedish Companies Act. Nora F. Larssen is dependent in relation to one of Nobia's principal owners. The Audit Committee held eight meetings during the year, each with full attendance. In addition to the members, the Group's CFO, Head of Group Accounting & Business Control and Head of Internal Control participated in all meetings and the auditors attended several of these meetings. Minutes are taken at the meetings and these minutes are made available to the entire Board and the auditors.

### 7 President and Executive Committee

The CEO is responsible for the business development of the Group and leads and coordinates the daily operations according to the Board's instructions for the CEO and other decisions made by the Board. The President is also to ensure that the members of the Board regularly receive information needed for monitoring the company's and the Group's financial position, liquidity and development, and for otherwise fulfilling their financial reporting obligations.

The Executive Committee comprised nine individuals at the end of 2022. For further information about the Executive Committee, refer to page 30. The Executive Committee holds regular meetings according to a fixed schedule. These meetings monitor strategic and operational progress, major change programmes, investments, risks and opportunities and other strategic issues of greater significance for the Group. In addition, the President and the CFO meet the management team of each business unit several times per year at local management team meetings.

### Climate & sustainability governance

Climate and sustainability activities are an integrated part of the operations and are governed by the same corporate governance structure as the rest of the operations. The companies included in the sustainability reporting are the same as those listed in Note 17.

One of the principal tasks of Nobia AB's Board is to identify how sustainability impacts risks and business opportunities. As part of this assessment, information is collected from both internal and external stakeholders. Climate and sustainability are also regularly recurring items on the Board's agenda. Sustainability is integrated in the Group's Strategy and Enterprise Risk Management processes (ERM) in order to identify and manage sustainability-related risks and opportunities. The Board has delegated the operational responsibility to the President, who regularly receives status reports from the sustainability function. This function is led by the Group Director Sustainability, who coordinates and pursues strategic sustainability activities at Group level, supports climate and sustainability activities in the organisation, and is responsible for sustainability reporting and data quality under GRI. This work also includes regular monitoring of the Group's impact on the economy, environment and people, including human rights.

From 2022, work on the climate and sustainability strategy is included in the overall strategy process for the Group. Risks and opportunities related to the climate and sustainability have been identified, targets clearly defined and a strategy prepared and adopted by the Board. Nobia's engagement and commitment have been implemented in frameworks and work processes. Climate and sustainability efforts are to feature throughout the Group's operations and all of our employees are responsible for sustainability. For further information, see the sustainability targets and outcomes on page 17 and the sustainability notes starting on page 89.

# 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 Code. The 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 process is based on Integrated framework (2013) issued by COSO. The five components of this framework are control environment, risk assessment, control activities, monitoring activities, and information and communication.

**Control environment**

The Board is responsible for ensuring that the Group has effective internal control. The Board believes that this requires that a high level of ethics and morals permeates the Group and all of its management bodies. Accordingly, the Board has prepared a Code of Conduct that describes the Group's principles for conduct and provides practical guidelines on how these are to be followed and sets expectations for employees' good judgement and sense of responsibility. The Code of Conduct is intended to assist employees and other stakeholders in making informed, ethically sound and morally justifiable decisions. The Code of Conduct is regularly reviewed and updated, and compliance is monitored systematically.

Internal policies and instructions have been prepared for specific areas that require separate and more detailed guidelines. These include the Board's rules of procedure, the Board's instructions to the President and Committees, the financial policy, risk management policy, communication policy, environmental policy, occupational health and safety policy, and internal control policy.

It is also important that the Group's external partners conduct themselves in an ethically and morally justifiable manner. For this reason, a Supplier Code of Conduct has also been prepared.

**Risk assessment**

Internal control is most effective when there is know-how about the material risks. Accordingly, the Group has introduced an Enterprise Risk Management system that includes risks associated with the financial reporting.

The risks associated with the financial reporting include the risk of not meeting the fundamental criteria of suitability, completeness and correctness. A risk assessment takes into account the materiality of various items in the balance sheet and income statement, the complexity of calculations, assessments and preparation of supporting data, and the robustness of and access to the support systems used. To ensure that risks are assessed consistently in the Group, the Group function for internal control assists the units with questions relating to risk assessments.

**Control activities**

The Finance Group function is responsible for the Group's reporting in accordance with applicable accounting standards and practice and other applicable regulations. The Finance Group function has prepared an accounting manual to ensure that the accounting and reporting of all units is standardised. In addition to this accounting manual, an internal control framework has been prepared that provides instructions on the controls that are to be performed for managing overall risks. Such controls include instructions on responsibilities and approval and setting permissions for accounts and systems. An IT security policy has also been prepared to ensure that the support systems for the financial reporting function as they are intended and reduce the risk of errors or unlawful access to data. Controls are also established based on the unit-specific risk assessment in order to manage both general and specific risks, and are prepared at both process and unit levels. Controls can be preventive, identifying or corrective.

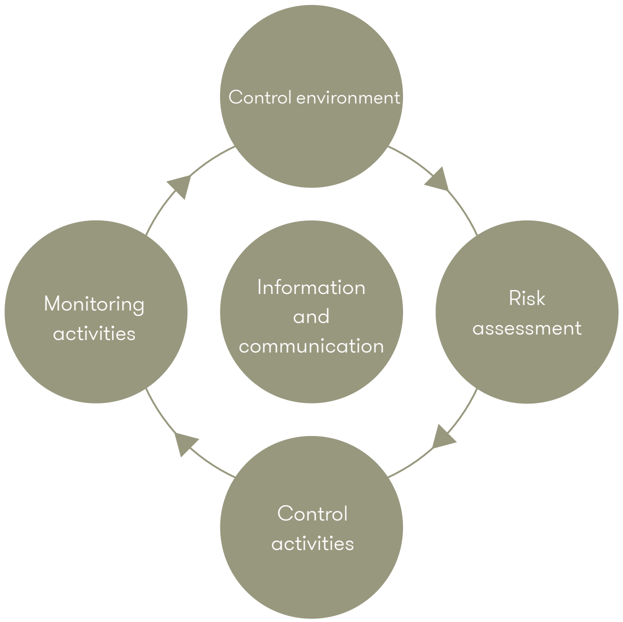
**Monitoring activities**

Each unit is responsible for ensuring compliance with guidelines and controls to correct deficiencies that are identified. Every year, each unit performs its own compliance assessment that is reported to the Group function for internal control. The Group function for internal control also performs annual tests of the internal controls among a selection of units. The intention is that all units are to be tested over time and on a regular basis. Based on the outcome, measures to correct deficiencies are discussed as well as any requirement to supplement or change the guidelines and an action plan is prepared. The Group function for internal control compiles the outcome of the units' assessments and the function's own tests and action plans and reports these to division management teams and the Executive Committee and the Audit Committee.

The Audit Committee studies the reports from the Group function for internal control as regards internal controls and action plans, the audit, the auditors' examination of internal controls and the auditors' recommendations. The Audit Committee also monitors the introduction of proposed and planned measures.

**Information and communication**

The Group's information and communication channels are to facilitate correct decision making. Policies, guidelines and instructions are available on the intranet. As part of onboarding, new employees are informed about the policies, guidelines and instructions that are important for their work. A digital training course has been prepared for the Code of Conduct to ensure that all employees can easily comprehend the content of the Code. The group has a whistleblower system where staff and suppliers can report violations. Employees are also regularly reminded of important guidelines via the intranet. There are also clear forums for reporting outcomes of risk assessments, control assessments and testing, including division and management team meetings, Committee meetings and Board meetings. The Group also has a communication policy that ensures that the general public is informed about the financial performance and events that are important for the assessment of the Group.



# Board of Directors

**Jan Svensson**
Chairman of the Board

**Year elected** 2020
**Born** 1956
**Nationality** Swedish
**Education**
Business Administration, Stockholm School of Economics
**Other assignments**
Chairman of Tomra Systems AS, Fagerhult and BillerudKorsnäs. Board member of Climeon, Stena Metall and Herenco.
**Work experience**
President and Board member of Investment AB Latour 2003–2019.

**Tony Buffin**
Board member

**Year elected** 2022
**Born** 1971
**Nationality** British
**Education**
University of Cambridge
**Other assignments**
Chairman of Highbourne Group and non-executive Director of Dyson Shareholder Board
**Work experience**
Board member of Kingfisher plc. CEO of Holland & Barret, Group COO and CEO of Plumbing & Heating Toolstation international businesses and Group CFO of Travis Perkins plc, CFO of Wesfarmers

**Marlene Forsell**
Board member

**Year elected** 2019
**Born** 1976
**Nationality** Swedish
**Education**
Business Administration, Stockholm School of Economics
**Other assignments**
Board member of Kambi Group, Lime Technologies, AddSecure, STG Group and Index Pharmaceuticals.
**Work experience**
CFO of Swedish Match 2013–2018 and before that several leading positions in finance at the same company.

**David Haydon**
Board member

**Year elected** 2022
**Born** 1970
**Nationality** British
**Education**
MBA, University of Edinburgh and Bachelor of Commerce, University of Queensland.
**Other assignments**
COO of Wolseley UK.
**Work experience**
CCO of Ferguson plc, COO of Wesfarmers Group, COO of Office Works and International Commercial Director at Kingfisher plc.

**Nora Førisdal Larssen**
Board member

**Year elected** 2011
**Born** 1965
**Nationality** Norwegian
**Education**
B.Sc. Economics, MBA.
**Other assignments**
Senior Investment Manager at Nordstjernan. Chairman of Etac and Emma S.
**Work experience**
Product line manager Electrolux and partner at McKinsey & Co.

**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. Board member of Evolve Additive Solutions.
**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.

**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.

**Mats Karlsson**
Employee representative

**Year elected** 2019
**Born** 1976
**Nationality** Swedish
**Education**
Master of Politics Business analyst
**Other assignments** –
**Work experience**
Managerial roles within sourcing, Nobia Production Sweden.

**Dennis Pettersson**
Employee representative, deputy

**Year elected** 2021
**Born** 1966
**Nationality** Swedish
**Education**
–
**Other assignments** –
**Work experience**
Various roles in production, Nobia Production Sweden.

**Bekke Söderhielm**
Employee representative, deputy

**Year elected** 2021
**Born** 1979
**Nationality** Swedish
**Education**
Post-secondary higher vocational education, logistics developer with entrepreneurial experience.
**Other assignments** –
**Work experience**
Purchaser, Nobia. Strategic Buyer at Kinnarps.

**PricewaterhouseCoopers AB**
**Auditor-in-Charge:** Anna Rosendal, Authorised Public Accountant
**Other audit assignments:** Indutrade, Addnode, Sdiptech

**Board of Directors 2022**

| Assignment | Independent[1] | Own and related parties' shareholdings | Shares in related companies | Board of Directors' meetings, 7 meetings | Audit Committee, 8 meetings | Remuneration Committee, 3 meetings | Remuneration 2022/23, SEK | Of which Board, SEK | Of which Committee, SEK |
|---|---|---|---|---|---|---|---|---|---|
| **Jan Svensson,** Chairman of the Board | Yes | 67,000[2] | – | 7 | – | 3 | 1,275,000 | 1,200,000 | 75,000 |
| **Nora Førisdal Larssen,** Board member | No | 5,000 | – | 7 | 8 | 1 | 535,000 | 410,000 | 125,000 |
| **Marlene Forsell,** Board member | Yes | 14,000 | – | 7 | 8 | – | 560,000 | 410,000 | 150,000 |
| **Tony Buffin,** Board member | Yes | – | – | 5 | – | – | 410,000 | 410,000[3] | – |
| **David Haydon,** Board member | Yes | – | – | 5 | – | – | 410,000 | 410,000[3] | – |
| **Carsten Rasmussen,** Board member | Yes | – | – | 7 | – | 2 | 460,000 | 410,000 | 50,000 |
| **Per Bergström,** Employee representative | – | – | – | 7 | – | – | – | – | – |
| **Dennis Pettersson,** Employee representative, deputy | – | – | – | 6 | – | – | – | – | – |
| **Bekke Söderhielm,** Employee representative, deputy | – | – | – | 6 | – | – | – | – | – |
| **Mats Karlsson,** Employee representative | – | – | – | 7 | – | – | – | – | – |

1) Independent in relation to management, the company and largest shareholders.
2) Jan Svensson also has 300,000 call options in Nobia AB.
3) Members living outside the Nordic region have the right to receive an extra SEK 10,000 per meeting until the 2022 Annual General Meeting and thereafter SEK 20,000.

Arja Taaveniku stepped down as a Board member in February 2022, and received 89,000 in remuneration for 2022.

# Executive Committee

**Jon Sintorn**
President and CEO

**Born** 1966

**Employed** 2019

**Education** M. Sc. (Technical Physics), Uppsala University. MBA, Stockholm School of Economics.

**Previous positions** President and CEO of Permobil. Global head of Cooling, DeLaval. Various positions at ABB.

**Holding in Nobia** 1,791,120 call options. 56,769 shares.

**Kristoffer Ljungfelt**
EVP Commercial Region West (UK)

**Born** 1977

**Employed** 2013

**Previous positions** Senior positions within Nobia Nordics including CFO of the Group, the Nordic region and Nobia Norway. Various senior positions at Electrolux.

**Holding in Nobia** 49,662 shares (private and occupational pension). 145,560 call options.

**Samuel Dalén**
Executive Vice President Supply Chain

**Born** 1980

**Employed** 2022

**Previous positions** Chief Operating Officer (COO) and positions within operational development, strategy and marketing at Kährs Group.

**Holding in Nobia** 1,000 shares.

**Cecilia Forzelius**
EVP People, Communications, Sustainability and Group Shared Service Center

**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** 16,775 shares.

**Henrik Skogsfors**
Acting Chief Financial Officer (CFO)

**Born** 1971

**Employed** 2019

**Previous positions** Head of Group Accounting, Business Control & Treasury at Nobia, CFO mySafety Group. Several positions in finance at Electrolux.

**Holding in Nobia** 8,250 shares.

**Philip Sköld**
EVP Strategy & Transformation and Portfolio Business Units

**Born** 1971

**Employed** 2020

**Previous positions** Chief Commercial Officer & GM Global Accounts at Transcom. Partner at Bain & Company.

**Holding in Nobia** 23,577 shares.

**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** 42,122 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. Various management positions within Indiska and Accenture.

**Holding in Nobia** 10,675 shares.

**Dan Josefsberg**
EVP Product, Marketing & Sustainability (until February 2023)

**Born** 1973

**Employed** 2019

**Previous positions** Managing Partner of PwC Experience Center and Pond.

**Holding in Nobia** 32,078 shares.

# 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 consolidated financial statements for the 2022 fiscal year.

### Operations

Nobia is a leading European kitchen specialist with 16 strong brands. It also serves as a contract manufacturer to a lesser extent. The operation covers the entire value chain, from development, sourcing, manufacturing and installation to sales and distribution, primarily of kitchens, 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.

### Nordic

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Net sales, SEK m | 6,801 | 7,396 | 8,030 |
| Organic change in sales, % | 3 | 10 | 5 |
| Gross margin[1], % | 37.7 | 38.3 | 33.6 |
| Operating margin[1], % | 13.2 | 13.7 | 8.5 |
| Operating profit, SEK m | 897 | 1,016 | 686 |

### UK

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Net sales, SEK m | 4,143 | 4,530 | 5,001 |
| Organic change in sales, % | –18 | –12 | 5 |
| Gross margin[1], % | 34.4 | 40.9 | 42.0 |
| Operating margin[1], % | –5.1 | 0.9 | –1.4 |
| Operating profit, SEK m | –212 | 41 | –69 |

### Portfolio Business Units

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Net sales, SEK m | 1,798 | 1,794 | 1,899 |
| Organic change in sales, % | –10 | –10 | –2 |
| Gross margin[1], % | 28.0 | 29.3 | 27.3 |
| Operating margin[1], % | 7.7 | 4.0 | 4.0 |
| Operating profit, SEK m | 129 | 139 | 76 |

1) Excl. items affecting comparability.

The Board of Directors' Report can be found on pages 31–44, the financial statements on pages 45–84. The corporate governance report on pages 21–30 and the sustainability report on pages 34–35 and 89–114 are not part of the Board of Directors' Report.

Sales to professional customers, such as construction companies and builders, or project sales to major customers, or via own stores, franchise stores and other retailers. Nobia reports its operations based on two geographic regions: Nordic and the UK as well as Portfolio Business Units. As of the first quarter of 2022, the London-based Commodore and CIE operations were transferred from the UK region to the Central Europe region. At the same time, the Central Europe region was renamed to "Portfolio Business Units."

### Financial targets

Nobia has four financial targets.

***Growth:*** Average organic growth is targeted to be 3–5% per year. Growth according to the target definition was 4% in 2022.

***Profitability:*** The operating margin (excluding items affecting comparability) is targeted to be greater than 10% over a business cycle. The operating margin was 3.3% (7.4) in 2022.

***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%). Net debt/EBITDA amounted to 2.36 times (–0.02) at year-end.

***Dividend policy:*** Dividends shall comprise at least 40% of net profit after tax. No dividend is proposed for 2022 (60% in 2021).

### 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 developing kitchen products with excellent design and leading sustainability performance, by utilising economies of scale and synergy effects in sourcing, manufacturing and product platforms, and by promoting a corporate culture characterised by a strong sense of commitment and inspiring leadership. Growth can also take place through complementary, strategic acquisitions that provides support for the organic growth ambitions.

### 2022 was characterised by high inflation and rising interest rates

If 2021 was dominated by the coronavirus pandemic, then 2022 was market by sharp cost inflation that started in the wake of the pandemic and continued throughout 2022. Russia's invasion of Ukraine triggered significant market uncertainty, an energy crisis with huge rises in energy prices, higher interest rates and increased inflation since certain materials experienced supply disruptions. Nobia and other suppliers in the kitchen market raised their prices on several occasions to counteract the sharp increase in costs. Overall, demand at the start of the year was healthy, but softened as the macroeconomic situation deteriorated

The Group's total sales rose 9% in 2022, of which 4% was organic growth, compared with an organic increase of 9% in 2021. Sales for the Group increased to SEK 14,929m (13,719). The Nordic region reported a 5% increase in organic sales and the UK had 5%, whereas Portfolio Business Units reported a decline of 2%. The Group's operating margin decreased to 3.3% excluding items affecting comparability (7.4), and operating profit fell to SEK 497m excluding items affecting comparability (1,009).

### Significant events

*2022 Annual General Meeting*

The Annual General Meeting (AGM) was held in Stockholm on 5 May. The AGM resolved to re-elect Nora, F. Larssen, Marlene Forsell, Carsten Rasmussen and Jan Svensson. Tony Buffin and David Haydon were elected new Board members. Jan Svensson was elected the new Board Chairman. PricewaterhouseCoopers was elected as the company's new auditor for a mandate period of one year until the conclusion of the 2023 AGM. The AGM adopted the Annual Report and the ordinary dividend to shareholders for 2021 fiscal year of SEK 2.50 per share, a total of approximately SEK 421m.

The AGM appointed Peter Hofvenstam representing Nordstjernan, Fredrik Ahlin representing If Skadeförsäkring, Lovisa Runge representing the Fourth Swedish National Pension Fund and Marianne Nilsson representing Swedbank Robur funds as members of the Nomination Committee for a mandate period of one year until the conclusion of the 2023 AGM. The AGM elected Peter Hofvenstam as the Chairman of the Nomination Committee.

*Cost reduction programme*

Personnel reductions of about 200 employees were made in the second quarter, mainly in the UK but also in the Nordic region and in Group functions. Operating profit for the second quarter was also charged with a one-time cost of SEK –150m related to the programme, accounted for as items affecting comparability. Savings related to these measures are expected to amount to around SEK 140m on an annualised basis.

In the fourth quarter of 2022, costs of SEK –156 million are included, reported as items affecting comparability. The items refer to costs in the Nordics and group functions, mainly related staff reductions, write-downs of intangible assets and costs for the transition of production from Tidaholm to the new factory being built in Jönköping. Read more under "Events after the end of the year" on page 34, as the measures were communicated in January 2023.

*Investing in the new production facility*

Nobia is continuing preparations for its investment in a highly automated production plant in Jönköping, Sweden, which is expected to be in full operation by 2024. Investments are estimated to amount to approximately SEK 2 billion for production equipment and approximately SEK 1.5 billion for the factory building. The majority of the investments that affect cash flow will take place in 2022–2023. Logistic Contractor, which is part of Wästbygg Group, was contracted to construct the building, which was completed during the year. The first product machines were installed towards the end of 2022 and the first kitchen components started to be manufactured in early 2023. The installation of machinery will continue throughout 2023. As per 31 December 2022, a total of SEK 1.6 billion had been invested in the new factory.

*Acquisition of Superfront*

Nobia acquired all of the shares in Superfront on 14 January 2022, a Sweden-based direct-to-consumer business that designs and sells kitchen and storage such as frontals, handles and legs. Superfront has built significant brand awareness since it was introduced in 2013, mainly through digital and social media marketing, with a strong focus on design and sustainability. The company's net sales for 2021 amounted to approximately SEK 65m with an operating margin exceeding 10%. Products are sold almost entirely online across Europe.

Superfront is included in Portfolio Business Units. Additional information can be found in Note 31.

*Changes to the business area reporting*

As of the first quarter of 2022, the London-based Commodore and CIE operations were transferred from the UK region to the Central Europe region. At the same time, the Central Europe region was renamed "Portfolio Business Units." Commodore and CIE had combined net sales of SEK 395m and an operating loss of SEK –14m in 2021. Comparative figures in the Annual Report have been restated to reflect this change.

*Changes to Executive Committee*

Samuel Dalén was appointed new Executive Vice President Supply Chain and member of the Group Executive Committee (EC) in December. Samuel previously served as the Chief Operating Officer (COO) at Kährs Group, a leading manufacturer and distributor of premium flooring. He replaced Ola Carlsson who left Nobia. In November, Kristoffer Ljungfelt was appointed EVP and Head of Region UK. Kristoffer replaced Dan Carr who left the company. Henrik Skogsfors, Head of Group Accounting, Business Control & Treasury at Nobia AB was appointed Acting Group CFO until a permanent CFO is recruited.

**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. Items affecting comparability in 2022 primarily refer to costs for implementing the cost reduction programme.

**Items affecting comparability**

| Operating profit per region, SEK m | 2021 | 2022 |
|---|---|---|
| Nordic | – | –91 |
| UK | – | –115 |
| Portfolio Business Units | – | 0 |
| Group-wide and eliminations | – | –100 |
| **Group** | – | **–306** |

**2023 Annual General Meeting and dividend proposal**

Nobia's Annual General Meeting will be held in Stockholm on 27 April 2023. The notice of the Annual General Meeting is available at www.nobia.com. The Board proposes that no dividend be paid for 2022 given the temporarily high investment level, primarily related to building the new factory.

**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 | 868,546,465 |
| Net profit for the year | 831,015,129 |
| **Total SEK** | 1,751,787,080 |

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

| | |
|---|---|
| To be carried forward | 1,751,787,080 |
| **Total SEK** | 1,751,787,080 |

In the Board's opinion, no dividend is to be paid for 2022, taking into consideration the requirements the requirements that the nature, scope and risks of the business place on the amount of equity, as well as the company's funding needs, liquidity and financial position in general.

**The Group's financial performance**

***Net sales***

Net sales for the year increased to SEK 14,929m (13,719), distributed as follows: Nordic region, SEK 8,030m (7,396); UK region, SEK 5,001m (4,530); and Portfolio Business Units, SEK 1,899m (1,794).

The Group's organic growth, meaning the change in net sales for comparable units and adjusted for currency effects, totalled 4% (9). Organic growth in the Nordic region was 5% (10). Organic growth in the UK region was 5% (–12) and organic growth in Portfolio Business Units declined –2% (–10).

***Earnings***

The Group's gross margin fell to 35.9% (38.5). The operating margin excluding items affecting comparability decreased 3.3% (7.4). The lower margin was mainly due to cost increases driven by the inflationary environment across most cost items, including direct materials, energy and transportation as well as the negative volume effects due to a lower number of cabinets manufactured. Significant price increases were made on several occasions, but this was not sufficient to offset the cost increases. Operating profit amounted to SEK 497m (1,009) excluding items affecting comparability and SEK 191m including items affecting comparability. Exchange-rate fluctuations positively impacted operating profit by about SEK 65m.

In the Nordic region, operating profit amounted to SEK 686m (1,016) excluding items affecting comparability, or SEK 595m excluding these items. Higher average sales values, mainly driven by price increases, had a positive effect, which was primarily offset by cost increases driven by the inflationary environment, including direct materials and transportation. The volume effect was negative due to a lower number of cabinets manufactured. Items affecting comparability amounted to SEK –91m related to impairment of tangible fixed assets, personnel reductions and costs related to the closure of the Tidaholm factory. The operating margin was 8.5% (13.7) excluding items affecting comparability. Exchange-rate fluctuations positively impacted operating profit by about SEK 45m.

The gross margin in the UK region increased to 42.0% (40.9), primarily due to price increases that offset rising prices for raw materials, as well as a favourable sales mix. However, operating loss declined to SEK –69m (profit: 41), excluding items affecting comparability of SEK –115m related to cost reduction programme. Selling and administrative expenses increased as a result of long-term efforts to capture market shares through a higher number of kitchen designs and more extensive marketing. Exchange-rate fluctuations positively impacted operating profit by about SEK 15m.

Operating profit in Portfolio Business Units declined to SEK 76m (139). Price increases made a positive contribution to operating profit, but were offset cost increases driven by the inflationary environment, including direct materials and transportation as well as the negative volume effects due to lower manufacturing volumes. Exchange-rate fluctuations positively impacted operating profit by about SEK 5m.

Group-wide items and eliminations amounted to an operating loss of SEK –196m (–187) excluding items affecting comparability of SEK –100m, or SEK –296m including these items. These items referred to personnel reductions and impairment of intangible assets.

Net financial items for 2022 amounted to SEK –161m (–102), of which net returns on pension funds and interest expense on pension liabilities amounted to SEK –21m (–19), interest on leases was SEK –37m (–38) and other interest expense amounted to SEK –55m (–43). Profit after financial items amounted to SEK 30 (907). Tax expense amounted to SEK –32m (–201). Profit after tax amounted to SEK –2m (706). Earnings per share for the year after dilution totalled SEK –0.01 (4.18).

***Investments, cash flow and financial position***

The Group's operating cash flow amounted to SEK–746m (670). A major part of the change was attributable to the temporarily high investment level, primarily related to building the new factory in Jönköping. Investments in intangible and tangible fixed assets were almost SEK 800m higher and amounted to SEK –1,684m (–892). Cash flow from operating activities fell to SEK 919m (1,540) mainly due to lower earnings.

The Group's operating capital increased to SEK 8,695m (6,937). Net debt, including IFRS 16 lease liabilities of SEK 1,757m (1,815) and pension provisions of SEK 384m (223), amounted to SEK 3,980m (2,014). Net debt excluding IFRS 16 lease liabilities and pension provisions amounted to SEK 1,839m (–24). The net debt/equity ratio excluding IFRS 16 lease liabilities and pension provisions amounted to 30.3% (–0.5). Leverage (excluding IFRS 16 leases, pensions and items affecting comparability for the rolling 12 months), was 2.36 times (0.15).

**Analysis of net debt**

| | Group | |
|---|---|---|
| SEK m | 2021 | 2022 |
| Opening balance | 2,387 | 2,014 |
| New leases/Leases terminated in advance, net | 19 | 353 |
| Acquisitions | – | 59 |
| Translation differences | 81 | 41 |
| Operating cash flow | –670 | 752 |
| Interest | 80 | 121 |
| Remeasurements of defined-benefit pension plans | –298 | 187 |
| Change in pension liabilities | 34 | 32 |
| Treasury shares, reissued | 43 | 0 |
| Dividend | 338 | 421 |
| **Closing balance** | **2,014** | **3,980** |

***Financing***

Nobia's long-term financing consists of two revolving credit facilities in several currencies totalling SEK 5 billion. A SEK 2 billion facility and a SEK 3 billion facility, both maturing in 2025. The facilities have covenants specifying debt/equity (net debt/EBITDA) and interest cover (EBITDA/net interest). SEK 2.2 billion of the facilities had been used by the end of 2022. The Group's cash and cash equivalents amounted to SEK 340m (422).

**Events after the end of the year**

***Cost reduction programme including restructuring in the UK***

In order to drive efficiencies and margin improvement, Nobia decided in January 2023, in addition to existing strategic and cost initiatives, on a cost reduction program including a repositioning of part of the UK business. The programme aims to generate annual savings in excess of SEK 300m, with a noticeable impact in the second quarter of 2023 and reaching full effect in the second quarter of 2024. The programme involves the potential redundancy of 500 employees. Costs to carry out the programme are estimated to amount to SEK 300m, and will be charged to the first quarter of 2023, recorded as items affecting comparability.

The operations in the UK will partly reposition, for example by exiting unprofitable projects business, flatting the UK central organisation and consolidating the manufacturing footprint, which means that it is proposed that the production sites in Dewsbury and Grays in the UK be closed. The proposed changes are subject to customary union negotiations.

**Future outlook**

Demand for kitchens normally follows the same business cycle as other consumer discretionary products. Due to the general uncertain macroeconomic situation and the expected economic slowdown due to such factors as a high rate of inflation and high interest rates, consumer purchases of discretionary products, including kitchens, may be negatively impacted. An economic slowdown may also result in a decrease in housing construction, which risks impacting demand from construction companies for new kitchens.

**Personnel**

In 2022, the average number of employees was 6,244 (6,041). The number of employees at year-end was 6,123 (6,052).

**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 its Group-wide sustainability strategy. Nobia's statutory sustainability report is found on pages 34–35 and 89–114.

**Task Force on Climate-related Financial Disclosures (TCFD)**

Nobia supports the TCFD's recommendations, which are intended to provide investors and other stakeholders with information on the risks companies are exposed to through climate change. In line with the TCFD's recommendations, Nobia provides information on its governance and risk management in relation to such issues. See pages 43–44.

### EU taxonomy for sustainable investments

The EU Taxonomy Regulation applies to Nobia as a listed company with more than 500 employees. Nobia's taxonomy report is prepared in accordance with the EU regulatory framework for taxonomy. The purpose with the regulation is in line with the EU's Action Plan for sustainable finances to direct capital towards more sustainable operations.

Read more in the Taxonomy report on page 111.

### Product development

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 profit after financial items totalled SEK 891m (528).

### 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 2022, 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 any bought-back treasury shares, entitles the holder to one vote, and carries the same entitlement to the company's capital and profits. The 2022 AGM authorised the Board to decide on the buy-back of up to 10% of the outstanding shares and, for the period until the 2023 AGM, to decide on the transfer of treasury shares for the purpose of delivering shares under Perfor-

### Guidelines for remuneration

| Form of remuneration | Link to company strategy | Implementation | Opportunity/evaluation |
|---|---|---|---|
| **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. |

| Sustainability-related measures linked to the company's business strategy |
|---|
| 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. |

mance Share Plans or of facilitating financing of acquisitions through payment using treasury shares. At the end of 2022, the number of bought-back treasury shares was 2,040,637 (2,040,637), corresponding to 1.2% of the total number of shares. No buy-backs took place in 2022.

At year-end, the ten largest owners held about 63% 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 9.3% and Swedbank Robur funds 2.4%.

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 the Executive Committee. 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 115–120.

**The Board's proposal on remuneration guidelines and other employment conditions for the Executive Committee**

The remuneration guidelines cover total remuneration for the Executive Committee, 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 2022 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 increasing profitability
- 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 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 (2022) 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 the Executive Committee 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. Nobia 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. Furthermore, the current President has a pension premium including health insurance for 30% of a fixed annual salary. Pension and pension benefits are to be defined-contribution, which means that a determined percentage of the individual's annual basic salary is paid as a pension premium. 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. For the President and members of the Executive Committee, other benefits may not exceed 10% of the fixed cash salary. 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.

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, the Executive Committee, senior executives and persons in senior management, are 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 Nobia's website www.nobia.com, where the complete proposal is available.

***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.

# Risks, risk management and opportunities

**Nobia is exposed to a number of strategic, operational, compliance and financial risks that could limit the Group's ability to achieve its business objectives. Nobia's framework and internal control environment are designed to manage these risks.**

Risk management is by its nature a continual and ongoing process. The purpose of the risk management process is to provide an overview of the Group's greatest risks, and to serve as a basis for making informed decisions. Nobia's approach is flexible to ensure that it is relevant at all levels of the business, and dynamic in order to be responsive to changing business conditions. Risk management is a part of conducting business, consequently Nobia strives to ensure that the risks taken are deliberate. Identifying emerging risks which may arise from technological development as well as new or changing environmental risks is a vital part in Nobia's Enterprise Risk Management process.

Internal controls for financial risks can be found in the corporate governance statement on page 27.

**Business risks including sustainability and climate-related risks**

Identifying, analysing, managing and monitoring risks is a priority area for the Group. Climate-related risks are integrated into this process as well. Risk management involves all of the units at the company and follows a structured process. It begins with by making an inventory of existing and new risks, through measures including workshops and interviews with representatives from different parts of the organization. Next, the management team assesses the risks in the inventory on the basis of probability and impact. Principal risks are then presented to the Audit Committee and the Board.

**TCFD scenario analysis**

The Task Force on Climate-related Financial Disclosures (TCFD) is a voluntary framework to increase transparency on climate-related risks and opportunities.

Climate scenarios help the Group understand what our climate might look like in the future, depending on multiple global issues such as politics, technology, the economy and social change. Both transition risks and physical risks can be identified by analysing potential effects on the business under different climate scenarios. These scenarios can be used to adjust the strategy in the future. This involves preparing for an economy, legislation and the development of society with low $CO_2$ emissions, as well as adapting to the physical impact that the changed climate will have on the Group, as well as its customers' and suppliers' operations.

Several risk workshops on the issue of climate-related risks according to the TCFD's recommendations were held in 2021. They covered the entire value chain, and addressed both transition risks (legal, technical, market and brand) and physical risks (critical and chronic).

Two scenarios were investigated and illustrated:

- RCP 2.6 (<2 °C), where the world succeeds in limiting the increase in temperature to below 2°, i.e. in line with the Paris Agreement
- RCP 8.5 (>4 °C), the world continues to increase emissions.

Several risks and opportunities were identified, and their financial impact was estimated by Nobia business managers. Although some risks have a potentially significant impact, measures in line with the company's established strategy have already been initiated since the majority of the identified risks were known, and it was noted that current management is considered satisfactory and that the Group is well prepared regardless of scenario.

**Continued work**

The Group will continuously work on risks and opportunities according to the TCFD's recommendations. This primarily means continuing to identify objectives and metrics, as well as more in-depth analysis of risks with the aid of the scenario analyses. For defined targets and metric, refer to pages 89–93.

**Task Force on Climate-related Financial Disclosures (TCFD)**

This index describes where the core recommendations from the TCFD are considered in the Annual Report.

**TCFD Recommended disclosures**

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| **Risk management** | |
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## The Group's principal risks

A risk universe consisting of four categories and over twenty risk areas is used to aggregate and categorise risks identified across the organisation within the risk management framework.

Over the course of the year, the Board and the Audit Committee have reviewed the principal risks set out below. Nobia considers the sustainable development risks throughout its business and consolidates the principal sustainability-related risks where relevant in accordance with TCFD framework. See pages 38 and 43.

**Strategic & emerging risks**
Risks that can have a material impact on the strategic objectives arising from internal or external factors.

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

**Financial risks**
Risks that can cause unexpected variability or volatility in net sales, margins, earnings per share, returns or market capitalisation.

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

## Nobia's risk management process

**Strategy & appetite** The Board has overall responsibility for setting the Group's strategy, as well as maintaining risk management activities and internal control processes.

**Risk identification** Nobia utilises a structured risk and control identification process to identify risk. All of the business units must regularly review, identify and document material risks. The most material risks are identified and managed at Group level, and then reported to the Board.

**Risk assessment** The Business Units conduct a structured risk assessment process in accordance with the minimum standards established internally. The Group's principal risks are examined in detail by the Audit Committee.

**Risk treatment** The Business Units' management review the principal risks and identify the need for actions and controls. Management assurance is provided on both a formal and informal basis, with ongoing review by the Board. The Business Units design action plans and are responsible for these plans.

**Monitoring** Business risks including sustainability and climate-related risks are monitored at the Group and operational levels. Specific sustainability and climate metrics can be found on pages 93–95. The Audit Committee performs an annual review of the risk management policy and plan.

↑ = *Higher risk level than last year*
↔ = *Unchanged risk level than last year*
↓ = *Lower risk level than last year*

## Strategic & emerging risks

| Risk area | Description | Management |
|---|---|---|
| **Political and macroeconomic risk** ↑ | Demand for Nobia's products is affected by general macroeconomic trends and fluctuations in its customers' purchasing power and consumption patterns. Macro economic or political decisions and events may also have an impact. Changes in global politics and the macro economy could have a material impact on Nobia's financial performance and position.<br>Legislative changes motivated by climate or sustainability considerations affect Nobia's business both directly and indirectly. | Some examples of Nobia's measures to manage economic fluctuations are reducing costs, adjusting capacity and production structure and creating higher customer value through product innovation, as well as continuous work on the pricing strategy.<br>Nobia works continuously to monitor, evaluate and attempt to predict changes in the business environment and relevant regulations. Nobia is active in various national and international trade associations and in other types of partnerships to support this effort. |
| **Not meeting customer demand and preferences** ↔ | Global socio-economic and demographic trends, digitalisation and changing consumption patterns, increased awareness of sustainability and increasing customer purchasing power all influence customers' needs and attitudes, thus affecting the demand for Nobia products.<br>Changes in customers' preferences and requirements may be hastened or altered in a climate scenario where we do not achieve the goals of the Paris Agreement. | Key success factors for Nobia's long-term growth and profitability are the 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.<br>Investments to develop products with a life cycle perspective in line with customer demand and expectations, even during economic downturns. Nobia places great importance on developing processes, products and information to ensure higher customer satisfaction, for example, by offering eco-labelled products and ensuring that products and materials comply with Nobia's own and its stakeholders' standards. |
| **Investments to enable future growth** ↔ | Nobia is currently investing in business transformation to enable efficient, sustainable and profitable growth. This includes construction of a new factory in Jönköping and the design of Group-wide processes and an ERP solution to support the Group's strategy. Failure to attract and retain people with right skills to execute Nobia's transformation objectives could have an adverse effect on its business objectives.<br>In a climate scenario where we do not achieve the goals of the Paris Agreement, there is an increased risk that the need to invest in new technology and existing factory premises will rise. | Management evaluates business plans as part of the company's chosen strategy on a continual basis. Nobia has clear strategies and it is prepared to address changes to priorities and objectives given external market factors. It has executive-level governance and oversight for all transformation activities to ensure the best implementation.<br>Nobia works continuously to monitor, evaluate and attempt to predict changes in the business environment and relevant regulations due to climate change. |
| **Digitalisation** ↔ | Digitalisation is advancing quickly and creating new conditions for the industry. New digital or innovative solutions replace old technology and ways of working, make new services possible and change customer demand. This trend also means that new players are entering the market. Players that do not adapt their businesses to changed conditions may lose customers, suppliers and employees. | Monitoring the business world with a focus on megatrends and their impact on changed behaviours by businesses and people. Continuous digitalisation investments that contribute to business development by enhancing the user experience with modern solutions. |

## Operational risks

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

| Risk area | Description | Management |
|---|---|---|
| **Competition** ↑ | A faulty strategy could result in loss of market share and lower profitability.<br>Nobia is exposed to significant competition. Nobia's consumer are primarily sold in its own stores, franchise stores and DIY stores. Sales to professional customers such as property developers and builders are conducted through direct sales via a specialised sales organisation, through Nobia's network of stores or other retailers such as DIY stores specialising in professional customers. A small share of sales is conducted through digital channels. | Nobia continually evaluates market trends and competitors' actions in order to make the optimal adjustments to its customer proposition. Nobia has a structured and proactive method for following demand fluctuations. Measures taken and adjustments to capacity have historically demonstrated that Nobia is able to adjust its costs according to changes in demand. The Group has accelerated its efforts on sales and customer service through digital and online channels in order to better respond to changes in customer behaviours during the pandemic. |
| **Information technology risks** ↑ | Nobia relies on IT systems in its day-to-day operations. Disruptions or faults in critical production systems have a direct negative impact. Errors in the handling of financial systems can affect the company's reporting of results. Cyber security risks are increasing and could have a major impact. Failure to comply with legal or regulatory requirements relating to data security and data privacy 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 IT landscape is based on well-tested hardware and software, and investments are made continually to drive improvements. The Group invests continually in cyber security, for instance in improved technology and processes for scanning, monitoring and logging to identify intrusion and detect anomalous data traffic. |
| **Technical integrity of our operating assets** ↔ | Longer interruptions in one of Nobia's larger facilities could cause a significant negative financial impact. Fires, explosions, large machinery breakdowns or the inability to properly manage production equipment could result in property damage, loss of production, a deterioration in workplace safety, environmental damage or damage to reputation. In a scenario where we do not achieve the targets of the Paris Agreement, there is an increased risk of a greater need for maintenance, repairs and periodical closures of factory buildings, since building materials and technology are adversely affected by elevated temperatures and a humid climate. | Nobia makes continual investments in order to replace older equipment to improve both reliability and integrity. Risk assessments are conducted for all high-priority equipment. All incidents are documented, and the effectiveness of the Group's risk reduction activities is continually evaluated. Nobia has a fire protection programme and property insurance coverage. |
| **Environmental impact and climate change** ↔ | Risks related to environmental changes and climate change are likely to have a medium and long-term impact on Nobia's business. These risks are deemed to pertain primarily to transition and physical risks, such as precipitation patterns, extreme weather conditions, serious environmental incidents and actions by government authorities. | Sustainability risks are identified, managed and followed up in Nobia's internal sustainability system. Sustainability management is integrated into central processes such as sustainability scorecards 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. Read more about climate-related risks (TCFD) on page 38. |
| **Attracting and retaining skills and talent** ↔ | The ability to attract, retain and develop skilled and committed employees is critical to the Group's ability to deliver on the objectives it has set according to its strategy.<br>Inadequate workplace safety can result in death or injury to customers, colleagues or third parties and ultimately adverse financial and reputational consequences. | Nobia's culture and values play a key role in empowering and inspiring its people. Nobia has a zero-tolerance policy for discrimination.<br>Nobia strives for a fair and transparent recruitment process and offers competitive remuneration. Employees have access to internal and external skills development.<br>The Group regularly assesses and manages safety and health risks in operations. All units conduct systematic work in which every workplace accident is analysed and measures are taken to prevent similar accidents. |
| **Cost and availability of raw materials** ↑ | Access to sustainable sources of raw materials is crucial. The raw materials used by the Group include wood, steel, aluminium and plastics. Changes in costs for components (such as handles, worktops and hinges) and goods for resale (such as appliances) are mainly caused by changes in prices of raw materials and the competitive landscape. Disruptions to deliveries of input goods may result in disruptions to deliveries of finished goods, which may in turn result in higher costs, lost income and dissatisfied customers. Higher energy costs and operating costs as a result of higher taxes or other regulations driven by climate change are a transition risk, and their impact will differ between the two different scenarios. | Sustainable and responsible suppliers are essential to Nobia. Purchase processes and partnerships with suppliers are continually developed. Efficiency improvements, changed product specifications and price increases are examples of measures to reduce the effect of rising costs for input goods. |

## Financial risks

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

| Risk area | Description | Management |
|---|---|---|
| **Non payment of accounts receivable** ⟷ | Credit risk pertains to losses owing due to Nobia's customers or counterparties in financial contracts failing to fulfil their payment obligations. | Nobia's financial policy for managing financial risks forms a framework of guidelines and rules in the form of risk mandates and limits for the finance operations.<br>Credit risk in accounts receivable is managed through credit checks. 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. |
| **Financing and currency risks** ↑ | Transaction exposure occurs when sales and costs take place in different currencies, for example sourcing is done in EUR while sales are made in GBP. Exchange rate fluctuations may have an impact on the Group's earnings and valuation of assets.<br>Translation exposure is the risk to which Nobia is exposed when translating foreign subsidiaries' balance sheets and income statements to SEK.<br>Nobia has a syndicated loan facility with two banks amounting to SEK 5,000m of which SEK 2,181m was utilised by 31 December 2022. As the investment in the Jönköping factory continues, the Group's net debt is expected to increase. The bank syndicated loan facility agreement requires Nobia to meet customary leverage (Net Debt/EBITDA) and interest coverage (EBITDA/net interest expense) covenants.<br>For further information concerning financial risks, interest rate and liquidity risks, see Note 2. | Nobia's overall strategy is to reduce exchange-rate exposure by using derivative instruments in the form of currency forward contracts. During the year, primarily accounts receivable and payable, as well as future payments for non-current assets were continuously hedged. Derivative instruments are held only for hedging purposes and not for speculative transactions. Translation exposure in the income statements of foreign subsidiaries is not currency hedged. For further information concerning financial risks, interest rate and liquidity risks, see Note 2.<br>Nobia closely monitors its cash flows to ensure it can meet its financial obligations. In order to reduce net debt if needed, Nobia may consider selling and leasing back assets such as the Jönköping factory building. |

## Legal & regulatory risks

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

| Risk area | Description | Management |
|---|---|---|
| **Legal and compliance risk** ⟷ | Legal risks such as amended legislation, violations of laws in the operations or errors in any agreements could have a negative financial impact.<br>Non-compliance with legal and governance requirements and globally established responsible business conduct could expose Nobia to significant risk. This includes areas such as environmental legislation, pricing, competition compliance, data protection, human rights and labour legislation. More stringent environmental requirements, environmental remediation or breaches of environmental permits could entail higher costs, particularly in a scenario where we do not achieve the goals of the Paris Agreement. | Nobia's Code of Conduct is based on principles for environmental, social and economic sustainability. The Code states the minimum level of acceptable behaviour for all employees and partners. Nobia has a comprehensive programme with policies and guidelines on compliance with applicable competition, anti-corruption and data protection legislation, as well as compliance with the Code of Conduct. Management continually monitors environmental risks and performance measures for resource and energy consumption in order to minimise costs and environmental impact. |

## Climate-related risks and opportunities and their financial impact

Nobia wants to contribute to fulfilling the Paris Agreement and reduce our impact accordingly with what is required by the latest science to prevent them worst consequences of climate change. We also want to increase our understanding for how we as a company are affected by climate change or by policy instruments to reduce GHG emissions, and continuing to work on control and risk management according to the TCFD's guidelines. According to the TCFD's recommendations, climate-related financial risks can be divided into two main categories: transition risks and physical risks. Transition risks: political, regulatory, technological and brand-related risks that a transition to a society with lower $CO_2$ emissions may entail. Physical risks: critical or systematic risks that entail direct damage to assets or indirect damage in the operation, such as interruptions in the supply chain.

Assessment of time horizon

| Definition | | |
|---|---|---|
| **Short** | 0–3 years | |
| **Medium** | 3–5 years | |
| **Long** | 5–15 years | |

## Identified climate-related risks

| Risk | Type of risk | Description | Probability | Consequence | Time period | Financial impact |
|---|---|---|---|---|---|---|
| **Competing brands are more successful in their sustainability efforts** | Transition | Competing brands win competitive advantage by creating an image for themselves and marketing themselves better as sustainable, and/or by being more successful at creating sustainable products. | Occasional | Customers (both B2B and B2C) choose competing brands due to their more sustainable image and/or better sustainability performance. | | Critical |
| **Insufficient transparency in the supply chain** | Transition | Limited transparency (traceability) in the supply chain. Developments are moving in the right direction, but there is a risk that the third of suppliers who are unwilling/unable to provide the requested data will persist. | Low | Extra costs for moving to a different supplier and lost business. | | Marginal |
| **Transition to sustainable transports** | Transition | There is a risk that the demand for fossil-free transport will increase faster than supply and financing opportunities to make this possible. | Low | Higher transport costs due to the transition to more sustainable alternatives. Changed conditions and compromises concerning flexibility and "just-in-time". There is a risk that the additional cost for the transition to new transport options cannot be transferred directly to customers. | | Significant |
| **Shortages of materials** | Physical/ Transition | Limited access to materials such as wood, metal and other recyclable materials. This is because the transition may lead to higher demand and thus higher competition and/or physical events that reduce access. | Occasional | May result in costs in the supply chain that cannot always be transferred to customers. For example this could be the case with long-term customer agreements. | | Significant |
| **Critical shortages of materials** | Physical/ Transition | Extremely limited access to materials such as wood, metal and other recyclable materials. Results in such high prices that Nobia's market segments decrease. | Occasional | Leads to reduced income and declining margins. | | High |
| **Bans on materials** | Transition | Increased regulations, fees and bans on plastic and other materials result in challenges throughout the supplier chain. | Occasional | Extra costs for transition to alternative materials and lost business. | | Marginal |
| **Extreme weather** | Physical | Physical damage to production assets caused by flooding or other extreme weather events. | Low | Reduced income, restoration costs and/or higher investment costs | | Critical |
| **Extreme weather that impacts the supply chain** | Physical | Physical damage to production plants in the supply chain caused by extreme weather events. Insurance firms have begun demanding information about suppliers' physical location. | Occasional | Disruptions and/or reduced availability in the supplier chain. | | Marginal |
| **Requirement to increase rate of recycling** | Transition | Risk that demands for recycling rate will exceed what is applicable. Access to and price of recyclable and alternative materials and phasing in new materials may entail risk. | Occasional | Extra costs for transition to other alternative materials and lost business. | | Significant |
| **Demand for fossil-free production** | Transition | Risk that customers and society demand a faster transition to fossil-free production, i.e. that heating and electricity consumption do not affect the climate, than the company planned for. | Low | Higher investment costs to phase out and update for bio-based heating. | | Significant |

## Identified climate-related opportunities

The transition to a carbon-smart society may also present opportunities to businesses. Using only renewable energy, increasing own energy production and continuing energy-efficiency measures and more circular flows of materials will reduce GHG emissions while also reducing operating costs. The Group has also established that the measures implemented to date to reduce its climate impact have demonstrably contributed to profitability. This work has resulted in lower energy and transport costs and higher income due to higher demand for environmentally certified kitchens such as the Nordic Swan, which brings in higher revenues.

| Opportunity | Type of opportunity | Description | Impact | Time period | Financial impact |
|---|---|---|---|---|---|
| **Repairs and simpler renovation and design possibilities for customers** | Transition | Update business models and offer repairs and simpler renewal and renovation options. | A service such as replacing cabinet doors, for instance, has been shown to bring in new business since customers are given the option of a refresh or new design that is good value for money. It may also mean that the customer chooses to stay with Nobia's brand rather than choosing a competing brand. | | High |
| **Co-innovation and co-labs with suppliers** | Transition | Closer cooperation with suppliers in order to drive sustainability efforts and promote innovation. This involves systematically identifying collaborations with suppliers. Higher income from sustainable/certified products. | Closer dialogue and cooperation with suppliers when it comes to the climate and innovation is described as important in minimising multiple risks. In addition, this is also a business opportunity that creates competitive advantage and contributes to Nobia's ambition to be a sustainability leader. | | High |
| **Business opportunity: update machinery from an energy and resource perspective.** | Transition | Updating machinery in order to reduce energy consumption and improve resource efficiency, thus reducing climate impact. | Improving sustainability performance can provide advantages over competitors. | | Significant |
| **Increased self generation of renewable energy and lower material costs as a result of a higher share of reused materials.** | Transition | Higher production of own renewable energy, such as solar cells, and lower energy costs as a result of self-generated renewable energy. The share of renewable materials increases in both purchased products and products manufactured by Nobia. | Both higher income as a result of the opportunity to sell surplus electricity, as well as lower costs due to own manufacturing. Estimated possible savings of input costs as a result of a higher share of reused materials in products. | | High |

# Financial statements

# Consolidated income statement

| SEK m | Note | 2021 | 2022 |
|---|---|---|---|
| Net sales | 3 | 13,719 | 14,929 |
| Cost of goods sold | 4, 7, 10, 25 | –8 ,441 | –9,566 |
| **Gross profit** | | **5,278** | **5,363** |
| Selling expenses | 4, 7, 10, 25 | –3,419 | –4,162 |
| Administrative expenses | 4, 6, 7, 10, 25 | –948 | –1,155 |
| Other operating income | 8 | 534 | 733 |
| Other operating expenses | 9 | –436 | –588 |
| **Operating profit** | | **1,009** | **191** |
| Financial income | 11 | 148 | 267 |
| Financial expenses | 11 | –250 | –428 |
| **Profit after financial items** | | **907** | **30** |
| Tax on net profit for the year | 12, 26 | –201 | –32 |
| **Net profit for the year** | | **706** | **–2** |
| **Net profit for the year attributable to:** | | | |
| Parent Company shareholders | | 706 | –2 |
| Earnings per share before dilution, SEK | 23 | 4.19 | –0.01 |
| Earnings per share after dilution, SEK | 23 | 4.18 | –0.01 |

# Consolidated statement of comprehensive income

| SEK m | Note | 2021 | 2022 |
|---|---|---|---|
| Net profit for the year | | 706 | –2 |
| **Other comprehensive income** | | | |
| **Items that may be reclassified to profit or loss** | | | |
| Exchange-rate differences attributable to translation of foreign operations | 22 | 321 | 329 |
| Cash-flow hedges before tax[1] | 22 | 13 | 39 |
| Tax attributable to hedging reserve for the period[2] | 22 | –3 | –7 |
| | | **331** | **361** |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of defined-benefit pension plans | 25 | 286 | –187 |
| Tax attributable to remeasurements of defined-benefit pension plans | | –55 | 46 |
| | | **231** | **–141** |
| **Other comprehensive income for the year** | | **562** | **220** |
| **Total comprehensive income for the year** | | **1,268** | **218** |
| **Total comprehensive income for the year attributable to:** | | | |
| Parent Company shareholders | | 1,268 | 218 |

1) Reversal recognised in profit or loss of SEK 4m (–12). New provision amounts to SEK 25m (–4).
2) Reversal recognised in profit or loss of SEK –1m (3). New provision amounts to SEK –5m (1).

# Consolidated balance sheet

| SEK m | Note | 2021-12-31 | 2022-12-31 |
|---|---|---|---|
| **ASSETS** | | | |
| **Intangible assets** | 13 | | |
| Goodwill | | 3,014 | 3,232 |
| Other intangible assets | | 354 | 418 |
| | | **3,368** | **3,650** |
| **Tangible fixed assets** | 14 | | |
| Land and buildings | | 594 | 602 |
| Investments in progress and advance payments | | 583 | 1,837 |
| Machinery and other technical equipment | | 419 | 429 |
| Equipment, tools, fixtures and fittings | | 251 | 263 |
| Right-of-use assets | 15 | 1,848 | 1,826 |
| | | **3,695** | **4,957** |
| Interest-bearing long-term receivables (IB) | 16 | 0 | 0 |
| Other long-term receivables | 16 | 88 | 86 |
| Deferred tax assets | 26 | 61 | 240 |
| **Total fixed assets** | | **7,212** | **8,933** |
| **Inventories** | | | |
| Raw materials and consumables | | 416 | 514 |
| Products in progress | | 110 | 127 |
| Finished products | | 587 | 715 |
| Goods for resale | | 98 | 122 |
| | | **1,211** | **1,478** |
| **Current receivables** | | | |
| Current tax assets | | 30 | 25 |
| Accounts receivable | 2 | 1,325 | 1,495 |
| Derivative instruments | 2, 18 | 7 | 45 |
| Interest-bearing current receivables (IB) | | 2 | 2 |
| Other receivables | 2 | 56 | 87 |
| Prepaid expenses and accrued income | 19 | 364 | 367 |
| | | **1,784** | **2,021** |
| Cash and cash equivalents (IB) | 20 | 422 | 340 |
| **Total current assets** | | **3,417** | **3,839** |
| **Total assets** | | **10,629** | **12,772** |
| Of which interest-bearing items (IB) | | 424 | 342 |

| SEK m | Note | 2021-12-31 | 2022-12-31 |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | |
| **Attributable to Parent Company shareholders** | | | |
| Share capital | 21 | 57 | 57 |
| Other contributed capital | | 1,465 | 1,460 |
| Reserves | 22 | –14 | 347 |
| Profit brought forward | | 3,415 | 2,851 |
| **Total shareholders' equity** | | **4,923** | **4,715** |
| Provisions for guarantees | | 10 | 11 |
| Provisions for pensions (IB) | 25 | 223 | 384 |
| Lease liabilities (IB) | 15 | 1,444 | 1,418 |
| Deferred tax liabilities | 26 | 31 | 60 |
| Other provisions | 27 | 36 | 29 |
| Liabilities to credit institutions (IB) | 2, 28 | 400 | 2,181 |
| Other liabilities (IB) | 2 | – | 0 |
| Other liabilities, non-interest-bearing | 2 | 0 | 4 |
| **Total long-term liabilities** | | **2,144** | **4,087** |
| Liabilities to credit institutions (IB) | 2, 28 | 0 | 0 |
| Advance payments from customers | | 147 | 147 |
| Accounts payable | 2 | 1,604 | 2,038 |
| Provisions | 27 | 10 | 43 |
| Current tax liabilities | | 64 | 0 |
| Lease liabilities (IB) | 15 | 371 | 339 |
| Derivative instruments | 2, 18 | 13 | 14 |
| Other liabilities | 2 | 346 | 332 |
| Accrued expenses and deferred income | 29 | 1,007 | 1,057 |
| **Total current liabilities** | | **3,562** | **3,970** |
| **Total shareholders' equity and liabilities** | | **10,629** | **12,772** |
| Of which interest-bearing items (IB) | | 2,438 | 4,322 |

Information on consolidated pledged assets and contingent liabilities is provided in Note 32.

# 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 2021** | **57** | **1,506** | **–331** | **–14** | **2,816** | **4,034** |
| Net profit for the year | – | – | – | – | 706 | 706 |
| Other comprehensive income for the year | – | – | 321 | 10 | 231 | 562 |
| **Total comprehensive income for the year** | **–** | **–** | **321** | **10** | **937** | **1,268** |
| Dividend[1] | – | – | – | – | –338 | –338 |
| Bought-back own shares | – | –43 | – | – | – | –43 |
| Allocation of performance share plan | – | 2 | – | – | – | 2 |
| **Closing balance, 31 December 2021** | **57** | **1,465** | **–10** | **–4** | **3,415** | **4,923** |
| **Opening balance, 1 January 2022** | **57** | **1,465** | **–10** | **–4** | **3,415** | **4,923** |
| Net profit for the year | – | – | – | – | –2 | –2 |
| Other comprehensive income for the year | – | – | 329 | 32 | –141 | 220 |
| **Total comprehensive income for the year** | **–** | **–** | **329** | **32** | **–143** | **218** |
| Dividend[1] | – | – | – | – | –421 | –421 |
| Allocation of performance share plan | – | –5 | – | – | – | –5 |
| **Closing balance, 31 December 2022** | **57** | **1,460** | **319** | **28** | **2,851** | **4,715** |

1) The 2022 Annual General Meeting resolved on dividends of SEK 421m, corresponding to SEK 2.50 per share.

# Consolidated cash-flow statement

| SEK m | Note | 2021 | 2022 |
|---|---|---|---|
| **Operating activities** | | | |
| Operating profit | | 1,009 | 191 |
| Depreciation/amortisation/impairment | 13, 14, 15 | 800 | 899 |
| Other adjustments for non-cash items | | 30 | 48 |
| Income tax paid | | –182 | –208 |
| Change in inventories | | –153 | –232 |
| Change in operating receivables | | –82 | –139 |
| Change in operating liabilities | | 118 | 360 |
| **Cash flow from operating activities** | | **1,540** | **919** |
| **Investing activities** | | | |
| Investments in tangible fixed assets | | –715 | –1,487 |
| Investments in intangible assets | | –177 | –197 |
| Sale of tangible fixed assets | | 8 | 12 |
| Interest received | | 2 | 4 |
| Increase/decrease in interest-bearing assets | | 0 | 0 |
| Other items in investing activities | | 14 | 7 |
| Acquisition of operations | | – | –59 |
| **Cash flow from investing activities** | | **–868** | **–1,720** |
| **Operating cash flow before acquisitions/divestments of subsidiaries, interest, increase/decrease in interest-bearing assets** | | **670** | **–746** |
| **Operating cash flow after acquisitions/divestments of subsidiaries, interest, increase/decrease in interest-bearing assets** | | **672** | **–801** |

| SEK m | Note | 2021 | 2022 |
|---|---|---|---|
| **Financing activities** | | | |
| Interest paid | | –82 | –125 |
| Change in interest-bearing liabilities | | 24[1] | 1,712[2] |
| Change in lease liabilities | | –493 | –508 |
| Treasury shares, bought-back | | –43 | – |
| Dividend | | –338 | –421 |
| **Cash flow from financing activities** | | **–932** | **658** |
| **Cash flow for the year excluding exchange-rate differences in cash and cash equivalents** | | **–260** | **–143** |
| Cash and cash equivalents at the beginning of the year | | 635 | 422 |
| **Cash flow for the year** | | **–260** | **–143** |
| Exchange-rate differences in cash and cash equivalents | | 47 | 61 |
| **Cash and cash equivalents at year-end** | | **422** | **340** |

1) Raising and repayment of loans comprising a net SEK 114m. The remaining change primarily comprises pension payments and repayment of current interest-bearing liabilities.

2) Raising and repayment of loans comprising a net SEK 1,800m. The remaining change primarily comprises pension payments and repayment of current interest-bearing liabilities.

# Parent Company

## Parent Company income statement

| SEK m | Note | 2021 | 2022 |
|---|---|---|---|
| Net sales | | 390 | 593 |
| Administrative expenses | 4, 6, 25 | –517 | –694 |
| Other operating income | 8 | 7 | 8 |
| Other operating expenses | 9 | –6 | –6 |
| **Operating profit** | | **–125** | **–99** |
| Profit from participations in Group companies | 11 | 500 | 699 |
| Financial income | 11 | 162 | 310 |
| Financial expenses | 11 | –9 | –19 |
| **Profit after financial items** | | **528** | **891** |
| Group contributions received | | 180 | 1 |
| Group contributions paid | | – | –102 |
| Tax on net profit for the year | 12 | –1 | 41 |
| **Net profit for the year** | | **707** | **831** |

## Parent Company statement of comprehensive income

| SEK m | Note | 2021 | 2022 |
|---|---|---|---|
| Net profit for the year | | 707 | 831 |
| Other comprehensive income for the year | | – | – |
| **Total comprehensive income for the year** | | **707** | **831** |

## Parent Company cash-flow statement

| SEK m | Note | 2021 | 2022 |
|---|---|---|---|
| **Operating activities** | | | |
| Operating profit | | –125 | –99 |
| Adjustments for non-cash items | | 8 | 34 |
| Dividends received | 11 | 500 | 699 |
| Group contributions received | | 180 | 171 |
| Group contributions paid | | – | – |
| Interest received | 11 | 162 | 310 |
| Interest paid | 11 | –9 | –19 |
| Tax paid | | –5 | –6 |
| **Cash flow from operating activities before changes in working capital** | | **711** | **1,090** |
| Change in liabilities | | 43 | 588 |
| Change in receivables | | –380 | –1,122 |
| **Cash flow from operating activities** | | **374** | **556** |
| **Investing activities** | | | |
| Tangible fixed assets | | –0 | –4 |
| Intangible fixed assets | | –163 | –180 |
| Provisions for pensions | | 3 | – |
| **Cash flow from investing activities** | | **–161** | **–184** |
| **Financing activities** | | | |
| Change in interest-bearing liabilities | | –7 | 5 |
| Bought-back treasury shares | | –43 | 0 |
| Dividend | | –338 | –421 |
| **Cash flow from financing activities** | | **–388** | **–416** |
| **Cash flow for the year** | | **–175** | **–44** |
| Cash and cash equivalents at the beginning of the year | | 436 | 261 |
| **Cash flow for the year** | | **–175** | **–44** |
| **Cash and cash equivalents at year-end** | | **261** | **217** |

## Parent Company balance sheet

| SEK m | Note | 2021-12-31 | 2022-12-31 |
|---|---|---|---|
| ASSETS | | | |
| **Fixed assets** | | | |
| Tangible fixed assets | 14 | 18 | 4 |
| Intangible fixed assets | 13 | 163 | 321 |
| Shares and participations in Group companies | 16, 17 | 1,379 | 1,378 |
| Other securities held as fixed assets | | 11 | 57 |
| **Total fixed assets** | | **1,572** | **1,760** |
| **Current assets** | | | |
| Receivables from Group companies | | 3,215 | 4,189 |
| Other receivables | 18 | 28 | 53 |
| Prepaid expenses and accrued income | 19 | 79 | 35 |
| Cash and cash equivalents | 20 | 261 | 217 |
| **Total current assets** | | **3,583** | **4,494** |
| **Total assets** | | **5,155** | **6,254** |

| SEK m | Note | 2021-12-31 | 2022-12-31 |
|---|---|---|---|
| SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES | | | |
| **Shareholders' equity** | | | |
| **Restricted shareholders' equity** | | | |
| Share capital[1] | 21 | 57 | 57 |
| Statutory reserve | | 1,671 | 1,671 |
| Development expenditure fund | | 37 | 52 |
| | | **1,766** | **1,780** |
| **Non-restricted shareholders' equity** | | | |
| Share premium reserve | | 52 | 52 |
| Buy-back of shares | | -125 | -125 |
| Profit brought forward | | 728 | 994 |
| Net profit for the year | | 707 | 831 |
| | | **1,362** | **1,752** |
| **Total shareholders' equity** | | **3,128** | **3,532** |
| **Long-term liabilities** | | | |
| Provisions for pensions | 25 | 25 | 42 |
| Deferred tax liabilities | | 4 | 8 |
| Long-term interest-bearing liabilities | | 11 | 0 |
| **Total long-term liabilities** | | **40** | **50** |
| **Current liabilities** | | | |
| Other interest-bearing liabilities | | 6 | 4 |
| Accounts payable | | 108 | 61 |
| Liabilities to Group companies | | 1,798 | 2,516 |
| Current tax liabilities | | 3 | 0 |
| Other liabilities | 18 | 25 | 46 |
| Accrued expenses and deferred income | 29 | 48 | 45 |
| **Total current liabilities** | | **1,988** | **2,672** |
| **Total shareholders' equity, provisions and liabilities** | | **5,155** | **6,254** |

1) The number of shares outstanding was 168,252,821 (168,852,821).

## Parent Company change in shareholders' equity

| SEK m | Share capital | Statutory reserve[1] | Development expenditure fund | Share premium reserve | Buy-back of shares | Profit brought forward | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| **Opening balance, 1 January 2021** | **57** | **1,671** | – | **52** | **–82** | **1,109** | **2,807** |
| Net profit for the year | | – | – | – | – | 707 | 707 |
| **Comprehensive income for the year** | **–** | **–** | **–** | **–** | **–** | **707** | **707** |
| Provisions for development expenditure fund | – | – | 37 | – | – | –37 | 0 |
| Dividend | – | – | – | – | – | –338 | –338 |
| Bought-back treasury shares | – | – | – | – | –43 | – | –43 |
| Allocation of performance share plan | – | – | – | – | – | –6 | –6 |
| **Shareholders' equity, 31 December 2021** | **57** | **1,671** | **37** | **52** | **–125** | **1,435** | **3,128** |
| **Opening balance, 1 January 2022** | **57** | **1,671** | **37** | **52** | **–125** | **1,435** | **3,128** |
| Net profit for the year | | | | | | 831 | 831 |
| **Comprehensive income for the year** | | | | | | **831** | **831** |
| Provisions for development expenditure fund | | | 36 | | | –36 | 0 |
| Dissolution due to amortisation of development expenditure for the year | | | –21 | | | 21 | 0 |
| Dividend | | | | | | –421 | –421 |
| Allocation of performance share plan | | | | | | –6 | –6 |
| **Shareholders' equity, 31 December 2022** | **57** | **1,671** | **52** | **52** | **–125** | **1,824** | **3,532** |

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

## 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 4 April 2023.

**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:

**Deferred taxes**
When preparing the financial statements, Nobia calculates the income tax for each tax jurisdiction in which the Group operates, as well as deferred taxes attributable to temporary differences. Deferred tax assets that are mainly attributable to loss deductions, energy tax credits and temporary differences are recognized if the tax assets can be expected to be recovered through future taxable income. Changes in assumptions about projected future taxable income, as well as changes in tax rates, can result in significant differences in the valuation of deferred taxes. Note 26 Deferred tax shows how much loss deductions within the Group that have been activated or not activated.

**Impairment of assets and useful lives**
Fixed assets as well as goodwill are examined each year for the need for possible impairment, or when events and changes occur that indicate that the carrying amount of an asset cannot be recovered. An asset that has decreased in value is written down to recoverable amount, which consists of the higher of fair value reduced by cost of sale and value in use, respectively. An impairment loss is recognized when the information indicates that the carrying amount of an asset is not recoverable. In many cases, a market value cannot be determined and a fair value estimate has been made using the present value calculation of cash flows based on expected future outcomes. Differences in the estimate of expected future outcomes and the discount rates used may result in discrepancies in the valuation of assets. The annual impairment test for goodwill and other intangible assets with an indefinite useful life, including sensitivity analysis performed, has not demonstrated any impairment requirement.

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life. The useful life of tangible assets is calculated for buildings at 10–40 years, for land holdings at 15 years, and for machinery, technical installations and other equipment at 3–15 years. Management regularly conducts a revaluation of the useful life of all assets of material importance.

**Post-employment benefits**
Nobia provides both defined contribution and defined benefit pension plans for employees within the Group. The calculation of the cost of pensions, for the defined benefit pension plans, is based on assumptions about discount rates, mortality and future pension and salary increases. Changes in assumptions have a direct impact on the present value of the defined benefit obligation, current service costs, interest expense and interest income. The Group's pension liability amounted to SEK 384 million (223) as of December 31, 2022.

**Restructuring costs**
Restructuring costs include the required impairment of assets and other items that do not affect cash flow, as well as estimated costs for redundancy of personnel and other direct costs related to the closure of operations. The cost estimate is based on detailed action plans that are expected to improve the Group's cost structure and productivity. In order to minimize the uncertainty factor, historical outcome from similar events in previous action plans is normally the basis for the calculation.Amended IFRSs and interpretations

***IFRSs and interpretations approved but not come into effect***
The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) has issued new standards and interpretations with effective dates after the date of these financial statements.

| International Financial Reporting Standards (IFRS/IAS) | Effective date – year-end |
|---|---|
| Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies) | |
| Amendments to IAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction) | 1 January 2023 |
| Amendments to IAS 8 (Definition of Accounting Estimates) | |
| IFRS 17 Insurance Contracts | |
| *Amendments to IAS 1 (Non-current Liabilities with Covenants)* | |
| *Amendments to IFRS 16 specify how to recognise, measure, present and provide disclosures on leases.* | 1 January 2024 |
| *Amendments to IFRS 4 (Extension of the Temporary Exemption from Applying IFRS 9).* | |

The Group does not expect that the adoption of these standards and interpretations that apply to the year ending 31 December 2023 or after will have any material effect on its financial statements.

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*

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the controlling interest started until the date on which control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Intra-Group balances and any unrealised gains and losses or income and expenses deriving from intra-Group transactions are eliminated when the Group accounts are prepared. Deductions are made for inter-Group profits in inventories arising in conjunction with deliveries between companies in the Group.

The acquisition method is used to recognise the acquisition of subsidiaries. Identifiable acquired net assets (including intangible assets) in a business combination are initially measured at their fair value on the acquisition date. If the measurement of the fair value of acquired identifiable net assets is incomplete at the end of the reporting period when the combination took place, the Group will recognise preliminary fair values. The final fair value is determined within one year from the acquisition date and applied retroactively. The excess consideration and amount of any non-controlling interests above the fair value of the identifiable assets (including intangible assets), liabilities and contingent liabilities acquired are recognised as goodwill. The transferred consideration is measured as the fair value of the assets provided, issued equity instruments (if any exist) and liabilities that are assumed or arise on the acquisition date. Acquisition-related costs are expensed as incurred. The earnings of the acquired subsidiaries are included in the consolidated financial statements from the acquisition date. 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.

*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.

### 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.

### Sales of finished goods

Sales of products are recognized as revenue at a certain time, when control of the products has been transferred by delivering the products to the customer. Delivery takes place when the products have been shipped to a specific location, the risks regarding obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the contract of sale, the acceptance conditions have lapsed or there is objective proof that all the criteria for acceptance have been met.

### 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.

### Transaction price - Volume discounts

Kitchens for project customers are often sold with volume discounts based on total sales over a certain period of time, normally 3–12 months. Income from such sales is recognized based on the price specified in the contract, less the estimated volume discounts. Discounts are calculated and accounted for based on experience, using either expected value or an assessment of the most likely amount. Revenue is recognized only to the extent that it is highly likely that a material reversal will not occur. Contractual liabilities are recognized for expected volume discounts paid to customers in relation to sales until the end of the reporting period. The estimated volume discount is revised at each reporting date.

### 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:

| | |
|---|---|
| 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**

The recognition of business combinations requires that the surplus consideration from the acquisition exceeding the recognised net amount of identifiable assets acquired be allocated to the assets and liabilities of the acquired entity. The Group makes assessments and estimates in relation to the distribution of the fair value of the consideration. Goodwill is recognised at cost with deductions for accumulated impairment. The useful life of goodwill is deemed to be indefinite. Goodwill is allocated to cash-generating units (CGUs) or groups of CGUs that are expected to benefit from synergies of the combination and are tested annually for impairment or more often if there are indications of impairment. When a subsidiary or joint venture is divested, the amount attributable to goodwill is included in determining the profit or loss recognised in the consolidated income statement. 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 seven years).

**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).

**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. The Parent Company has a development expenditure fund of SEK 37m.

**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.

For supplier discounts, the Group receives income from its supplier primarily in the form of volume-based discounts and early payment discounts. These are recognised as a reduction in costs in the year to which they pertain. At the end of the period, the Group estimates, where applicable, supplier income that depends on annual agreements on volume discounts.

**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.

***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 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.

***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. 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.

**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.

**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 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.

***Share-based remuneration schemes***
Share-based remuneration pertains to employee benefits, including senior executives in accordance with the Performance Share Plans that Nobia initiates in accordance with the Board's proposal on remuneration schemes. 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).

***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 2022 did not have any effect on the Parent Company's financial statements. All leases in which the Parent Company is the lessee are recognized in accordance with the exemption to IFRS 16 in RFR2, which means that rights of use and lease liabilities are not recognized in the balance sheet. The lease payment is recognized as an expense on a straight-line basis over the lease term.

***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.

***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.

***Development expenditure fund***

Amounts capitalised as internally generated development expenditure among intangible assets are transferred from non-restricted shareholders' equity to the development expenditure fund in restricted shareholders' equity. The fund is reduced as the capitalised expenditure is divested/disposed. An amount equal to the sum of the period's expenditure on self-generated intangible assets has been transferred from unrestricted equity to the Development Expenditure Fund in restricted equity.

***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 2022, expressed in SEK and after offsetting counteracting flows, amounted to SEK 3,114m (2,576), of which SEK 2,700m (1,926) was hedged. At year-end 2022, the hedged volume amounted to SEK 1,682m (1,126). 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 2022 would entail a decrease in shareholders' equity of SEK –467m (–561) and a decrease in profit of SEK –26m (–57). The sensitivity analysis is based on the assumption that all other factors (for example, interest) are unchanged. The same conditions were applied to 2021.

**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 2,010m (1,893). 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 30% 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.

| | 2021 | | 2022 | |
|---|---|---|---|---|
| SEK m | Capital employed per currency | Interest-bearing loans and lease liabilities | Capital employed per currency | Interest-bearing loans and lease liabilities |
| SEK | -36 | 623 | 2,423 | 2,359 |
| EUR | 1,462 | 261 | 1,506 | 244 |
| GBP | 3,779 | 789 | 3,622 | 956 |
| DKK | 1,894 | 735 | 1,275 | 741 |
| NOK | 262 | 29 | 210 | 23 |
| **Total** | **7,361** | **2,437** | **9,037** | **4,323** |

**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**

| | 2021 | | | 2022 | | |
|---|---|---|---|---|---|---|
| Group, SEK m | 0–3 months | two years | three years | 0–3 months | two years | three years |
| SEK | 400 | – | – | 2,181 | – | – |

**Refinancing risk**

Nobia applies a centralised approach to the Group's financing, which means that all financing takes place in Nobia AB or Nobia NBI AB. In December 2020, the company raised a syndicated loan facility totalling SEK 5,000m with two banks, which replaced the previous facility of SEK 2,000m. SEK 5,000m falls due in 2025. The loan has two covenants: leverage (net debt to EBITDA), and interest cover (EBITDA to net interest expenses). 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:

| | 2021 | 2021 | 2022 | 2022 |
|---|---|---|---|---|
| Year of maturity | 2024 | 2025 | 2025 | 2025 |
| Loans and lines of credit, SEK m | 2,000 | 3,000 | 2,000 | 3,000 |
| Of which utilised, SEK m | 400 | 0 | 2,000 | 181 |

**Capital management**

Dividends shall amount to at least 40% of net profit after tax. For 2021, earnings per share was SEK 4.19 and the dividend per share amounted to SEK 2.50, corresponding to a total amount of SEK 421m. The debt/ equity ratio at year-end amounted to 84% (41). Nobia considers recognised shareholders' equity of SEK 4,715m (4,923) 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 3,159m (5,022).

### Commercial exposure

| | 2021 | | | | | 2022 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | USD | EUR | NOK | SEK | DKK | USD | EUR | NOK | SEK | DKK |
| **Currency contracts on closing date** | | | | | | | | | | |
| Local currency | – | 56 | –196 | –26 | 52 | | 96 | –200 | –53 | 49 |
| Total, SEK m[1] | – | 573 | –191 | –26 | 72 | | 1,074 | –190 | –53 | 73 |
| Fair value, SEK m | 0 | –3 | –3 | –1 | 1 | 0 | 26 | 4 | 4 | 3 |
| **Net flow calendar year** | | | | | | | | | | |
| Net flow, local currency | –6 | –117[3] | 467 | –52 | –140 | –7 | –127[4] | 542 | –102 | –155 |
| Net flow, SEK m[2] | –49 | –1 191[3] | 466 | –52 | –191 | –70 | –1,355[4] | 570 | –102 | –222 |
| Hedged volume, SEK m[2] | 0 | –1,028 | 288 | –16 | –101 | 0 | –1,755 | 211 | –53 | –175 |

1) Flows restated at closing-date rate, SEK.
2) Restated at average rate in 2021, 2022.
3) In addition, EUR 58m pertains to flows against DKK, corresponding to SEK 586m.
4) In addition, EUR 66m pertains to flows against DKK, corresponding to SEK 707m.

### Sensitivity analysis

| | 2021 | | | 2022 | | |
|---|---|---|---|---|---|---|
| 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% | 15.1 | 12.0 | | 20.0 | 15.9 |
| SEK/NOK | 5% | 8.5 | 6.6 | | 6.8 | 5.3 |
| EUR/GBP | 5% | 23.3 | 19.3 | | 20.4 | 17 |
| NOK/DKK | 5% | 13.0 | 10.1 | | 13.8 | 10.8 |
| SEK/DKK | 5% | 10.7 | 8.3 | | 11.7 | 9.1 |
| Interest-rate level | 100 points | 4.0 | 3.2 | 100 points | 21.8 | 17.3 |

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**

| Group, SEK m | Currency | 2021 Total | 2021 Within 1 month | 2021 1–3 months | 2021 3 months –1 year | 2021 1–5 years | 2021 5 years or longer | 2022 Total | 2022 Within 1 month | 2022 1–3 months | 2022 3 months –1 year | 2022 1–5 years | 2022 5 years or longer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Bank loans (IB)** | | | | | | | | | | | | | |
| Bank loans | SEK | 414 | 0 | 1 | 4 | 409 | – | 2,284 | 0 | 24 | 71 | 2,189 | – |
| **Other liabilities** | | | | | | | | | | | | | |
| Forward agreements[1] | SEK | 3 | 0 | 1 | 2 | – | – | 2 | 0 | 1 | 1 | – | – |
| Forward agreements[1] | EUR | 6 | 1 | 2 | 3 | – | – | 0 | 0 | 0 | 0 | – | – |
| Forward agreements[1] | NOK | 4 | 1 | 1 | 2 | – | – | 1 | 1 | 0 | 0 | – | – |
| Forward agreements[1] | DKK | 0 | 0 | 0 | 0 | – | – | 0 | 0 | 0 | 0 | – | – |
| Forward agreements[1] | USD | – | – | – | – | – | – | 0 | 0 | 0 | 0 | – | – |
| Currency swaps[2] | | 0 | – | 0 | – | – | – | – | – | – | – | – | – |
| Other liabilities (IB) | DKK | – | – | – | – | – | – | – | – | – | – | – | – |
| Other liabilities (IB) | NOK | – | – | – | – | – | – | – | – | – | – | – | – |
| Accounts payable and other liabilities | SEK | 1,950 | 1,504 | 367 | 76 | 3 | – | 1,964 | 992 | 258 | 706 | 7 | – |
| **Total** | | **2,377** | **1,506** | **372** | **87** | **412** | **0** | **1,967** | **993** | **283** | **778** | **2,196** | – |
| Interest-bearing liabilities (IB) | | 400 | | | | | | 2,181 | | | | | |

1) The value of forward agreements is included in the item "Derivative instruments" in the balance sheet.

2) Recognised under other liabilities.

**Age analysis, accounts receivable and other receivables**

| SEK m | 2021 Gross | 2021 Of which expected credit losses | 2021 Of which impairment | 2022 Gross | 2022 Of which expected credit losses | 2022 Of which impairment |
|---|---|---|---|---|---|---|
| Non-due accounts receivable | 1,143 | 6 | – | 1,219 | 4 | 0 |
| Past due accounts receivable 0–30 days | 129 | 1 | 1 | 175 | 1 | 0 |
| Past due accounts receivable >30 days–90 days | 76 | – | 6 | 130 | – | 9 |
| Past due accounts receivable >90 days–180 days | 50 | – | 24 | 61 | – | 12 |
| Past due accounts receivable >180 days–360 days | 23 | – | 10 | 29 | – | 6 |
| Past due accounts receivable >360 days | 16 | – | 7 | 35 | – | 22 |
| **Receivables outstanding** | **1,437** | **7** | **48** | **1,649** | **5** | **50** |

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

| SEK m | 2021 | 2022 |
|---|---|---|
| Opening balance | 41 | 56 |
| Expected credit losses | – | – |
| Reversal of previously recognised impairment losses | –15 | 2 |
| Changed assessment of expected credit losses | 0 | – |
| Impairment for the year | 36 | 24 |
| Confirmed losses | –10 | –17 |
| Translation differences | 2 | 3 |
| Acquisition of businesses | – | – |
| **Closing balance** | **54** | **67** |

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 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 5m (7) refers to expected credit losses and SEK 50m (48) 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 2022 and 31 December 2021.

**Offset agreements**

| 2022 SEK m | Financial assets | Financial liabilities |
|---|---|---|
| Recognised amounts in statement of financial position | 44 | –13 |
| Amounts encompassed by netting | –6 | 11 |
| **Amounts after netting** | **38** | **–2** |

| 2021 SEK m | Financial assets | Financial liabilities |
|---|---|---|
| Recognised amounts in statement of financial position | 9 | –13 |
| Amounts encompassed by netting | –2 | 0 |
| **Amounts after netting** | **7** | **–13** |

## 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 the Executive Committee monitors the earnings, returns and cash flow generated by the Group's regions. These regions comprise the Group's operating segments since the Executive Committee 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 the Executive Committee can monitor the performance and earnings of all of the regions. The following operating segments were identified: Nordic region, UK region and Portfolio Business Units. As of the first quarter of 2022, the Commodore and CIE operations were transferred from the UK region to the Portfolio Business Units region and the comparative figures have thus been recalculated.

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 | | Portfolio Business Units | | Group-wide and eliminations | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK m | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Net sales from external customers | 7,396 | 8,030 | 4,529 | 5,000 | 1,794 | 1,899 | – | | 13,719 | 14,929 |
| Net sales from other regions | 0 | 0 | 1 | 1 | – | – | 0 | –1 | – | – |
| **Total net sales** | **7,396** | **8,030** | **4,530** | **5,001** | **1,794** | **1,899** | **0** | **–1** | **13,719** | **14,929** |
| Gross profit | 2,831 | 2,697 | 1,851 | 2,102 | 526 | 518 | 70 | 46 | 5,278 | 5,363 |
| Gross margin, % | 38.3 | 33.6 | 40.9 | 42.0 | 29.3 | 27.3 | – | – | 38.5 | 35.9 |
| Depreciation/amortisation | –286 | –293 | –400 | –372 | –62 | –85 | –52 | –54 | –800 | –804 |
| Operating profit | 1,016 | 595 | 41 | –184 | 139 | 76 | –187 | –296 | 1,009 | 191 |
| Operating profit excl. items affecting comparability | 1,016 | 686 | 41 | –69 | 139 | 76 | –187 | –196 | 1,009 | 497 |
| Operating margin, % | 13.7 | 7.4 | 0.9 | –3.7 | 7.7 | 4.0 | – | – | 7.4 | 1.3 |
| Operating margin excl. items affecting comparability, % | 13.7 | 8.5 | 0.9 | –1.4 | 7.7 | 4.0 | – | – | 7.4 | 3.3 |
| Financial income | | | | | | | | | 148 | 267 |
| Financial expenses | | | | | | | | | –250 | –428 |
| Profit before tax | | | | | | | | | 907 | 30 |
| | | | | | | | | | | |
| Impairment[1] | – | –3 | – | –33 | – | – | – | –59 | – | –95 |

1) Impairments pertained to machinery in Nordic region and to intangible assets in UK region and Group-wide and eliminations.

### Total liabilities and assets per region

| | Nordic region | | UK region | | Portfolio Business Units | | Group-wide and eliminations | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK m | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| **Total operating assets** | **3,049** | **3,463** | **3,241** | **3,559** | **850** | **967** | **3,065**[1] | **4,441**[1] | **10,205** | **12,430** |
| Total operating assets include: | | | | | | | | | | |
| Investments in fixed assets | 148 | 125 | 74 | 195 | 52 | 50 | 618 | 1,314 | 892 | 1,684 |
| **Total operating liabilities** | **1,794** | **2,051** | **928** | **995** | **291** | **324** | **256**[2] | **365**[2] | **3,268** | **3,735** |

1) Primarily comprises goodwill of SEK 2,223m (2,050), consolidated surplus values on fixed assets of SEK 77m (61) and fixed assets in the Parent Company of SEK 328m (267). Elimination of internal receivables amounted to SEK –45m (–95).
2) Elimination of internal liabilities amounted to SEK –45m (–95).

### Geographic areas, Group

| | Income from external customers[1] | | Fixed assets[2] | | Right-of-use assets | |
|---|---|---|---|---|---|---|
| SEK m | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Sweden (domicile) | 1,931 | 2,041 | 937 | 2,233 | 35 | 33 |
| Denmark | 3,119 | 3,371 | 703 | 751 | 746 | 749 |
| Norway | 1,415 | 1,575 | 163 | 162 | 32 | 28 |
| Finland | 905 | 1,027 | 125 | 136 | 68 | 56 |
| UK | 4,930 | 5,302 | 2,375 | 2,501 | 827 | 823 |
| Germany | 50 | 71 | – | – | – | – |
| Netherlands | 781 | 842 | 545 | 596 | 124 | 124 |
| Austria | 521 | 597 | 367 | 402 | 16 | 13 |
| Other countries | 67 | 103 | – | 0 | – | – |
| **Total** | **13,719** | **14,929** | **5,215** | **6,781** | **1,848** | **1,826** |

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.

### Comparative data per product group

| Net sales per product group, % | Nordic region | | UK region | | Portfolio Business Units | | Group | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Kitchen furnishings | 69 | 71 | 63 | 65 | 57 | 61 | 66 | 68 |
| Installation services | 5 | 5 | 4 | 4 | 10 | 9 | 5 | 5 |
| Other products | 26 | 24 | 33 | 31 | 33 | 30 | 29 | 27 |
| **Total** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** |

### Comparative data per customer segment

| Net sales per customer segment, % | Nordic region | | UK region | | Portfolio Business Units | | Group | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Consumer | 35 | 31 | 42 | 50 | 44 | 40 | 20 | 39 |
| Trade | 13 | 13 | 35 | 34 | 5 | 4 | 42 | 19 |
| Project | 52 | 56 | 23 | 16 | 51 | 56 | 38 | 42 |
| **Total** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** |

### Comparative data per channel

| Net sales per channel, % | Nordic region | | UK region | | Portfolio Business Units | | Group | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Kitchen specialists, own stores and franchises | 68 | 68 | 73 | 82 | – | – | 63 | 64 |
| Direct project sales | 11 | 14 | 8 | – | 39 | 50 | 13 | 13 |
| Builders´merchants / DIY chains | 18 | 16 | 19 | 18 | 5 | 4 | 17 | 16 |
| Others | 3 | 2 | – | – | 56 | 46 | 7 | 7 |
| **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 5% 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 2022 amounted to SEK 147m (147).

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 2021 were recognised as revenue in the 2022 fiscal year and the contract liabilities that existed in the balance sheet on 31 December 2020 were recognised as revenue in the 2021 fiscal year.

## Note 4 Costs for employee benefits and remuneration to senior executives

| SEK m | 2021 Salaries and other remuneration | 2021 Social security costs | 2021 Total | 2022 Salaries and other remuneration | 2022 Social security costs | 2022 Total |
|---|---|---|---|---|---|---|
| **Total subsidiaries**[1] | 2,804 | 531 | 3,335 | 3,165 | 608 | 3,773 |
| – of which pension costs | – | 239 | 239 | – | 268 | 268 |
| **Parent Company**[1] | 95 | 68 | 163 | 134 | 84 | 218 |
| – of which pension costs | – | 38 | 38 | – | 41 | 41 |
| **Group**[1] | 2,899 | 599 | 3,498 | 3,299 | 692 | 3,991 |
| – of which pension costs | – | 277 | 277 | – | 309 | 309 |

1) Excludes costs for share-based remuneration.

### Total costs for employee benefits

| SEK m | 2021 | 2022 |
|---|---|---|
| Salaries and other remuneration | 2,899 | 3,299 |
| Social security costs | 322 | 383 |
| Pension costs – defined-contribution plans | 233 | 262 |
| Pension costs – defined-benefit plans | 16 | 28 |
| Costs for special employer's contributions and tax on returns from pension | 28 | 19 |
| Costs for the Performance Share Plan | | |
| 2019–2022 | 1 | 0 |
| 2021–2024 | 4 | – |
| 2022–2025 | – | – |
| **Total costs for employees** | **3,503** | **3,991** |

### Salaries and other remuneration for the Parent Company

| SEK m | 2021 | 2022 |
|---|---|---|
| Senior executives[1] | 24 | 20 |
| Other employees | 71 | 114 |
| **Total Parent Company**[2] | **95** | **134** |

1) In 2022, the number of individuals was 9 (6).

2) Excludes costs for share-based remuneration.

### Salaries and other remuneration for subsidiaries

| SEK m | 2021 | 2022 |
|---|---|---|
| Presidents of subsidiaries[1] | 7 | 6 |
| Other employees of subsidiaries | 2,797 | 3,159 |
| **Total subsidiaries**[2] | **2,804** | **3,165** |

1) In 2022, the number of individuals was 3 (2).

2) Excludes costs for share-based remuneration.

| Remuneration and other benefits, 2022 | 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 of Remuneration Committee) until May 2022 | 0.78 | – | – | – | – | – | 0.78 | – |
| Jan Svensson (member of Remuneration Committee) from May 2022 | 1.00 | – | – | – | – | – | 1.00 | – |
| **Board member** | | | | | | | | |
| Arja Taaveniku (member of Audit Committee) until March 2022 | 0.09 | – | – | – | – | – | 0.09 | – |
| Marlene Forsell (Chairman of Audit Committee) | 0.56 | – | – | – | – | – | 0.56 | – |
| Carsten Rasmussen | 0.44 | – | – | – | – | – | 0.44 | – |
| David Haydon (from May 2022) | 0.33 | – | – | – | – | – | 0.33 | – |
| Tony Buffin (from May 2022) | 0.31 | – | – | – | – | – | 0.31 | – |
| **President** | | | | | | | | |
| Jon Sintorn | 7.83 | 0.00 | 0.30 | 2.03 | – | – | 10.16 | – |
| Other members of Executive Committee[1] | 28.11 | 1.28 | 1.66 | 5.44 | – | 0.53 | 37.03 | – |
| – of whom, from subsidiaries[2] | 16.66 | 0.75 | 0.80 | 1.86 | – | 0.53 | 20.60 | – |
| **Total** | **39.47** | **1.28** | **1.96** | **7.47** | – | **0.53** | **50.71** | – |

1) Number of individuals 9. 2) Number of individuals 3.

| Remuneration and other benefits, 2021 | 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 of Remuneration Committee) | 1.25 | – | – | – | – | – | 1.25 | – |
| **Board member** | | | | | | | | |
| Arja Taaveniku (member of Audit Committee) | 0.56 | – | – | – | – | – | 0.56 | – |
| Carsten Rasmussen | 0.41 | – | – | – | – | – | 0.41 | – |
| George Adams (until November 2021) | 0.43 | – | – | – | – | – | 0.43 | – |
| Jan Svensson (member of Remuneration Committee) | 0.44 | – | – | – | – | – | 0.44 | – |
| Marlene Forsell (Chairman of Audit Committee) | 0.56 | – | – | – | – | – | 0.56 | – |
| **President** | | | | | | | | |
| Jon Sintorn | 7.82 | 2.65 | 0.25 | 2.39 | – | – | 13.11 | – |
| Other members of Executive Committee[1] | 21.66 | 4.07 | 1.21 | 5.76 | – | 0.41 | 33.11 | 0.4 |
| – of whom, from subsidiaries[2] | 9.09 | 1.75 | 0.66 | 3.34 | – | 0.41 | 15.25 | 0 |
| **Total** | **33.13** | **6.72** | **1.46** | **8.15** | – | **0.41** | **49.87** | **0.4** |

1) Number of individuals 8. 2) Number of individuals 3.

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 receive a fixed fee of SEK 410,000 per member and the Chairman receives SEK 1,200,000. In addition, the Chairman of the Audit Committee received SEK 150,000 and Committee members SEK 125,000. A fixed fee of SEK 75,000 is paid to the Chairman of the Remuneration Committee and a fee of SEK 50,000 is paid to the members of the Remuneration Committee. For every physical Board meeting held in the Nordic region, a meeting fee of SEK 20,000 is paid to each Board member who lives in Europe but outside the Nordic region. The Board received a total of SEK 3,524,167. Employee representatives receive a study and preparation fee of SEK 26,000 per person per year.

***– President***
In the 2022 fiscal year, President Jon Sintorn received SEK 8,134,449 in salary and benefits, plus a variable salary portion related to the results for 2022 of SEK 0. 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 2022, the premium cost for the President was SEK 2,027,685. 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 members of the Executive Committee***
The Executive Committee, which comprised nine individuals (nine) at the end of 2022, of whom six (six) are employed in the Parent Company, received salaries and benefits including pensions during the fiscal year amounting to SEK 35,471,112 plus variable salary portions based on the results for 2022 of SEK 1,281,230. Members of the Executive Committee employed in Sweden are entitled to pensions under the ITP system or equivalent. Pension and pension benefits are to be defined-contribution, which means that a determined percentage of the individual's annual basic salary is paid as a pension premium. 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.

***– Variable salary portion***
The fundamental principle for the variable salary portion for the unit managers and the Executive Committee 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 reaching decisions on remuneration proposals for managers that report directly to the President.

***– Executive Committee'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 Performance Share Plans. 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 the Executive Committee, 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. No shares were allotted under the 2019 Performance Share Plan.

***– Performance Share Plan 2020***
No remuneration scheme in the form of a Performance Share Plan was launched in 2020.

***– Performance Share Plan 2021***
A resolution was made at the 2021 Annual General Meeting in accordance with the Board's proposal to establish a remuneration scheme in the form of a Performance Share Plan. The 2021 Performance Share Plan comprises approximately 80 employees consisting of senior executives and senior managers within the Nobia Group. The 2021 Performance Share 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) have been achieved. 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 number of share rights carrying entitlement to allotment depends on fulfilment of the performance target. The Board has set a minimum level and a maximum level for each performance target that requires that the target level is achieved for the average EBIT in the 2021–2023 fiscal years. If the set minimum level for the performance target is achieved, the share rights entitle the holder to receive an 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 in the performance range is achieved, each share right gives entitlement to four to six shares 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.

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.

***– Performance Share Plan 2022***
A resolution was made at the 2022 Annual General Meeting in accordance with the Board's proposal to establish a remuneration scheme in the form of a Performance Share Plan. The 2022 Performance Share Plan comprises approximately 80 employees consisting of senior executives and senior managers within the Nobia Group. The 2022 Performance Share 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. In order to be entitled to allotment of shares, the participant is required to remain employed at the Nobia Group during the vesting period and the full investment in Nobia shares must have been maintained for the same period. The number of shares carrying entitlement to allotment depends on fulfilment of the performance target. The Board has set a minimum level and a maximum level for each performance target that requires that the target level is achieved for the average EBIT in the 2022–2024 fiscal years. If the set minimum level for the performance target is achieved, the share rights entitle the holder to receive an 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 in the performance range is achieved, each share right gives entitlement to four to six shares 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.

When shares are 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 shares on each reporting date and finally, for the allotment of shares.

| | 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 |

| | Performance Share Plans 2021–2024 |
|---|---|
| Vesting period | June 2021–April/May 2024 |
| Performance targets | Operating profit/loss (EBIT) 2021–2023 |
| Fair value per share right | SEK 73.25 |

| | Performance Share Plans 2022–2025 |
|---|---|
| Vesting period | June 2022 – April/May 2025 |
| Performance targets | Average operating profit (EBIT) 2022–2024 |
| Fair value per share right | SEK 29.40 |

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.

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

| | Accumulated costs | | | 2021 | | | 2022 | | |
|---|---|---|---|---|---|---|---|---|---|
| Plan | IFRS 2 cost | Social security contributions | Total cost | IFRS 2 cost | Social security contributions | Total cost | IFRS 2 cost | Social security contributions | Total cost |
| 2019–2022 | 1 | 0 | 1 | –8 | –2 | –10 | 0 | 0 | 0 |
| 2021–2024 | 3 | 1 | 4 | 3 | 1 | 4 | – | – | – |
| 2022–2025 | – | – | – | – | – | – | – | – | – |
| | **4** | **1** | **5** | **–5** | **–1** | **–6** | **0** | **0** | **0** |

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

| Number of share rights 2019 plan | 2021 | 2022 |
|---|---|---|
| As per 1 January | 587,722 | 329,581 |
| Allotted | – | – |
| Forfeited | –258,141 | –329,581 |
| **As per 31 December** | **329,581** | **0** |

| Number of share rights 2021 plan | 2021 | 2022 |
|---|---|---|
| As per 1 January | 0 | 951,182 |
| Allotted 18 June 2021 | 996,754 | – |
| Forfeited | –45,572 | – |
| **As per 31 December** | **951,182** | **951,182** |

| Number of share rights 2022 plan | 2021 | 2022 |
|---|---|---|
| As per 1 January | – | – |
| Allotted 16 June 2022 | – | 940,386 |
| Forfeited | – | – |
| **As per 31 December** | **–** | **940,386** |

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

| | No. of share rights | |
|---|---|---|
| Expiry date | 2021 | 2022 |
| April/May 2022 | 329,581 | – |
| April/May 2024 | 951,182 | 951,182 |
| April/May 2025 | – | 940,386 |
| | **1,280,763** | **1,891,568** |

## Note 5 Average number of employees

| Subsidiaries in: | 2021 Average number of employees | 2021 Of whom, men | 2022 Average number of employees | 2022 Of whom, men |
|---|---|---|---|---|
| Sweden | 738 | 532 | 821 | 610 |
| Denmark | 1,321 | 1,003 | 1,373 | 1,028 |
| Norway | 200 | 87 | 215 | 92 |
| Finland | 329 | 226 | 338 | 231 |
| Lithuania | – | – | 6 | 3 |
| Germany | – | – | – | – |
| Austria | 335 | 263 | 332 | 262 |
| UK | 2,702 | 1,950 | 2,689 | 1,883 |
| Netherlands | 313 | 241 | 338 | 256 |
| **Total subsidiaries** | **5,938** | **4,302** | **6,112** | **4,365** |
| Parent Company | 103 | 66 | 132 | 76 |
| **Group** | **6,041** | **4,368** | **6,244** | **4,441** |

| | 2021 Number on closing date | 2021 Of whom, men, % | 2022 Number on closing date | 2022 Of whom, men, % |
|---|---|---|---|---|
| Board members | 82 | 80 | 70 | 73 |
| Presidents and other senior executives | 135 | 76 | 124 | 73 |
| **Group** | **217** | **77** | **194** | **73** |

| | 2021 Number on closing date | 2021 Of whom, men, % | 2022 Number on closing date | 2022 Of whom, men, % |
|---|---|---|---|---|
| Board members | 10 | 60 | 8 | 75 |
| Presidents and other senior executives | 5 | 60 | 7 | 71 |
| **Parent Company** | **15** | **60** | **15** | **73** |

## Note 6 Remuneration to auditors

**Specification by type of cost**

| SEK m | Group 2021 | Group 2022 | Parent Company 2021 | Parent Company 2022 |
|---|---|---|---|---|
| **Deloitte AB** | | | | |
| Audit assignment | 8 | 0 | 1 | 0 |
| Audit activities other than audit assignment | 0 | 0 | 0 | 0 |
| Tax advice | 0 | 0 | 0 | 0 |
| Other assignments | 0 | 0 | 0 | 0 |
| **PwC** | | | | |
| Audit assignment | 0 | 9 | 0 | 2 |
| Audit activities other than audit assignment | 0 | 0 | 0 | 0 |
| Tax advice | 0 | 0 | 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

| Group, SEK m | Depreciation/amortisation 2021 | Depreciation/amortisation 2022 | Impairment 2021 | Impairment 2022 |
|---|---|---|---|---|
| Cost of goods sold | –236 | –234 | – | –3 |
| *– of which, right-of-use assets* | *–79* | *–77* | – | – |
| Selling expenses | –475 | –480 | – | – |
| *– of which, right-of-use assets* | *–376* | *–381* | – | – |
| Administrative expenses | –89 | –90 | – | –92 |
| *– of which, right-of-use assets* | *–25* | *–28* | – | – |
| **Total depreciation/amortisation and impairment** | **–800** | **–804** | – | –95 |
| ***– of which, right-of-use assets*** | ***–480*** | ***–486*** | – | – |

## Note 8 Other operating income

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK m | 2021 | 2022 | 2021 | 2022 |
| Gains on sale of fixed assets | 8 | 12 | – | – |
| Exchange-rate gains from operating receivables/liabilities | 394 | 581 | 7 | 8 |
| Rental income | 73 | 82 | – | – |
| Insurance income | | 32 | | – |
| Government assistance | 32 | 9 | – | – |
| Other | 27 | 17 | – | – |
| **Total other operating income** | **534** | **733** | **7** | **8** |

## Note 9 Other operating expenses

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK m | 2021 | 2022 | 2021 | 2022 |
| Exchange-rate losses from operating receivables/liabilities | –427 | –569 | –6 | –6 |
| Loss attributable to sale of fixed assets | –5 | –9 | – | – |
| Other | –4 | –10 | – | – |
| **Total other operating expenses** | **–436** | **–588** | **–6** | **–6** |

## Note 10 Specification by type of cost

| SEK m | 2021 | 2022 |
|---|---|---|
| Costs for goods and materials | –5,359 | –6,128 |
| Costs for remuneration of employees | –3,494 | –3,970 |
| Depreciation/amortisation and impairment (Note 7) | –800 | –804 |
| Freight costs | –775 | –963 |
| Other operating expenses | –2,816 | –3,606 |
| **Total operating expenses** | **–13,244** | **–15,471** |

## Note 11 Financial income and expenses

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK m | 2021 | 2022 | 2021 | 2022 |
| **Profit from participations in Group companies** | | | | |
| Dividends | – | – | 500 | 699 |
| **Financial income** | | | | |
| Interest income, current | 2 | 4 | 17 | 49 |
| Exchange-rate differences | 146 | 263 | 145 | 261 |
| **Financial expenses** | | | | |
| Interest expense[1] | –43 | –55 | –9 | –19 |
| Interest expense for leases | –38 | –37 | –0 | 0 |
| Interest expense pertaining to pension liabilities | –19 | –21 | 0 | 0 |
| Exchange-rate differences | –150 | –315 | 0 | 0 |
| **Total** | **–102** | **–161** | **653** | **990** |

## Note 12 Tax on net profit for the year

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK m | 2021 | 2022 | 2021 | 2022 |
| Current tax expenses for the period | –204 | –134 | –1 | 0 |
| Deferred tax | 3 | 102 | 0 | 41 |
| **Tax on net profit for the year** | **–201** | **–32** | **–1** | **41** |

| Reconciliation of effective tax Group, % | 2021 | 2022 |
|---|---|---|
| Local tax rate in Sweden | 20.6 | 20.6 |
| Different local tax rates | 3.6 | 121.0 |
| Taxes attributable to earlier periods | –1.1 | –26.4 |
| Non-tax deductible income | –2.5 | 26.0 |
| Non-deductible costs | 2.3 | 48.2 |
| Non-capitalised loss carryforwards | 0.8 | – |
| Utilisation of previously unrecognised loss carryforwards | –0.1 | –86.4 |
| Adjustment to tax rates | – | –35.3 |
| Other | –1.4 | 39.2 |
| **Recognised effective tax** | **22.2** | **106.9** |

Tax expense on net profit for the year for the Group comprised 106.9% of profit before tax. In 2021, tax expense accounted for 22.8% of profit before tax for continuing operations. The corporation tax rate in Sweden was lowered to 20.6% in 2021. The difference between recognised tax (106.9%) and anticipated tax in consolidated profit before tax calculated using the local tax rate for Sweden (20.6%) is explained in the table above. The difference between the nominal and effective tax rates for the Parent Company primarily pertains to interest transfers and non-deductible dividends from subsidiaries.

| Reconciliation of effective tax, Parent Company, % | 2021 | 2022 |
|---|---|---|
| Tax rate in the Parent Company | 20.6 | 20.6 |
| Taxes attributable to earlier periods | – | – |
| Non-tax deductible income | –13.9 | –25,9 |
| Non-deductible costs | –0.4 | 0.1 |
| Non-capitalised loss carryforwards | –6.1 | – |
| **Recognised effective tax** | **0.2** | **–5.2** |

Note 26 explains the calculation of deferred tax assets and liabilities.

## Note 13 Intangible assets

| | Group | |
|---|---|---|
| Goodwill, SEK m | 2021 | 2022 |
| Opening carrying amount | 2,830 | 3,014 |
| Acquisition of businesses | – | 60 |
| Translation differences | 184 | 158 |
| **Closing carrying amount** | **3,014** | **3,232** |

**Impairment testing of goodwill**

The carrying value of the goodwill has been reallocated on the basis of fair values as of January 1, 2022 in this to follow the internal organization and external segment reporting. As of December 31, 2021, the goodwill was distributed among the Group's cash-generating units (CGU) identified according to the previous segment reporting as follows; Nobia UK (Goodwill SEK 1734 million), Nobia DK (Goodwill SEK 350 million), Nobia SweNo (Goodwill SEK 158 million), Bribus (Goodwill SEK 462 million) and Others (Goodwill SEK 310 million).

As of December 31, 2022, the goodwill is distributed among the Group's cash-generating units (CGU) identified by segment according to the table above, where comparative figures also follow new distribution. At the end of 2022, recognised goodwill amounted to SEK 3,232m (3,014). The carrying amount of goodwill is specified by cash-generating units as follows:

| | Group | |
|---|---|---|
| SEK m | 2021 | 2022 |
| Nordic region | 602 | 642 |
| UK region | 1,460 | 1,508 |
| Portfolio Business Units | 952 | 1082 |
| **Total** | **3,014** | **3,232** |

**Sensitivity analysis**

The CGUs identified above represent the lowest level at which goodwill is monitored for impairment indications and internal management purposes and is not larger than the operating segments. The impairment test for the three cash-generating units has not identified any impairment requirement as of December 31, 2022, but the cash-generating unit UK is sensitive to changes in the WACC. Management and the Board of Directors have analysed challenges, short-term measures and future strategy for CGU Nordic and PBU and believe that reasonable changes in the important assumptions/variables will not result in the recoverable amount being lower than the carrying amount of the respective cash-generating unit. Sensitivity analyses have been carried out by increasing the discount rate by 1.0 percentage point and by reducing the forecasted growth rate for the period 2024–2027 by 1.5 percentage points, where no need for impairment arises. If the discount rate after tax used in the calculation of value in use were to be increased by 1 percentage point in CGU UK (10.9 per cent instead of 9.9 per cent), an impairment loss would arise. The sensitivity analysis of CGU UK with respect to reduction of the projected growth rate for the period 2024–2027 of 1.5%, does not mean that the recoverable amount is below the carrying amount of the cash-generating unit.

**Impairment of goodwill – key assumptions and methods**

The Group tests goodwill for impairment every year or more often if there are indications that goodwill may need to be written down. The recoverable amount for CGUs is determined by calculating the value in use. The recoverable amount is calculated as the expected cash flow discounted by a weighted average 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.

The calculations of value in use are, by their nature, based on various assessments and require management to make a number of estimates and assumptions but are based on the Group's strategic plans. The most important assumptions in the calculations of the value in use are:

- cash-flow forecasts derived from the most recent budget presented to the Board for the year ending 31 December 2022. The cash flows used are based on forecast sales volumes and product mix, expected fluctuations in prices and input costs and known changes and expectations of current market conditions, taking into account the cyclical nature of the business.
- The assumptions on sales volumes and price that form the basis of the cash-flow forecasts are management's estimates of probably future changes based on past trends and the current economic outlook for the economies in which the Group operates, including various strategic decisions. The operating margin has been forecast to reach the average for the most recent business cycle in five years. An EBIT margin of >8% has been assumed for the UK region. In order to extrapolate the cash flows outside the first five years, a growth rate of 2% (1) is applied to all CGUs. These are regarded as the most important operational assumptions since they determine the Board members' opinion of margin and cost maintenance.
- The forecast for personnel costs is based on expected inflation, a certain increase in real wages and planned efficiencies in the company's production (according to the established strategic plan).
- Cash-flow forecasts for investments are based on previous experience and encompass the replacement investments required for generating the final cash flows.

***Average cost of capital***

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 business 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 2022, the Group's weighted cost of capital before tax amounted to 9.4% (8.2) and after tax to 9.2% (8.2). In total, the utilised cost of capital after tax for 2022 is within the interval of 8.9–9.9% (7.8–8.9).

The increase in the Group's weighted cost of capital before tax was due to a mix of the underlying changed assumptions in the capital market, such as risk premiums and beta values in addition to major changes in interest rate levels, but also certain minor changes to specific assumptions for the Group. Combined, these changes resulted in an increase for the Group between the years and for certain underlying CGUs.

| | Group | |
|---|---|---|
| Discount rate before tax, % | 2021 | 2022 |
| UK region | 8.9 | 10.1% |
| Nordic region | 8.0 | 9.1% |
| PBU | 8.0 | 9.2% |

| | Group | | Parent Company | |
|---|---|---|---|---|
| Other intangible assets, SEK m | 2021 | 2022 | 2021 | 2022 |
| Opening acquisition value | 617 | 823 | 0 | 163 |
| Investments for the year | 177 | 197 | 163 | 180 |
| Sales and scrapping | –10 | –178 | – | – |
| Acquisition of businesses | – | 16 | – | – |
| Reclassification | 22 | 7 | – | – |
| Translation differences | 17 | 21 | – | – |
| **Closing accumulated acquisition value** | **823** | **886** | **163** | **343** |
| Opening amortisation | 396 | 469 | – | – |
| Sales and scrapping | –10 | –174 | – | – |
| Amortisation for the year | 68 | 63 | – | 12 |
| Impairment for the year | – | 92 | – | 10 |
| Reclassification | 5 | – | – | – |
| Translation differences | 10 | 18 | – | – |
| **Closing accumulated amortisation** | **469** | **468** | – | **22** |
| **Closing carrying amount** | **354** | **418** | **163** | **321** |
| Of which: | | | | |
| Software | 344 | 372 | 163 | 321 |
| Brands | 0 | 1 | – | – |
| Licences | 6 | 4 | – | – |
| Other | 4 | 41 | – | – |
| **Closing carrying amount** | **354** | **418** | **163** | **321** |

## Note 14 Tangible fixed assets

| Buildings, SEK m | Group 2021 | Group 2022 |
|---|---|---|
| Opening acquisition value | 1,492 | 1,586 |
| Investments for the year | 21 | 42 |
| Sales and scrapping | –11 | –7 |
| Acquisition of businesses | – | 1 |
| Reclassification | 1 | 11 |
| Translation differences | 83 | 77 |
| **Closing acquisition value including written-up amount** | **1,586** | **1,710** |
| Opening depreciation and impairment | 1,065 | 1,176 |
| Sales and scrapping | –7 | –7 |
| Reclassification | 2 | 0 |
| Depreciation for the year | 62 | 58 |
| Impairment for the year | – | – |
| Translation differences | 54 | 58 |
| **Closing depreciation and impairment** | **1,176** | **1,285** |
| **Closing carrying amount** | **410** | **425** |
| **Closing accumulated depreciation** | **1,130** | **1,239** |

| Land and land improvements, SEK m | Group 2021 | Group 2022 |
|---|---|---|
| Opening acquisition value | 135 | 218 |
| Investments for the year | 77 | 0 |
| Sales and scrapping | – | 0 |
| Reclassifications | – | –12 |
| Translation differences | 6 | 7 |
| **Closing acquisition value including written-up amount** | **218** | **213** |
| Opening depreciation and impairment | 33 | 34 |
| Depreciation for the year | 1 | 1 |
| Translation differences | 0 | 1 |
| **Closing depreciation and impairment** | **34** | **36** |
| **Closing carrying amount** | **184** | **177** |
| **Closing accumulated depreciation** | **24** | **26** |

| Investments in progress, SEK m | Group 2021 | Group 2022 |
|---|---|---|
| Opening balance | 141 | 427 |
| Investments initiated during the year | 318 | 1,174 |
| Investments completed during the year[1] | –38 | –37 |
| Translation differences | 6 | 8 |
| **Closing carrying amount** | **427** | **1,572** |

1) Assets reclassified as other tangible fixed assets.

| Machinery and other technical equipment, SEK m | Group 2021 | Group 2022 |
|---|---|---|
| Opening acquisition value | 2,157 | 2,338 |
| Investments for the year | 61 | 74 |
| Sales and scrapping | –12 | –80 |
| Reclassification | 54 | 20 |
| Translation differences | 78 | 123 |
| **Closing acquisition value including written-up amount** | **2,338** | **2,475** |
| Opening depreciation and impairment | 1,736 | 1,919 |
| Sales and scrapping | –11 | –75 |
| Reclassification | 38 | –1 |
| Depreciation for the year | 97 | 100 |
| Impairment for the year | – | 3 |
| Translation differences | 59 | 100 |
| **Closing depreciation and impairment** | **1,919** | **2,046** |
| **Closing carrying amount** | **419** | **429** |
| **Closing accumulated depreciation** | **1,869** | **1,992** |

| Equipment, tools, fixtures and fittings, SEK m | Group 2021 | Group 2022 | Parent Company 2021 | Parent Company 2022 |
|---|---|---|---|---|
| Opening acquisition value | 1,230 | 1,367 | – | 18 |
| Investments for the year | 78 | 85 | 18 | 4 |
| Sales and scrapping | –27 | –51 | – | – |
| Acquisition of businesses | | 1 | – | – |
| Reclassification | 25 | 13 | – | –18 |
| Translation differences | 61 | 80 | – | – |
| **Closing acquisition value** | **1,367** | **1,495** | **18** | **4** |
| Opening depreciation and impairment | 985 | 1,116 | – | 8 |
| Sales and scrapping | –22 | –44 | – | – |
| Reclassification | 11 | –1 | – | –8 |
| Depreciation for the year | 92 | 96 | 8 | 0 |
| Translation differences | 50 | 65 | – | – |
| **Closing depreciation and impairment** | **1,116** | **1,232** | **8** | **0** |
| **Closing carrying amount** | **251** | **263** | **10** | **4** |
| **Closing accumulated depreciation** | **1,106** | **1222** | **8** | **0** |

| Advance payments for tangible fixed assets, SEK m | Group 2021 | Group 2022 |
|---|---|---|
| Opening balance | 4 | 156 |
| Expenses during the year | 160 | 112 |
| Reclassification | –8 | –4 |
| Translation differences | 0 | 1 |
| **Closing carrying amount** | **156** | **265** |

Impairment of tangible fixed assets for the year amounted to SEK 3m (0). Minor reclassifications were made during the year between classes of fixed assets. Of investments in buildings for the year, SEK 19m refer to capitalisation of borrowing costs under IAS 23, calculated with current, for the group, average loan interest rate for 2022.

## Note 15 Right-of-use assets

| | Group | |
|---|---|---|
| Land and buildings, SEK m | 2021 | 2022 |
| Opening acquisition value | 2,667 | 2,624 |
| New leases | 127 | 370 |
| Terminated leases | –315 | –348 |
| Translation differences | 145 | 151 |
| **Closing acquisition value** | **2,624** | **2,797** |
| Opening depreciation and impairment | 668 | 948 |
| Depreciation for the year | 382 | 394 |
| Terminated leases | –151 | –232 |
| Translation differences | 49 | 42 |
| **Closing depreciation and impairment** | **948** | **1,152** |
| **Closing carrying amount** | **1,676** | **1,645** |

| | Group | |
|---|---|---|
| Vehicles, SEK m | 2021 | 2022 |
| Opening acquisition value | 295 | 269 |
| New leases | 81 | 106 |
| Terminated leases | –127 | –92 |
| Translation differences | 20 | 12 |
| **Closing acquisition value** | **269** | **295** |
| Opening depreciation and impairment | 112 | 120 |
| Depreciation for the year | 77 | 72 |
| Terminated leases | –77 | –64 |
| Translation differences | 8 | 5 |
| **Closing depreciation and impairment** | **120** | **133** |
| **Closing carrying amount** | **149** | **162** |

| | Group | |
|---|---|---|
| Other, SEK m | 2021 | 2022 |
| Opening acquisition value | 39 | 43 |
| New leases | 26 | 15 |
| Terminated leases | –24 | –19 |
| Translation differences | 2 | 3 |
| **Closing acquisition value** | **43** | **42** |
| Opening depreciation and impairment | 21 | 20 |
| Depreciation for the year | 21 | 20 |
| Terminated leases | –24 | –19 |
| Translation differences | 2 | 2 |
| **Closing depreciation and impairment** | **20** | **23** |
| **Closing carrying amount** | **23** | **19** |

For depreciation of right-of-use assets by activity, refer to Note 7 Depreciation/amortisation and impairment by activity. For income from sub-leasing of leases, refer to Note 8 Other operating income. For cash outflows for leases, refer to Note 34 Specifications for statement of cash flows.

**Analysis of terms for leases**

| Nominal amount 2022 | | within 6 mos. | 7 mos. – 1 year | 1–2 years | 2–5 years | more than 5 years |
|---|---|---|---|---|---|---|
| Financial lease liabilities (IB) | DKK | 25 | 69 | 113 | 301 | 280 |
| Financial lease liabilities (IB) | GBP | 46 | 147 | 196 | 308 | 168 |
| Financial lease liabilities (IB) | EUR | 20 | 30 | 44 | 95 | 11 |
| Financial lease liabilities (IB) | SEK | 3 | 11 | 9 | 2 | 0 |
| Financial lease liabilities (IB) | NOK | 3 | 9 | 6 | 4 | 3 |
| **Total** | | **97** | **266** | **368** | **710** | **462** |

| Nominal amount 2021 | | within 6 mos. | 7 mos. – 1 year | 1–2 years | 2–5 years | more than 5 years |
|---|---|---|---|---|---|---|
| Financial lease liabilities (IB) | DKK | 21 | 61 | 99 | 267 | 331 |
| Financial lease liabilities (IB) | GBP | 81 | 151 | 208 | 292 | 141 |
| Financial lease liabilities (IB) | EUR | 18 | 28 | 40 | 98 | 28 |
| Financial lease liabilities (IB) | SEK | 4 | 11 | 11 | 4 | 0 |
| Financial lease liabilities (IB) | NOK | 3 | 9 | 10 | 7 | 2 |
| **Total** | | **127** | **260** | **368** | **668** | **502** |

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 37m (38) for the year.

## Note 16 Financial fixed assets

| | Group | |
|---|---|---|
| Other long-term receivables, SEK m | 2021 | 2022 |
| Deposits | 32 | 31 |
| Long-term loans to retailers[1] | 16 | 25 |
| Long-term receivables from customers | 39 | 29 |
| Other | 1 | 1 |
| **Total** | **88** | **86** |

1) Of which SEK 0m (2) is interest-bearing.

| | Group | |
|---|---|---|
| Shares and participations in Group companies, SEK m | 2021 | 2022 |
| Opening acquisition value | 1,385 | 1,379 |
| Divestment | – | – |
| Shareholders' contribution | – | – |
| Impairment of subsidiary shares | – | – |
| Other changes | –6 | –1 |
| **Closing acquisition value** | **1,379** | **1,378** |

## Note 17 Shares and participations in subsidiaries

| | | | | | Carrying amount | |
|---|---|---|---|---|---|---|
| Nobia AB's holdings of shares and participations in operating Group companies, %. | Corp. Reg. No. | Domicile | Share of equity, % | No. of shares | 2021 | 2022 |
| Nobia NBI AB | 556060-1006 | Stockholm | 100 | 100 | 1,256 | 1,256 |
| Nobia Sverige AB | 559240-7414 | Stockholm | 100 | | | |
| Nobia Fastighets Holding AB | 559236-0043 | Stockholm | 100 | | | |
| Nobia Fastighets AB | 559247-1725 | Stockholm | 100 | | | |
| Tidaholm Trächenter AB | 559346-7862 | Tidaholm | 100 | | | |
| Nobia Norway AS | | Trollåsen | 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 | | | |
| Nobia UAB | | Vilinus | 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 | | | |

| Nobia AB's holdings of shares and participations in operating Group companies, %. | Corp. Reg. No. | Domicile | Share of equity, % | No. of shares | Carrying amount 2021 | Carrying amount 2022 |
|---|---|---|---|---|---|---|
| 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 Projects B.V. | | Dinxperlo | 100 | | | |
| Nobia Nederland B.V. | | Rotterdam | 100 | | | |
| Superfront AB | 556911-0892 | Stockholm | 100 | | | |
| Other | | | | | 28 | 27 |
| **Total** | | | | | **1,379** | **1,378** |

1) The company is dormant.

## Note 18 Derivative instruments

| MSEK | Group: Carrying amount 2021 | Group: Fair value 2021 | Group: Carrying amount 2022 | Group: Fair value 2022 | Parent Company: Carrying amount 2021 | Parent Company: Fair value 2021 | Parent Company: Carrying amount 2022 | Parent Company: Fair value 2022 |
|---|---|---|---|---|---|---|---|---|
| Forward agreements, transaction exposure – assets | 7 | 7 | 45 | 45 | 20 | 20 | 41 | 41 |
| Forward agreements, transaction exposure – liabilities | –13 | –13 | –14 | –14 | –20 | –20 | –41 | –41 |
| **Total** | **–6** | **–6** | **31** | **31** | **0** | **0** | **0** | **0** |

Unrealised gains and losses totalling a net gain of SEK 20m in shareholders' equity as per 31 December 2022 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 loss of SEK –3m were reversed in profit or loss in their entirety in 2022.

## Note 19 Prepaid expenses and accrued income

| SEK m | Group 2021 | Group 2022 | Parent Company 2021 | Parent Company 2022 |
|---|---|---|---|---|
| Bonus from suppliers | 101 | 134 | 38 | – |
| Accrued customer income | 106 | 151 | – | – |
| Prepaid bank charges | 24 | 0 | 0 | 0 |
| Insurance policies | 10 | 6 | 4 | 1 |
| Other | 123 | 76 | 37 | 34 |
| **Total** | **364** | **367** | **79** | **35** |

## Note 20 Cash and cash equivalents

| SEK m | Group 2021 | Group 2022 | Parent Company 2021 | Parent Company 2022 |
|---|---|---|---|---|
| Cash and bank balances | 422 | 340 | 261 | 217 |

Unutilised overdraft facilities, which are not included in cash and cash equivalents, totalled SEK 363m (358) in the Group, and SEK 263m (258) in the Parent Company at year-end. In addition to the overdraft facilities, the company has unutilised credit commitments of SEK 2,800m (4,600).

## Note 21 Share capital

| | No. of registered shares | No. of shares outstanding |
|---|---|---|
| As per 1 January 2021 | 170,293,458 | 168,852,821 |
| As per 31 December 2021 | 170,293,458 | 168,252,821 |
| As per 31 December 2022 | 170,293,458 | 168,252,821 |

| Bought-back own shares | 2021 | 2022 |
|---|---|---|
| Opening balance | 1,440,637 | 2,040,637 |
| Bought-back for the year | 600,000 | |
| **Closing balance** | **2,040,637** | **2,040,637** |

The share capital amounts to SEK 56,765,939 (56,763,597). The share's quotient value is SEK 0.34. All of the registered shares are fully paid. All shares are ordinary shares of the same type. Nobia owned 2,040,637 treasury shares (2,040,637) on 31 December 2022.

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 2021 | –331 | –14 | –345 |
| Exchange-rate differences attributable to translation of foreign operations | 321 | – | 321 |
| Cash-flow hedges before tax[1] | – | 13 | 13 |
| Tax attributable to change in hedging reserve for the year[2] | – | –3 | –3 |
| **Closing balance, 31 December 2021** | **–10** | **–4** | **–14** |
| Opening balance, 1 January 2022 | –10 | –4 | –14 |
| Exchange-rate differences attributable to translation of foreign operations | 329 | – | 329 |
| Cash-flow hedges before tax[1] | – | 39 | 39 |
| Tax attributable to change in hedging reserve for the year[2] | – | –7 | –7 |
| **Closing balance, 31 December 2022** | **319** | **28** | **347** |

1) Reversal recognised in profit or loss of SEK 4m (-12). New provision amounts to SEK 25m (-4).

2) Reversal recognised in profit or loss of SEK -1m (3). New provision amounts to SEK 5m (1).

### 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

| | 2021 | 2022 |
|---|---|---|
| Profit attributable to Parent Company shareholders, SEK m | 706 | –2 |
| Weighted average number of outstanding ordinary shares before dilution | 168,596,988 | 168,252,821 |
| Earnings per share before dilution, SEK | 4.19 | –0.01 |

### 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 2021 and 2022. 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.

| | 2021 | 2022 |
|---|---|---|
| Weighted average number of outstanding ordinary shares | 168,596,988 | 168,252,821 |
| Performance Share Plan 2019 | 259,228 | – |
| Performance Share Plan 2021 | 122,785 | – |
| Performance Share Plan 2022 | – | 217,768 |
| Weighted average number of outstanding ordinary shares after dilution | 168,979,000 | 168,379,852 |
| Earnings per share after dilution, SEK | 4.18 | –0.01 |

## 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 | 868,546,465 |
| Net profit for the year | 831,015,129 |
| **Total SEK** | **1,751,787,080** |

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

| | |
|---|---|
| To be carried forward | 1,751,787,080 |
| **Total SEK** | **1,751,787,080** |

## Note 25 Provisions for pensions

### Defined-benefit pension plans, Group

| Provisions for pensions, SEK m | Group 2021 | Group 2022 |
|---|---|---|
| Defined-benefit pension plans | 223 | 384 |

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 2022 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 2.9m (3.4). On 31 December 2022, 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 172% (172% on 31 December 2021). 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:

| SEK m | Group 2021 | Group 2022 |
|---|---|---|
| Present value of funded obligations[1] | 3,376 | 2,270 |
| Fair value of plan assets[2] | –3,404 | –2,091 |
| | **–28** | **179** |
| Present value of unfunded obligations | 251 | 205 |
| **Net debt in provisions for pensions** | **223** | **384** |

1) The funded obligations in above table only apply to the UK. In Austria and Sweden, there are only unfunded obligations.

2) Details are presented in the table on page 75.

The net debt for defined-benefit plans amounting to SEK 384m (223) is recognised in the "Provisions for pensions" item in the consolidated balance sheet. The net debt at year-end was as follows: UK 46%, Sweden 40% and Austria 14%.

### Changes in the defined-benefit pension commitments during the year were as follows:

| | Defined-benefit obligation | | Plan assets | | Net debt | |
|---|---|---|---|---|---|---|
| SEK m | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| **At beginning of the year** | **3,590** | **3,627** | **–3,033** | **–3,404** | **556** | **223** |
| **Recognised in profit or loss** | | | | | | |
| Costs for service during current year | 9 | 7 | – | – | 9 | 7 |
| Pension adjustment for defined-benefit plans in UK | – | – | – | – | – | – |
| Interest expense (+)/income(–) | 52 | 83 | –45 | –62 | 7 | 21 |
| | **61** | **90** | **–45** | **–62** | **16** | **28** |
| **Recognised in other comprehensive income** | | | | | | |
| Remeasurement | | | | | | |
| *Actuarial gains/losses due to* | | | | | | |
| *– demographic assumptions* | –6 | –62 | – | – | –6 | –62 |
| *– financial assumptions* | –120 | –1,245 | – | – | –120 | –1,245 |
| *– experience-based adjustments* | –99 | 212 | – | – | –99 | 212 |
| *Return on plan assets excluding interest income* | – | – | –56 | 1,282 | –56 | 1,282 |
| Exchange-rate differences | 321 | 88 | –301 | –99 | 19 | –11 |
| | **96** | **–1,007** | **–357** | **1,183** | **–262** | **176** |
| **Other** | | | | | | |
| Employer contributions | – | – | –84 | –55 | –84 | –55 |
| Benefits paid | –112 | –235 | 115 | 247 | –3 | 12 |
| | **–112** | **–235** | **31** | **192** | **–87** | **–43** |
| **At year-end** | **3,635** | **2,475** | **–3,404** | **–2,091** | **223** | **384** |

| SEK m | Group 2021 | Group 2022 |
|---|---|---|
| Cost of goods sold | 1 | 1 |
| Selling expenses | 1 | 1 |
| Administrative expenses | 10 | 5 |
| Net financial items | 9 | 21 |
| **Total pension costs** | **21** | **28** |

### The actual return on the plan assets of the pension plans amounted to:

| SEK m | 2021 | 2022 |
|---|---|---|
| Interest income | 45 | 62 |
| Return on pension assets excluding interest income | 56 | –1,282 |
| **Total actual return on plan assets** | **101** | **–1,220** |

## Note 25 Provisions for pensions, cont.

**Principal actuarial assumptions:**

| | Group | |
|---|---|---|
| % | 2021 | 2022 |
| Discount rate: | | |
| UK | 1.80 | 5.00 |
| Austria | 1.00 | 3.70 |
| Sweden | 1.90 | 3.70 |
| Future annual salary increases: | | |
| UK | – | – |
| Austria | 2.30 | 2.80 |
| Sweden | 2.20 | 2.50 |
| Future annual pension increases: | | |
| UK | 2.90 | 2.85 |
| Austria | – | – |
| Sweden | 2.20 | 2.50 |

The change in the discount rate was due to interest rate levels increases in all regions.

**Life expectancy**
The expected average number of years of life remaining after retirement at 65 years of age is as follows:

| | Group | |
|---|---|---|
| | 2021 | 2022 |
| On closing date | | |
| Men | 20.7–23.2 | 20,7–21,8 |
| Women | 23.6–25.7 | 23,6–23,9 |
| 20 years after closing date | | |
| Men | 22.0–25.9 | 22,5–23,6 |
| Women | 24.0–28.2 | 25,5–26,0 |

**Plan assets comprise the following:**

| | 2021 | | 2022 | |
|---|---|---|---|---|
| Group SEK m | Listed price on an active market | Unlisted price | Listed price on an active market | Unlisted price |
| Cash and cash equivalents | 384 | – | 46 | – |
| High-quality corporate bonds | 1,098 | – | 765 | – |
| Mutual funds, global | 487 | – | 279 | – |
| Fixed-income funds, term 7–20 years | 1,436 | – | 1,001 | – |
| **Total** | **3,405** | **–** | **2,091** | **–** |

Contributions to post-employment remuneration plans are expected to amount to SEK 70m (74) for the 2022 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.

| | 2022 | |
|---|---|---|
| Group, SEK m | Increase | Decrease |
| Discount rate (1% change) | -24 | 31 |
| Expected mortality (1 year change) | 5 | -5 |
| Future salary increase (1% change) | 5 | -4 |
| Future increase in pension (1% change) | 27 | -22 |

**Total pension costs recognised in the consolidated income statement were as follows:**

| | Group | |
|---|---|---|
| Pension costs, SEK m | 2021 | 2022 |
| Total costs for defined-benefit plans | 16 | 28 |
| Total costs for defined-contribution plans | 233 | 262 |
| Costs for special employer's contributions and tax on returns from pension | 28 | 19 |
| **Total pension costs** | **277** | **309** |

**Defined-benefit pension plans, Parent Company:**

| | Parent Company | |
|---|---|---|
| Provisions for pensions, SEK m | 2021 | 2022 |
| Provisions in accordance with Pension Obligations Vesting Act, FPG/PRI pensions[1] | 58 | 44 |

1) According to IAS 19.

**The costs are recognised in the Parent Company's income statement as follows:**

| | Parent Company | |
|---|---|---|
| Defined-benefit plans, SEK m | 2021 | 2022 |
| Administrative expenses | 5 | 4 |

**The total pension cost recognised in the Parent Company's profit or loss is as follows:**

| | Parent Company | |
|---|---|---|
| Pension costs, SEK m | 2021 | 2022 |
| Total costs for defined-benefit plans | 1 | 5 |
| Total costs for defined-contribution plans | 22 | 25 |
| Costs for special employer's contributions and tax on returns from pension | 15 | 9 |
| **Total pension costs** | **38** | **39** |

Parent Company pension liabilities are calculated at a discount rate of 3.7% (1.9).

The assumptions are calculated on the basis of the salary levels applicable on the closing date. SEK 661,000 (469,000), pertaining to defined-benefit pension plans in the Parent Company, is expected to be paid in 2023.

## Not 26 Deferred tax

**The change in deferred tax assets/tax liabilities for the year, Group**

| | 2021 | | | 2022 | | |
|---|---|---|---|---|---|---|
| SEK m | Deferred tax assets | Deferred tax liabilities | Net | Deferred tax assets | Deferred tax liabilities | Net |
| Opening balance | 119 | 35 | 84 | 61 | 31 | 30 |
| Recognised in profit or loss | 0 | –3 | 3 | 117 | 15 | 102 |
| Remeasurements of defined-benefit pension plans | –62 | – | –62 | 59 | 13 | 46 |
| Changes in forward agreements | –1 | – | –1 | 0 | 7 | –7 |
| Recognised directly against shareholders' equity | 5 | –1 | 6 | 3 | –6 | 9 |
| Offset/Reclassification | – | – | – | – | – | – |
| Translation differences | – | – | – | – | – | – |
| **Closing balance** | **61** | **31** | **30** | **240** | **60** | **180** |

**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 2021** | **83** | **30** | **6** | **119** |
| Recognised in profit or loss | 0 | –2 | 2 | 0 |
| Recognised in other comprehensive income | –55 | –3 | – | –58 |
| Recognised directly against shareholders' equity | –13 | 13 | – | 0 |
| **As per 31 December 2021** | **15** | **38** | **8** | **61** |
| **As per 1 January 2022** | **15** | **38** | **8** | **61** |
| Recognised in profit or loss | 0 | – | 117 | 117 |
| Recognised in other comprehensive income | 59 | – | – | 59 |
| Recognised directly against shareholders' equity | – | 3 | – | 3 |
| **As per 31 December 2022** | **74** | **41** | **125** | **240** |

| Deferred tax liabilities | Temporary differences in fixed assets | Other | Total |
|---|---|---|---|
| **As per 1 January 2021** | **36** | **–1** | **35** |
| Recognised in profit or loss | –3 | – | –3 |
| Recognised in other comprehensive income | – | –1 | –1 |
| **As per 31 December 2021** | **33** | **–2** | **31** |
| **As per 1 January 2022** | **33** | **–2** | **31** |
| Recognised in profit or loss | 4 | 11 | 15 |
| Recognised in other comprehensive income | – | 14 | 14 |
| **As per 31 December 2022** | **37** | **23** | **60** |

Deferred tax assets on loss carryforwards at year-end amounted to SEK 108m (0) and were attributable to Sweden and the UK. Uncapitalized loss deductions amounts to 0.

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 2022** | **8** | **11** | **6** | **20** | **1** | **46** |
| **Expensed in consolidated income statement** | | | | | | |
| – Additional provisions | 1 | – | 0 | 118 | – | 119 |
| – Reversed unutilised amounts | – | – | –1 | – | – | –1 |
| Utilised during the year | –4 | –4 | 0 | –85 | –1 | –94 |
| Reclassification | – | – | – | – | – | 0 |
| Translation differences | 1 | 0 | 0 | – | 1 | 2 |
| **As per 31 December 2022** | **6** | **7** | **5** | **53** | **1** | **72** |

The provision for restructuring costs of approximately SEK 20m refers to costs for closing the factory in Tidaholm when the factory in Jönköping was started and costs of approximately SEK 33m mainly related to the cost reduction programme in the UK region and Nordic region. The provisions are expected to be utilised in their entirety between 2023 and 2024.

## Note 28 Liabilities to credit institutions

| | Group | | Parent Company | |
|---|---|---|---|---|
| Maturity structure, SEK m | 2021 | 2022 | 2021 | 2022 |
| Within 1 year | – | – | – | – |
| Between 1 and 5 years | 400 | 2,181 | – | – |
| Longer than 5 years | – | – | – | – |
| **Total** | **400** | **2181** | **–** | **–** |

## Note 29 Accrued expenses and deferred income

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK m | 2021 | 2022 | 2021 | 2022 |
| Bonus to customers | 222 | 214 | – | – |
| Accrued salary-related costs | 415 | 427 | 41 | 41 |
| Accrued interest | 0 | 20 | 0 | 0 |
| Insurance policies | 6 | 8 | – | – |
| Rents | 24 | 22 | – | – |
| Other | 340 | 366 | 7 | 4 |
| **Total** | **1,007** | **1,057** | **48** | **45** |

## Note 30 Financial assets and liabilities

| Group 2022, SEK m | Note | Measured at fair value through other comprehensive income: Derivatives used in hedge accounting | Measured at fair value through profit or loss: Non-hedge-accounting derivative instruments | Measured at fair value through profit or loss: Financial instruments initially identified at fair value | Amortised cost: Interim items | Amortised cost: Accounts and loans receivable | Other liabilities | Total carrying amount[1] |
|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | |
| Long-term interest-bearing receivables | 16 | – | – | – | – | – | – | – |
| Other long-term receivables | 16 | – | – | – | – | 86 | – | 86 |
| Accounts receivable | 2 | – | – | – | – | 1,495 | – | 1,495 |
| Current interest-bearing receivables | | – | – | – | – | 2 | – | 2 |
| Other receivables | 2, 18, 19 | 38 | 6 | – | 285 | 87 | – | 416 |
| **Total** | | **38** | **6** | **–** | **285** | **1,670** | **–** | **1,999** |
| **Financial liabilities** | | | | | | | | |
| Long-term interest-bearing liabilities | 28 | – | – | – | – | – | 2181 | 2,181 |
| Current interest-bearing liabilities | 2 | – | – | – | – | – | – | 0 |
| Lease liabilities | | – | – | – | – | – | 1757 | 1,757 |
| Accounts payable | 2 | – | – | – | – | – | 2,038 | 2,038 |
| Other liabilities | 2, 18, 29 | 2 | 11 | – | 1,035 | – | 332 | 1,380 |
| **Total** | | **2** | **11** | **0** | **1,035** | **–** | **6,308** | **7,356** |

1) The carrying amount is considered to essentially correspond to the fair value.

| Group 2021, SEK m | Note | Measured at fair value through other comprehensive income: Derivatives used in hedge accounting | Measured at fair value through profit or loss: Non-hedge-accounting derivative instruments | Measured at fair value through profit or loss: Financial instruments initially identified at fair value | Amortised cost: Interim items | Amortised cost: Accounts and loans receivable | Other liabilities | Total carrying amount[1] |
|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | |
| Long-term interest-bearing receivables | 16 | – | – | – | – | – | – | – |
| Other long-term receivables | 16 | – | – | – | – | 88 | – | 88 |
| Accounts receivable | 2 | – | – | – | – | 1,325 | – | 1,325 |
| Current interest-bearing receivables | | – | – | – | – | 2 | – | 2 |
| Other receivables | 2, 18, 19 | 7 | 2 | – | 207 | 56 | – | 272 |
| **Total** | | **7** | **2** | **–** | **207** | **1,471** | **–** | **1,687** |
| **Financial liabilities** | | | | | | | | |
| Long-term interest-bearing liabilities | 28 | – | – | – | – | – | 400 | 400 |
| Current interest-bearing liabilities | 2 | – | – | – | – | – | – | – |
| Lease liabilities | | – | – | – | – | – | 1,815 | 1,815 |
| Accounts payable | 2 | – | – | – | – | – | 1,604 | 1,604 |
| Other liabilities | 2, 18, 29 | 13 | – | – | 983 | – | 346 | 1,342 |
| **Total** | | **13** | **0** | **0** | **983** | **–** | **4,165** | **5,161** |

1) The carrying amount is considered to essentially correspond to the fair value.

## Note 30 Financial assets and liabilities, cont.

| Parent Company 2022, SEK m | Note | Measured at fair value through other comprehensive income: Derivatives used in hedge accounting | Measured at fair value through profit or loss: Non-hedge-accounting derivative instruments | Measured at fair value through profit or loss: Financial instruments initially identified at fair value | Amortised cost: Interim items | Amortised cost: Accounts and loans receivable | Other liabilities | Total carrying amount[1] |
|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | |
| Other long-term receivables | | – | – | – | – | 57 | – | 57 |
| Accounts receivable | | – | – | – | – | – | – | – |
| Other receivables | 18, 19 | – | 47 | – | – | 4,195 | – | 4,242 |
| **Total** | | **–** | **47** | **–** | **–** | **4,252** | **–** | **4,299** |
| **Financial liabilities** | | | | | | | | |
| Long-term interest-bearing liabilities | | – | – | – | – | – | 33 | 33 |
| Long-term non-interest-bearing liabilities | | – | – | – | – | – | 17 | 17 |
| Current interest-bearing liabilities | | – | – | – | – | – | 2,520 | 2,520 |
| Accounts payable | | – | – | – | – | – | 61 | 61 |
| Other liabilities | 18, 29 | – | 41 | – | 45 | – | 5 | 91 |
| **Total** | | **–** | **41** | **–** | **45** | **–** | **2,636** | **2,722** |

1) The carrying amount is considered to essentially correspond to the fair value.

| Parent Company 2021, SEK m | Note | Measured at fair value through other comprehensive income: Derivatives used in hedge accounting | Measured at fair value through profit or loss: Non-hedge-accounting derivative instruments | Measured at fair value through profit or loss: Financial instruments initially identified at fair value | Amortised cost: Interim items | Amortised cost: Accounts and loans receivable | Other liabilities | Total carrying amount[1] |
|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | |
| Other long-term receivables | | – | – | – | – | 11 | – | 11 |
| Accounts receivable | | – | – | – | – | 0 | – | 0 |
| Other receivables | 18, 19 | – | 21 | – | 38 | 3,222 | – | 3,281 |
| **Total** | | **–** | **21** | **–** | **38** | **3,233** | **–** | **3,292** |
| **Financial liabilities** | | | | | | | | |
| Long-term interest-bearing liabilities | | – | – | – | – | – | 36 | 36 |
| Long-term non-interest-bearing liabilities | | – | – | – | – | – | 4 | 4 |
| Current interest-bearing liabilities | | – | – | – | – | – | 1,798 | 1,798 |
| Accounts payable | | – | – | – | – | – | 108 | 108 |
| Other liabilities | 18, 29 | – | 20 | – | 48 | – | 4 | 72 |
| **Total** | | **–** | **20** | **–** | **48** | **–** | **1,951** | **2,019** |

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. The Group's derivative instruments refer to currency forward contracts and currency swaps. The fair value of the instruments is determined as the present value of future cash flows based on the rates for currency forward contracts and currency swaps on the closing date. Derivative instruments amounted to SEK 45m (9) in assets and SEK 14m (13) 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 Acquisition of businesses

Nobia acquired 100% of the share capital in Superfront on 14 January 2022, a Sweden-based direct-to-consumer business that designs and sells kitchen and storage such as frontals, handles and legs. The acquisition was recognised by applying the acquisition method and is included in the region for Portfolio Business Unit. Superfront has built significant brand awareness since it was introduced in 2013, mainly through digital and social media marketing, with a strong focus on design and sustainability. Products are sold almost entirely online across Europe. The company's net sales for 2021 amounted to approximately SEK 65m with an operating margin exceeding 10%. In 2022, Superfront reported sales of SEK 62m and the operating margin declined compared with the full-year 2021. Transaction costs for the acquisition amounted to SEK 2m and are recognised in the Group's operating profit. An earn-out comprising two components, which are condition on the performance of the business in the 2022, 2023 and 2024 fiscal years, can be paid in three annual portions, with the first payment scheduled for 2023. No earn-out was paid for the 2022 fiscal year. Nobia's assessment is that the remaining earn-outs of an estimated fair value of SEK 8m will be paid.

The acquisition analysis below is preliminary since the fair values of the acquisition values have not been finally determined.

| Acquired net assets and goodwill, SEK m | 2021 | 2022 |
|---|---|---|
| Consideration | – | 72 |
| Earn-out | – | 8 |
| Fair value of acquired net assets | – | –20 |
| **Goodwill** | **–** | **60** |

Goodwill is attributable to Superfront's underlying earnings, the expected growth of the company in the coming years, as well as to synergies that are expected to be achieved through coordination of, for example, purchasing and administration. Goodwill is not expected to be tax deductible. The fair value of acquired net assets includes intellectual property in the form of design at a net value of SEK 12 million.

| Assets and liabilities included in the acquisition, SEK m | 2021 | 2022 |
|---|---|---|
| Cash and cash equivalents | – | 13 |
| Tangible fixed assets | – | 1 |
| Intangible fixed assets | – | 16 |
| Right-of-use assets IFRS 16 | | 3 |
| Inventories | – | 4 |
| Receivables | – | 4 |
| Non-interest-bearing liabilities | – | –14 |
| Interest-bearing lease liabilities IFRS 16 | – | –3 |
| Current tax liabilities | – | –1 |
| Deferred tax assets/liabilities, net | – | –3 |
| **Acquired net assets** | **–** | **20** |

| SEK m | 2021 | 2022 |
|---|---|---|
| Cash-settled consideration | – | 72 |
| Cash and cash equivalents in acquired subsidiaries | – | 13 |
| **Reduction of Group's cash and cash equivalents on acquisition** | **–** | **59** |

## Note 32 Pledged assets, contingent liabilities and commitments

The Group and Parent Company have 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.

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK m | 2021 | 2022 | 2021 | 2022 |
| Securities for pension commitments | 2 | 3 | 25 | 31 |
| Other contingent liabilities | 269 | 275 | 619 | 2,402 |
| **Total** | **271** | **278** | **644** | **2,433** |

## Note 33 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, dividend) | Receivables from related parties per 31 Dec | Liabilities to related parties per 31 Dec |
|---|---|---|---|---|---|---|---|
| **Related parties** | | | | | | | |
| Subsidiaries | 2022 | 73 | 231 | 520 | 617 | 4,189 | 2,520 |
| Subsidiaries | 2021 | 78 | 111 | 312 | 697 | 3,215 | 1,798 |

## Note 34 Specifications for statement of cash flows

### Cash and cash equivalents

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK m | 2021 | 2022 | 2021 | 2022 |
| Cash and bank balances | 80 | 85 | 0 | 0 |
| Balance of Group account with the Parent Company | 341 | 255 | 261 | 217 |
| **Total according to balance sheet and total according to statement of cash flows** | **422** | **340** | **261** | **217** |

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 | 2021 | 2022 | 2021 | 2022 |
| Dividends received | – | – | 500 | 699 |
| Interest received | 2 | 4 | 162 | 311 |
| Interest paid | –81 | –92 | –9 | –19 |
| | **–79** | **–88** | **653** | **991** |

### Reconciliation of liabilities deriving from financing activities

| | CB 2021 | Cash flows | Changes that do not impact cash flow | | | | CB 2022 |
|---|---|---|---|---|---|---|---|
| Group, SEK m | | | Acquisition of operations | Divestment of operations | Changes in leases | Exchange-rate differences | |
| Interest-bearing liabilities | 400 | 1,781 | – | – | – | – | 2,181 |
| Lease liabilities | 1,815 | –505 | – | – | 341 | 106 | 1,757 |
| **Total liabilities deriving from financing activities** | **2,215** | **1,276** | **–** | **–** | **341** | **106** | **3,938** |

### Reconciliation of liabilities deriving from financing activities

| | CB 2021 | Cash flows | Changes that do not impact cash flow | | | | CB 2022 |
|---|---|---|---|---|---|---|---|
| Parent Company, SEK m | | | Acquisition of operations | Divestment of operations | Changes in leases | Exchange-rate differences | |
| Interest-bearing liabilities | 0 | 4 | – | – | – | – | 4 |
| **Total liabilities deriving from financing activities** | **0** | **4** | **–** | **–** | **–** | **–** | **4** |

From 2022, all leases in the Parent Company are recognised as operating leases and there were no lease liabilities as per 31 December 2022.

## Note 35 Events after the closing date

**Cost reduction programme including restructuring in the UK**

In order to drive efficiencies and margin improvement, Nobia decided in January 2023, in addition to existing strategic cost initiatives, on a cost reduction program including a repositioning of part of the UK business.

The programme aims to generate annual savings in excess of SEK 300m, with a noticeable impact in the second quarter of 2023 and reaching full effect in the second quarter of 2024. The programme involves the potential redundancy of 500 employees. Costs to carry out the programme are estimated to amount to SEK 300m, and will be charged to the first quarter of 2023, recorded as items affecting comparability.

The operations in the UK will partly reposition, for example by exiting unprofitable projects business, flatting the UK central organisation and consolidating the manufacturing footprint, which means that it is proposed that the production sites in Dewsbury and Grays in the UK be closed. The proposed changes are subject to customary union negotiations.

***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 27 April 2023.

Stockholm, 4 April 2023

Jan Svensson
Chairman

| | | | |
|---|---|---|---|
| Tony Buffin<br>Board member | Marlene Forsell<br>Board member | David Haydon<br>Board member | Nora Førisdal Larssen<br>Board member |
| Carsten Rasmussen<br>Board member | Jon Sintorn<br>President and CEO | Per Bergström<br>Employee representative | Mats Karlsson<br>Employee representative |

Our audit report was submitted on 5 April 2023

PricewaterhouseCoopers AB

| | |
|---|---|
| Anna Rosendal<br>Authorised Public Accountant<br>Auditor in charge | Mats Angslycke<br>Authorised Public Accountant |

***Auditor's report***

Unofficial translation

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 year 2022. The annual accounts and consolidated accounts of the company are included on pages 31–84 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 parent company and the Group as of 31 December 2022 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 2022 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 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.

### Other matter

The audit of the annual accounts for the financial year 2021 was performed by another auditor who submitted an auditor's report dated 13 April 2022, with unmodified opinions in the Report on the annual accounts.

### Our audit approach

***Audit scope***

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Nobia is a leading European kitchen specialist with operations in seven countries. Nobia's business model is to manufacture and sell kitchens under strong and well-known brands to consumers and professional customers. The business covers the entire value chain, from design, product development, sourcing and manufacturing to sales and distribution, and in some markets installation services. The operations are organized and governed in two geographical regions – Nordic and the UK – and Portfolio Business Units with operations in the Netherlands, Austria and the UK.

Our audit has been performed throughout the year, with an important focus this first year as Nobia's auditors in gaining an understanding of the Group's business, how it is organized, important systems and processes and the overall control environment. For this purpose, we have held interviews with management at various levels of the Group and heads of Group functions and obtained and read management reports, policies, instructions and planning and steering documents. In addition, we have had a close dialogue with the head of Group Internal Controls in order to share knowledge and coordinate activities when relevant.

With all of this as a starting point and for the purpose of expressing an opinion on the consolidated accounts, we tailored the Group audit scope consisting of the most important subsidiaries. Most subsidiaries of the Group are also subject to statutory audit requirements. The central team is responsible for the audit of a number of Group-wide processes and functions including the parent company accounts. The local teams are responsible for auditing items related to the operations in each reporting unit that emanates from local production and sales activities.

We issued a review opinion on the third quarter interim report and have reported our observations and recommendations during the year to the Audit Committee of the Board and at Year-end to the entire Board of Directors.

***Materiality***

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

### 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.

| Key audit matters | How our audit addressed the Key audit matter |
|---|---|
| ***Revenue recognition***<br>The Group's net sales amounted to SEK 15 bn 2022 and therefore constitutes a significant item in the consolidated income statement. The line item is characterized by a large number of transactions and contracts with customers where different contracts can contain various delivery terms to consider from a revenue recognition perspective. We have therefore considered revenue recognition as a key audit matter.<br>The Group sells kitchen solutions and other products through a number of sales channels such as own stores, franchise stores, builders' merchants and DIY stores and other retailers. Accordingly, sales take place both directly to end customers but also via retailers. Revenue for kitchen products and other products are mostly recognized at a point in time when the goods are delivered to the agreed place, but there is also revenue for installation services where revenue is recognized over time as the installation is performed.<br>Notes 1 and 3 provide more information about the Group's principles for revenue recognition. | Our audit included but was not limited to the following activities:<br>• Mapped and gained an understanding of selected systems and processes for revenue recognition.<br>• Evaluated whether the Group accounting principles for revenue recognition comply with IFRS.<br>• Tested a sample of sales transactions and customer agreements for compliance with the Group's accounting principles.<br>• Performed data analytical procedures to identify and evaluate a sample of manual and automatic journal entries.<br>• Traced disclosure information to accounting records and other supporting documentation. |
| ***Impairment test of goodwill***<br>The Group reported goodwill of SEK 3 bn as of December 31, 2022. Goodwill is not subject to yearly depreciation but to impairment testing at least on an annual basis, or when there is an indication of impairment. During the impairment testing the recoverable amount is calculated based on discounted future cash flows and compared with the carrying value of the assets. This is done for each Cash Generating unit being the three regions in Nobia's case. To determine the recoverable amount is inherently associated with management's assessments and judgments concerning for instance forecasted sales, margins and the discount rate. The impairment test has not resulted in an impairment loss during the year.<br>Notes 1 and 13 provide more information about the Group's impairment test of goodwill. | Our audit included but was not limited to the following activities:<br>• Assessed the model used by the Group for impairment testing and evaluated the significant assumptions for establishing forecasted cash flows and discount interest rates used for calculating the value-in-use of the cash generating units. This has been done by involving PwC valuation experts with the purpose of assessing whether the test has been made following generally accepted principles and methods.<br>• In our evaluation, we have compared with the historic business performance and the Group's forecasts and strategic planning as well as with external data sources when possible and relevant.<br>• Based on the impairment test, performed simulations and sensitivity calculations in order to assess how changes in parameters impact the values and a potential need for impairment.<br>• Traced disclosure information to accounting records and other supporting documentation. |

### 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 1–30 and 89–120. This other information also contains the Remuneration report that we expect to receive after the release of the Auditors' report. 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 Director's 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

**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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss

***Opinions***
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Nobia AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's 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 Director's 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' 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

### The auditor's examination of the ESEF report

***Opinion***
In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Nobia AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

***Basis for Opinion***
We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Nobia AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Responsibilities of the Board of Director's and the Managing Director***
The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

***Auditor's responsibility***
Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

***The auditor's examination of the corporate governance statement***

The Board of Directors is responsible for that the corporate governance statement on pages 21–30 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 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.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

***Auditor's report on the statutory sustainability report***

It is the board of directors who is responsible for the statutory sustainability report on pages 89–114 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been 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.

A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm was appointed auditor of Nobia AB (publ) by the general meeting of the shareholders on the 5 May 2022 and has been the company's auditor since the 5 May 2022.

Stockholm 5 April 2023
PricewaterhouseCoopers AB

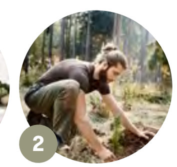
| | |
|---|---|
| Anna Rosendal<br>*Auditor in charge*<br>*Authorized Public Accountant* | Mats Angslycke<br>*Authorized Public Accountant* |

# Our sustainability agenda

- Sustainability is a matter of course for our operations. With our relevant sustainability agenda, we can ensure that our sustainability activities are sufficiently forward-looking and support our overall strategy.
- It is important for us to integrate sustainability into our strategic initiatives and into our day-to-day operations by striking the optimal balance between central governance and local empowerment.
- Some of the activities we worked on during the year were further developing the circular business models concept and the successful efficiency enhancement programme for raw materials in production. We also reduced our GHG emissions further and thus exceeded our science-based climate target. Now we will continue our efforts.

We have four strategic focus areas for our sustainability agenda. We want to leverage the opportunities available to us by developing and promoting innovations for a sustainable lifestyle, circular materials and flows, a reduced climate impact and a sustainable culture. In addition, we carry out important systematic sustainability activities locally and centrally to ensure compliance and minimise risks.


**Innovations for a sustainable lifestyle**




**Circular materials and flows**


**Reduced climate impact**


**Promoting a sustainable culture**

# A focus on materiality across the value chain

Our sustainability efforts are intended to capitalise on opportunities, limit our negative impact where it is the greatest and minimise our risks. Our previous materiality analysis was extensively updated during the year in a bid to link it even more clearly to the actual and potential impact of the operations on the economy, environment and people, including human rights. Read more on page 104–106.

Our material topics help us define and govern the direction of our strategic activities in the four focus areas. These are also the disclosure areas for our reporting: promote sustainable consumption, product safety, sustainable use of resources (including biodiversity), cleaner flows of materials, lower GHG emissions, energy efficiency, engagement and skills development, occupational health and safety, equality and diversity (including anti-discrimination), responsible sourcing and business ethics (including anti-corruption).

The following pages describe how we approach these topics and the results of this year's work. Refer also to page 106 for the correlation between the material topics and GRI reporting disclosures.

### DESIGN AND PRODUCT DEVELOPMENT

In this phase, we make decisions that impact the sustainable choice of raw materials, production processes and circular solutions. Given the right conditions in the form of insight, expertise and collaborations, opportunities are available here for alternative materials and solutions that could lead to a lower impact across the value chain.

### SOURCING

In sourcing, we select which suppliers we will work together with and which of their products we will use. Our responsible sourcing programme aims to minimising risk and promote a more sustainable supply chain.

### MANUFACTURING

We manufacture and assemble our kitchen and bathroom cabinets and worktops at our production facilities. By systematically working on occupational health and safety, resource efficiency, environment and climate, we endeavour to achieve maximum efficiency and quality, while at the same time reducing our negative impact and minimising risks.

### SALES

Sales take place in own stores, through franchises and retailers, and through direct B2B meetings. With our customers meetings, we want to help customers from inspiration to installation.

### TRANSPORTATION

Most of our transportation of goods takes place with a limited number of external hauliers established in all of our markets. These partnerships provide scope for jointly striving towards more effective transportation and lower emissions.

### USE OF SOLD PRODUCTS

Our kitchens are made to last many years together with the consumer. With our product range, support and inspiration, we want to help customers during this time to reduce their own impact in the kitchen by using solutions that help them live more sustainably.

### END OF LIFE

When it is time to replace your old kitchen with a new one, the old kitchen can be regarded as waste or as a resource. There are opportunities here to provide customers with circular solutions to keep the old kitchen in the material cycle.

# 1 Innovations for a sustainable lifestyle

The kitchen is the heart of most homes. We spend much of our time there and, depending on the choices we make, the kitchen is where most people have the greatest effect on sustainability. For this reason, it is important for us to **promote sustainable consumption** through innovations for a sustainable lifestyle, both in our own way of working on innovative solutions and partnerships and also by communicating with and educating customers. By prioritizing quality and **product safety**, we take responsibility for ensuring that the products we offer are safe and have a long service life. This is a requirement for our credibility and survival, and an obvious commitment to our customers.

## Management approach and results

We want to support our customers through the entire kitchen journey, from the original idea to a more sustainable life in their new kitchen. Therefore sustainability is an integral part of our design strategy and product development process.

### Scorecards and principles provide proper guidance

When it comes to new products, a sustainability perspective must be included starting from the design stage and accompany the product to the next stage in the form of development and industrialisation. We previously produced a scorecard to serve as both support for optimisation and early decision-making and an evaluation model for internally classifying the sustainability performance of products based on established sustainability principles. The overall principles are broken down to specific criteria for each product category, for example, related to recycled material, water savings, etcetera.

To date, the scorecard has proven to be best applied when large parts of the product have already been developed and particularly for evaluating the sustainability performance of the product. We will thus further develop the scorecard and related processes so that they can provide more support for optimisation at earlier stages of the decision-making process.

### Harmonisation creates efficiency

An extensive programme to harmonise our cabinets, fixtures and design elements is under way in the Nordic region. These efforts will result in a strong, shared basic portfolio that will create a platform for more efficient product development with high innovative potential and a focus on sustainability. The programme brings together the best of past experience and know-how from across the operations, which results in resource-efficient design and component choices for our strict quality requirements. Nobia's sustainability principles guide this work and new product solutions are developed wherever possible under the framework of the programme.

One example is updating the product range for waste management to improve the volume of sorting fractions, usefulness and encourage more people to sort their food waste. These changes also make it easier for project customers to deliver kitchens that live up to their environmental certifications and add points to, for example, BREEAM's standards on operational waste management.

**92%**
of products newly introduced to the Nordic market were Nordic Swan eco-labelled.

### Eco-labelled products

Products that are eco-labelled, i.e. verified and approved based on scientific environmental requirements, are valuable in helping our customers make good choices for the environment and for us to ensure continuous improvements and compliance with the precautionary approach. We launched our first Nordic Swan eco-labelled products back in 1996 through our Marbodal brand, and with the Nordic Swan criteria implemented as early as the design and product development phase we are continuing to refine our eco-labelled range. This eco-label means that we can ensure a healthy indoor environment, environmentally sustainable choices of materials, including responsible wood procurement, and resource-efficient production. 92% (75) of our products that were newly introduced to the Nordic market during the year were Nordic Swan eco-labelled products. In Sweden and Norway, where the largest share of our range is eco-labelled, 50% (44) of the sales value came from Nordic Swan eco-labelled products in 2022. We now have one common Swan licence for the Nordic markets, which makes it easier to enhance the efficiency of our processes.

For our markets in UK and the Netherlands, where the Nordic Swan cannot be applied since it is an eco-label for the Nordic region, we are continuing to combine our own certified environmental management systems with having 100% certified cabinets and doors, refer to page 92 for more information about FSC® and PEFC™ certification.

There were two instances of marketing non-compliance with voluntary product information guidelines during the year, both of which were addressed and corrected. One was a marketing brochure where it was unclear which products were Nordic Swan labelled, and the design of a product label with FSC® labelling.

### Environmental product declarations

Our early participation in an industry initiative to develop environmental product declarations (EPD) revealed that customer requirements vary between the different markets. At the same time, there is great demand and need for EPDs, and solutions must be tailored to each operation. For this reason, we produced two EPDs for our Finnish brand Novart during the year and further declarations are in progress.

### More energy-efficient appliances

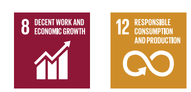
Over the lifetime of a kitchen, it is mainly appliances that impact the climate through their energy consumption. Therefore, in close cooperation with our suppliers, we have initiated a shift of our product range towards even more energy efficient appliances in order to help our customers reduce their climate footprint. The sales value of stoves/ovens with higher energy ratings increased slightly during the year from 90% to 93% and for refrigerators/freezers from 29% to 31%.

### Product safety

Product safety, ergonomics and quality are central to all our product development. Before a new product enters the production phase, systematic product risk assessments and 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 instead tested under the Furniture Industry Research Association's (FIRA) furniture requirements. During the year, Nobia had no product safety-related incidents that led to any legal proceedings.

### UN Sustainable Development Goals and principles

The activities reported above meet the following Global Compact principles: 1, 7, 8, 9. Through our work, we primarily contribute to fulfilling the following targets of the UN Sustainable Development Goals:
8.4 Improve resource efficiency in consumption and production.
12.8 Promote universal understanding of sustainable lifestyles.



# 2 Circular materials and flows

We believe it is our responsibility to gain maximum value from our resources. The **sustainable use of resources** enables us to ensure both long-term financial profitability and environmental benefit for customers. Developing circular business models is part of this, as is striving to have renewable and recycled materials in our inflows, while at the same time promoting biodiversity in the choice of purchased resources and minimising our production waste. **Clean flows of materials** are important for us to enable future circularity and ensure the impact of our products on the indoor environment, for example, by minimising the use of problematic chemicals.

## Management approach and results

The efficient and sustainable use of resources is crucial to our sustainability efforts. By measuring and monitoring, we strive to use our materials efficiently without reducing the financial value or quality of the products. We know that this presents major opportunities for us, our suppliers and our customers. Based on continuous monitoring, we identify new solutions for how our materials and products can be used over and over.

**Our kitchens live on**

We continuously evaluate new ways of doing business and partnerships to make the entire value chain more circular. One example is our Rehome initiative that is now being tested in our UK market under the Magnet Retail brand. Customers are offered a free valuation of their old kitchen and the option of selling it to the second-hand market via our partnership with UK company Used Kitchen Exchange (being renamed Rehome), or – if the furnishings are too worn – help with dismantling the kitchen and optimal recycling of the materials. This lends new life to working kitchen fittings, our customers have more money to spend on their new kitchen and help dismantling the old one, and we are able to have a serious influence on the resource efficiency of our value chain, all while making it easier for the customer to choose us specifically as their supplier. The concept was launched on a small scale as a pilot and is planned to be expanded to more stores for further development.

During the year, we also continued our circular offering RE:NEW in the Swedish market and also rolled out the concept for launch in our markets in Denmark and Norway. RE:NEW offers customers solutions to update their kitchens and give them new life, for example, with new doors and handles. Replacing cabinet doors rather than the entire cabinet framework saves energy and materials, and customers have shown widespread interest. In Sweden, we also introduced a partnership with the second-hand website Blocket under the RE:USE concept.

We also incorporated the innovative company Superfront into our Group during the year to offer our customers the option of giving their kitchens a facelift without having to tear out the old cabinet frames even if the original kitchen is not from any of our brands. Superfront offers frontals, handles and more to renew and extend the lives of existing cabinets.

**60 years**
estimated service life of our project-based circular kitchens

**University partnerships**

We continued our project to develop kitchen prototypes based on circular criteria together with Chalmers University of Technology in Sweden during the year. The best materials and design are determined using life cycle studies in order to maximise the circularity in kitchens and the value chain. The project also includes new business models to stimulate sustainability and circularity. Kitchens are designed with expected lifetimes of up to 60 years.

During the year, Nobia also participated in a study carried out by Delft University of Technology in the Netherlands. The subject was the circular economy and reducing and eliminating waste by maintaining the value of products and materials in circular flows. The study measured various aspects such as the conditions for different ways of dismantling cabinets. The most important insights from the study were incorporated into the development of our range and will be included in production at our new production facility in Jönköping, Sweden.

**Efforts to reduce waste**

Our production entails an inflow of primarily wood and wood fibre board, but also cabinet details for installation, painting and packaging materials. Production waste mainly arises in the form of residual wood from sawing and residual paint from surface treatment. There is also a certain amount of other waste, mainly in the form of input packaging materials.

**39%**
of our board material comprises recycled wood

We continued to pursue our efficiency programme for raw materials such as wood boards and paint during the year. Some of the projects that generated the best results were carried out in our largest painting line at our plant in Denmark, where we saved materials by standardising the painting process during the year. A safer process has also provided better quality and also improved the return on paint consumption by 35%. At our plant in Denmark, which manufactures worktops, we also worked to reduce the amount of residual boards that become waste. Under the project, we increased material returns by 3–4% and reduced direct wood waste by 140 tonnes that would otherwise have been treated as waste.

**New lease of life for wood**

Most of our incoming wood consists of board material. An average of 39% of this material is recycled wood in the form of by-products and recycled material. We also work with outside parties to circulate our own production waste into new products through reuse and recycling. We have made financial gains in our UK operation by selling wood waste directly back to industry rather than managing it as waste. 60% (62) of our wood waste went into new products in 2022, while the remainder was used for energy recovery.

Other production materials can also be recycled. Our production facility in Austria now returns residual edging strips back to the supplier who recycles the material as part of their production process. These strips featuring recycled materials are then partly used in our production in the Netherlands.

**More sustainable materials choices**

Since wood is our most important raw material, it is critically important to us that the wood we use comes from sustainable sources and that the raw wood materials are used in a resource efficient manner. Most of the wood that we purchase now has third-party certification from FSC® (Forest Stewardship Council®) FSC® -C100100 or PEFC™ (Programme for the Endorsement of Forest Certification™). In order to ensure the traceability of the wood we purchase, we have a thorough purchase process and suppliers go through our review for responsible sourcing. Information from all of our suppliers of direct material relating to raw wood materials, wood products or products containing wood is collected and processed on an annual basis.

We are also taking action to increase circularity and reduce the climate impact from other materials such as plastic. During the year, we introduced a handle made of recycled ocean plastic and replaced all handles made of virgin fossil-based plastic.

We strive towards cleaner flows of materials. As part of these efforts, we work systematically and preventively according to the EU, and now UK, REACH regulations and certifications, such as the Nordic Swan eco-label that sets strict requirements on applying the precautionary approach.

Emissions of formaldehyde occur naturally in wood, at low levels, but are also linked to binding agents, for example, in wood-based boards. Nobia uses only board materials that are well within the limits according to industry recommendations (E1), and today we offer products with lower amounts of formaldehyde (such as half E1) in several markets.

The choice of paint used for surface treatment also affects the chemical content of the products. For example, water-based paint results in significantly lower VOC emissions (Volatile Organic Compound) than acid-based paint. We relate our VOC emissions from surface treatments to the number of doors that are lacquered. In 2022, these emissions amounted to 4.9 kg (4.9) VOC per 100 lacquered details.

**Environmental data**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Wood consumption, thous. of $m^3$ | 374 | 382 | 331 |
| Recycled wood in board material, % | 37 | 40 | 39 |
| Share of wood from certified sources[1], % | 97 | 96 | 96 |
| VOC emissions, tonnes | 262 | 298 | 265 |

1) FSC® or PEFC™

**Waste diverted from disposal, tonnes**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Waste wood | 29,527 | 25,634 | 23,644 |
| Other | 3,074 | 3,324 | 2,166 |
| **Total** | **32,601** | **28,958** | **25,810** |
| *Non-hazardous waste diverted from disposal* | | | |
| for reuse | 8,667 | 9,009 | 7,314 |
| for recycling | 23,934 | 19,730 | 18,414 |
| *Hazardous waste diverted from disposal* | | | |
| for reuse | 0 | 24 | 19 |
| for recycling | 0 | 196 | 63 |

**Waste for disposal, tonnes**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Waste wood | 13,751 | 15,569 | 15,867 |
| Other | 2,769 | 2,305 | 2,821 |
| **Total** | **16,520** | **17,874** | **18,688** |
| *Non-hazardous waste for disposal* | | | |
| for incineration with energy recovery, internally | 3,093 | 2,057 | 2,260 |
| for incineration with energy recovery | 12,429 | 15,130 | 15,970 |
| for landfill | 310 | 140 | 36 |
| *Hazardous waste for disposal* | | | |
| for incineration with energy recovery | 688 | 547 | 421 |

**UN Sustainable Development Goals and principles**

The activities reported above meet the following Global Compact principles: 2, 7, 8, 9. Through our work, we primarily contribute to fulfilling the following targets of the UN Sustainable Development Goals:
8.4 Improve resource efficiency in consumption and production.
12.5 Substantially reduce waste generation.
15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests.
17.17 Encourage effective partnerships.

# 3 Reduced climate impact

Alongside the rest of the world, we are facing one of the greatest challenges of our time – handling and reducing climate change that is impacting our world. We generate **GHG emissions** in our value chain by using energy and fuel, mainly for production and transportation but primarily indirectly though suppliers' climate impact and future use of our products. Holistic and smart solutions focusing on energy efficiency and optimisation are essential for producing more out of less. **Energy efficiency** for future use of the kitchen is also essential to reduce customers' climate footprint.

## Management approach and results

Greenhouse gases are emitted from our manufacturing and transportation, but also indirectly from but via our suppliers and customers. We work locally though environmental and energy management systems to reduce our impact, and also centrally by focusing on, for example, the value chain to strengthen and develop climate activities and reduce the impact.

**Science-based climate targets**

Nobia has adopted science-based climate targets in line with the Paris Agreement, which are approved by the Science Based Targets initiative (SBTi). Our climate targets comprise both our own operations and our value chain.

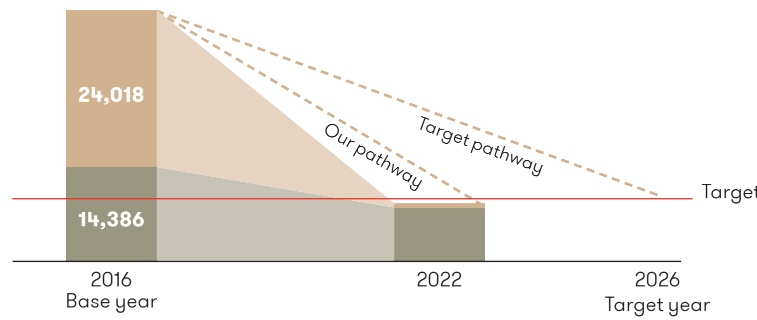
Our own consumption and emissions are followed up on a quarterly basis, and our production units have individual targets that jointly guide us towards our Group-wide climate targets. Since 2016, which is the base year for our climate target, we have transitioned our energy consumption to be more renewable, and at year-end we had achieved a 77% (72) reduction.

Of our target for the value chain outside our direct control – that 70% of our suppliers based on their greenhouse gas emissions are to have adopted science-based climate target by 2025 – we have currently achieved a score of 49% (52) of suppliers. The percentage decline was due to suppliers who have a science-based climate target also have a lower total climate impact.

## Science-based climate targets in line with the Paris Agreement

**– limiting global warming to 1.5 degrees**

### Scope 1 and 2




= Scope 1, liquid fuel, gas and wood residues, $tCO_2e$
= Scope 2, electricity and heating, $tCO_2e$

### Target scope 1 and 2

↓72%

We will reduce GHG emissions from operations and own transportation by 72% by 2026 (base year 2016).

Result 2022: 77%

### Scope 3


Our main categories of GHG emission are illustrated above. In total we have emissions in 11 out of 15 categories in the GHG protocol, which altogether include our scope 3 accounting.

### Target scope 3

↓70%

Based on climate impact from our suppliers in the categories of purchased goods and product usage, 70% of the suppliers will have adopted science-based targets by 2025.

Result 2022: 49%

At the same time as we endeavour to maintain and achieve our current and partly exceeded targets, we are preparing our future commitments in order to continue to ensure that we are in line with the recommendations of the scientific community.

**Conversion to renewable energy**

We have 100% renewable electricity in our production and in our own stores. The process of transitioning to more effective and fossil-free heating is under way. At the end of the year, 76% (69) of our total heat consumption in production and in own stores was renewable. This corresponds to a total share of 89% (85) of renewable electricity and heat.

**Focus on energy efficiency and lower emissions**

Many initiatives were undertaken during the year to enhance the efficiency of energy consumption of both electricity and heating at our production facilities. As example, leakage from heat exchanger and incorrect installation of air compressor were discovered at some sites, resulting in energy savings. In the UK, all production units have ISO 50000 energy management system certification, including monitoring and continuous improvements. Furthermore, production planning is optimised to create situations in which high-energy machinery can be switched off.

Total heating consumption in the production facilities and own stores declined more than 10% during the year, most of which in non-fossil types of energy such as fossil gas. The reduction led to a 22% decrease in GHG intensity per kWh consumed. Emissions from own transportation of goods declined during the year after making efficiency enhancements and changing to external transporters. The net gain (Scope 1 and 3) for transportation emissions was a total of just over 300 tonnes $CO_2$e.

**An environmental focus in the value chain**

The largest part of Nobia's total GHG emissions derives from our value chain (Scope 3) in the form of the extraction and manufacture of direct materials and products, transportation and the use of our products. The major change in Scope 3 emissions for the year was primarily from capital expenditure related to our new factory including such items as construction and machinery.

During the year, we engaged in dialogue with several important suppliers about expanding climate efforts, with a focus on encouraging more companies to adopt science-based climate targets, thereby reducing their climate impact in the value chain. To evaluate fossil dependence in our supply chain, we also analysed the degree of use of fossil-based energy for manufacturing among our most important suppliers of direct materials. 44% of the suppliers who said that their fossil dependence was more than 30% stated that they have established improvement targets to reduce emissions.

We have initiated a project to shift the offerings in our appliance portfolio to more energy efficient products as part of our effort to offer energy efficient sustainable kitchen solutions to our customers. Read more on page 91.

**Climate-related risks and opportunities**

We have linked our business and sustainability strategy to a comprehensive analysis of future global warming scenarios. The data from this analysis remains valid and forms the basis of our continuing strategic activities. Additional information is available on the TCFD (Task Force on Climate-related Financial Disclosures) website. See page 38 for references.

| GHG emissions, tonnes of CO2e, thousands | 2020 | 2021 | 2022 |
|---|---|---|---|
| Scope 1 | 10,227 | 9,978 | 8,287 |
| Scope 2, marked-based | 641 | 780 | 640 |
| Biogenic emissions | 6,907 | 4,948 | 5,502 |
| Scope 2, locally based | 13,586 | 9,635 | 6,493 |
| Scope 3, upstream | 245,094 | 220,339 | 359,911 |
| Scope 3, downstream | 127,761 | 125,197 | 98,439 |

| Intensity of climate impact, purchased energy, g/kWh | 2020 | 2021 | 2022 |
|---|---|---|---|
| $CO_2$e intensity, electricity | 0 | 0 | 0 |
| $CO_2$e intensity, heating | 64 | 71 | 54 |

| Intensity of climate impact, financial transition, kg/SEK m | 2020 | 2021 | 2022 |
|---|---|---|---|
| $CO_2$e intensity, Scope 1 & 2 | 853 | 784 | 598 |
| $CO_2$e intensity, Scope 3 | 29,186 | 25,187 | 30,702 |

| Energy consumption | | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| **Total renewable[1]** | **GWh** | **126** | **119** | **120** |
| Biogas | GWh | 3 | 5 | 4 |
| Wood | GWh | 18 | 12 | 14 |
| Electricity | GWh | 80 | 73 | 75 |
| District heating | GWh | 25 | 29 | 27 |
| **Total non-renewable[1]** | **GWh** | **43** | **44** | **37** |
| Natural gas | GWh | 14 | 15 | 12 |
| Oil | GWh | 1 | 4 | 1 |
| Diesel | GWh | 23 | 20 | 17 |
| Petrol | GWh | 2 | 3 | 3 |
| LPG | GWh | 1 | 1 | 1 |
| Electricity | GWh | 0 | 0 | 0 |
| District heating | GWh | 2 | 2 | 1 |
| Other renewables | % | 75 | 73 | 77 |

1) Including electricity, heat and own transportation

| Relative energy consumption, MWh/SEK m | 2020 | 2021 | 2022 |
|---|---|---|---|
| Total energy per sales[1] | 13.3 | 11.9 | 10.5 |

1) Including all energy from electricity, heating and own transportation

**UN Sustainable Development Goals and principles**

The activities reported above meet the following Global Compact principles: 7, 8, 9. Through our work we primarily contribute to fulfilling the following targets of the Sustainable Development Goals:
13.1 Strengthen resilience and adaptive capacity to climate-related disasters.
13.3 Build knowledge and capacity to meet climate change

# 4 Promoting a sustainable culture: *People engagement*

It is through our employees that we can make a difference and truly succeed. Recruiting new talent and also retaining the talent we already have requires a work environment in which people feel committed, safe and seen. **Engagement and skills development** are prerequisites for driving change and remaining a healthy organisation in the long term. **Occupational health and safety** are central; all employees must feel safe and secure at work. **Equality and a diversity** of perspectives, experience and skills are crucial to attracting and retaining employees as well as Nobia's long-term development.

## Management approach and results

HR matters and occupational health and safety are continuously managed at the local level under each management system. Group-wide efforts are conducted centrally, such as our far-reaching transformation process that includes training and employee surveys, etc. as support.

**Starting from our strategy**

Our employees stated that "meaningfulness" was one of the most important issues in the annual employee survey. We interpret this as meaning that Nobia's efforts to highlight our shared purpose and values have generated effects. To concentrate more on our overall ambition and purpose (Designing kitchens for life), the focus this year was on our strategy (Tomorrow together) and on implementing it in everything we do throughout the operations, particularly in overarching business plans that involved many employees.

**Skills development promotes success**

Since we are seeing greater competition in the labour market, we devoted extra efforts during the year to attracting and recruiting the right resources and to onboarding of new employees to ensure efficiency and engagement. For example, a Global Head of Talent Acquisition was appointed and we pooled all of our recruitment resources into one global team to create efficient and shared processes across the company and to ensure successful and relevant recruitment.

Nobia's goal and development process for employees is an integral part of our work approach, which creates shared responsibility for our corporate objectives and ensures valuable contributions by all employees. This process also contributes to planning and following up on learning and development for every employee, in both their current role and their future career ambitions. In order to deliver on our strategy, we introduced a more forward-looking and transparent method for determining and following up on individual goals based on quarterly check-ins. This approach increases clarity, the frequency of feedback and commitment among our employees. We also ensure that we have regular progress appraisals between employees and managers and within teams.

**Performance development and learning**

All Nobia employees are encouraged to have regular appraisals with their immediate managers. The annual performance cycle usually starts with a longer review to discuss goals, ambitions and learning. We then set quarterly targets and link these to overall goals, learning and development, and discuss the employee's work environment. The process for the entire year is to review the set targets every quarter and adjust them as necessary.

**10**

percentage points is our target for increasing the scope in our commitment index next year

Based on available data and input from the organisation, the majority of salaried employees had completed the annual initial appraisal during the year. We currently have limited data from our employees in the production facilities, but we encourage continuous dialogue about meeting targets, learning and occupational work and safety at these sites as well. The aim is to be able to more closely follow the entire process for all employees as part of a learning performance and value-based culture, including at team level where relevant.

**Employee survey basis for local action plans**

Our employee survey is an important tool for understanding and following up on employee commitment across the organisation. This year we introduced a new partner for our employee survey. This has allowed us to be even more information-based in how we promote employee commitment and also created greater scope for flexibility in our surveys, for example, with short and relevant "pulse" surveys that we will carry out next year. With this new tool, we will also be able to carry out more tailored surveys, for example, evaluating how sustainability is incorporated into our culture, the need for specific measures and so on.

These help us supplement our daily employee and team dialogues and ensure that we regularly address the most important subjects and collate quality data from our teams.

The commitment index for 2022 was 65 on a scale from 0 to 100, with a response rate of 75. The result was below benchmark, which is not unusual for a company undergoing major change. Furthermore, the result is not comparable with last year's survey since we changed the measurement method. Our 2023 target for the commitment index is a score of 75 percent. Action plans have been initiated throughout the business and the number of such plans will be reported every month to the Executive Committee to raise awareness and commitment.

The employee survey resulted in a good score for work/life balance and the ability to prioritise, and we interpret this as meaning that our focus on work-related stress generated a certain effect during the year.

**Safer and more secure workplaces**

We have a vision of zero work-related injuries and accidents. The work environment at all Nobia workplaces is governed by Group-wide HR policies and local occupational health and safety policies. Overall work environmental responsibility rests with the President, 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. Occupational health care is offered to all employees at all units, but varies in scope between different countries.

All production units have local management systems that encompass all of the employees with more detailed health and safety procedures. 8 of 14 of these are third-party certified.

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.

**Analysis for prevention**

Safety is always highest on the agenda through daily monitoring of incidents and accidents, and is followed by investigation and action when applicable. Central and local safety committees, comprising local managers, engineers and safety officers, meet regularly to review the results of safety checks and incidents, and to take action to prevent similar accidents from ever happening 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.

These 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. Risk assessments are analysed and updated per unit. The central and local safety committees are usually included in risk assessments and they are responsible for highlighting relevant health and safety matters and implementing activities that promote the vision of zero work-related accidents and injuries.

| Work-related injuries | 2020 | 2021 | 2022 |
|---|---|---|---|
| No. of work-related injuries[1] | 58 | 70 | 57 |
| Frequency of occupational injuries[2] | 10.4 | 12.9 | 10.6 |
| No. of serious work-related injuries[3] | 0 | 0 | 0 |
| Thousands of hours worked | 5,567 | 5,421 | 5,402 |

1) work-related injury with at least eight hours' sickness absence
2) per million hours worked
3) work-related injury resulting in death or in an injury from which the employee is unable to or not expected to recover completely to their pre-injury health status within six months

**Business potential for increasing equality and diversity**

We need high ambitions in the areas of diversity, equality and inclusion if we are to develop and succeed as a company. Through our Code of Conduct and our equality and diversity policy, we clarify Nobia's position and views on equality and diversity as a right and also as a resource for the company's development. Training in the Code of Conduct was arranged during the year, which included situational exercises and teaching examples, such as relevant equality issues in the work place. Read more about our Code of Conduct on page 99. Eleven incidents of discrimination and harassments related to racism, gender and age were reported during the year. All cases were handled and closed after dialogue, preparing and implementing action plans.

A new recruitment process was introduced during the year that includes more objective test methods to use early in the recruitment processes. The method was rolled out in most of the Nordic markets and in the UK during the year, and the results were successful. To more clearly define a joint approach to diversity, equality and inclusions, we brought together senior managers and specialists in People & Culture and communication worldwide at a workshop on these topics during the year, and discussed how we can and should apply them. We intend to further specify and monitor these issues in 2023.

During the year, we also enhanced our know-how in the area of Compensation & Benefits to promote a global working structure and benchmark, and to ensure that we use the same framework in the company to pay competitive and fair salaries in all of our markets.

| Gender distribution, % women/men | 2020 | 2021 | 2022 |
|---|---|---|---|
| Total | 28/72 | 28/72 | 30/70 |
| Board of Directors | 50/50 | 50/50 | 30/70 |
| Executive Committee | 25/75 | 22/78 | 25/75 |
| Managerial roles | 29/71 | 33/67 | 24/76 |

**UN Sustainable Development Goals and principles**

The activities reported above primarily meet the following Global Compact principles: 1-3. Through our work we primarily contribute to fulfilling the following targets of the Sustainable Development Goals:
8.8 Protect labour rights and promote safe working environments for all.
12.8 Promote universal understanding of sustainable lifestyles.

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

**Our employees**

On 31 December 2022, Nobia had 6,123 employees in eight countries. 53% of all employees work in administration and sales and 47% in production and logistics. Most are permanent employees. Only approximately 1% is temporary; they are located in Sweden, the Netherlands and the UK. Our employees are covered by collective agreements in each of these countries except the UK where labour terms are governed by law. All of the countries are represented on the European Work Council (EWC), a European information and consultation council.

# 4 Promoting a sustainable culture: *Responsible sourcing*

Much of the sustainability impact that a company like Nobia has arises indirectly through the supply chain. We can help ensure that supply chains protect vulnerable employees and reduce environmental and financial risks. **Responsible sourcing** in order to minimise risks, promote a sustainable supply chain and form good relationships with our suppliers is crucial to our ability to develop and offer attractive products to our customers.

## Management approach and results

Of our suppliers of direct material, 99% are from Europe and the remainder from Asia. To govern this complex environment, we have a framework of policies and processes that state how we are to work with and help our suppliers to develop in terms of sustainability, and thereby support our aim of upholding business ethics and respect for human rights and the environment. Through our Code of Conduct and our programme for responsible sourcing, we will work to contribute to sustainable development in our value chain.

### Compliance with our Supplier Code of Conduct

Our Supplier Code of Conduct is based on the principles of Nobia's Code of Conduct, including principles on business ethics and anti-corruption. The Supplier Code of Conduct is part of the sourcing process and our standard agreement template refers to the Code. The Code regulates and governs Nobia's expectations and requirements of its business partners, including labour, human rights, business ethics and the environment. The Code applies to our suppliers and their employees as well as to subcontractors, and Nobia expects the content of the Code to be communicated to all relevant parties in a language that they understand. Besides the precautionary approach, the Code includes several aspects of human rights, such as freedom of association, the right to collective bargaining, no forced labour or child labour, and compliance with a high standard of occupational health and safety. Just as for Nobia's own employees, an anonymous communication channel is available for our suppliers' employees to report conduct that breaches the Code. The Supplier Code of Conduct is one of the requirements in our risk assessment of suppliers, and any risks identified lead to additional monitoring of the supplier.

We want to contribute to sustainable global supply chains by preventing risks and negative impact on people and the environment. The greatest risk of modern slavery related to our operations is deemed to exist in our supply chain. Preventing all forms of modern slavery is an important part of our responsibility, and we report our work and results annually in accordance with modern slavery statements, which are published on our website.

### Programmes for responsible sourcing

To identify and manage risks in our supply 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. 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. Physical supplier audits are intended to verify, manage and ameliorate any deviations and to identify areas for improvement. 12 new suppliers were added to the programme during the year, and all of them were approved based on an initial review.

**99%**
of our suppliers of direct materials are included in our audit programme, based on cost.

During the year, we further developed our programme to obtain more details on the degree of development and maturity of our suppliers. Greater insight into the sustainability ambitions and driving forces of our suppliers enables us to design a selection system that benefits companies with high ethical standards. The programme has also been developed to better include indirect suppliers of materials and services. The next step after analysing the subcontractors of critical suppliers is to include them in this programme.

### Active environmental dialogues

In addition to preventive risk management, we work in continuous dialogue with our suppliers in order to reduce environmental impact in the supply chain. One example is establishing a science-based climate target, but we also seek out other areas for working together on a shared agenda, such as circular solutions. Read more on pages 90–94.

| Programs for responsible sourcing, number | 2020 | 2021 | 2022 |
|---|---|---|---|
| Significant suppliers | 287 | 288 | 289 |
| Sustainability-screened suppliers | 285 | 287 | 266 |
| Suppliers approved after review | 257 | 274 | 259 |
| Suppliers with audit requirements | 28 | 13 | 7 |
| Suppliers approved after audit | 6 | 8 | 6 |
| Suppliers not approved after audit (in current programmes) | 0 | 2 | 0 |
| Suppliers awaiting audit (in current programmes) | 22 | 3 | 1 |

The process of approving suppliers is continuous. The information in the table shows the status of Nobia's supplier programme at the end of each year.

### UN Sustainable Development Goals and principles

The activities reported above meet the following Global Compact principles: 1–10. Through our work we primarily contribute to fulfilling the following targets of the Sustainable Development Goals:
8.8 Protect labour rights and promote safe working environments for all.
12.8 Promote universal understanding of sustainable lifestyles.
12.12 Achieve sustainable management and efficient use of natural resources
17.16 Revitalize the global partnership for sustainable development.

# 4 Promoting a sustainable culture: *Business ethics*

A high level of **business ethics** is essential for all companies in order to ensure long-term relationships with both customers and the authorities, and to serve as a credible business partner. It is very important for a company such as Nobia, with sales to both consumers and corporate customers, to safeguard its brand and to contribute to the stable development of society and our own profitability over time by combating all forms of corruption. We achieve this by applying robust procedures for compliance with our Code of Conduct.

## Management approach and results

With our Code of Conduct, we want to create responsible and healthy business activities for the long term. Our commitment means that we support and respect international conventions on human rights, work actively to ensure employee well-being and promote diversity and equality.

### Our Code of Conduct

Nobia's Code of Conduct for employees and partners serves as a framework that clarifies both the guidelines that Nobia employees must follow and our expectations concerning their judgement and sense of responsibility. It serves as a valuable resource to and assist employees and others to make informed and ethically sound decisions.

The Code is based on due diligence, meaning a reasonable level of care for the individual in the choices they make. We encourage all of our internal and external stakeholders to report any suspected deviations from the Code either to us directly or via the anonymous whistle-blower system. The Code is available on our intranet and in all the languages spoken by employees of the Group, and also on our website for external stakeholders. Nobia's Board of Directors decides on the content of the Code of Conduct.

The Code of Conduct provides references to relevant requirements from Nobia, such as policies, practices and procedures to ensure compliance and reporting of suspected deviations. The Code is based on many international ethical guidelines, such as the UN Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Respect for human rights is a core element of the Code of Conduct, with special emphasis on the following rights: freedom of association and the right to collective bargaining, no forced labour, child labour or discrimination including that related to employment and occupation, and occupational health and safety.

The Code is regularly revised to identify whether any updates are required. All employees, managers and consultants are to complete an online course so as to increase their awareness of important subjects such as how we protect our environment, how we interact with each other and how we increase our IT security. The course includes situations and opportunities for insight on workplace situations presented in text and film. At year-end, 79% of employees had completed the course.

**79%**
of our employees completed the training course in our Code of Conduct during the year.

### Anti-corruption

Nobia stands against all forms of corruption. Our anti-corruption framework includes our Code of Conduct and Supplier Code of Conduct and is incorporated into our governing documents. Nobia performs self-evaluations every year in all business units. These evaluations include a number of questions on internal control including corruption risks such as giving and accepting bribes. When reviewing the 2022 evaluations, nothing has emerged that would indicate an increased risk of corruption, and no incidents occurred.

### Anonymous whistle-blower channel

To ensure compliance with the Code of Conduct, employees are encouraged to report conduct that breaches our Code using internal channels or the anonymous communication channel "Speak Up." This channel is available to all employees via our intranet and to stakeholders on the website. 43 internal cases were reported during the year, of which eleven related to alleged discrimination and harassment, see page 96. Seven of these cases were reported via SpeakUp. The reported cases and other questions relating to the principles of the Code of Conduct were addressed and presented to the Board's Audit Committee.

### Long-term value creation

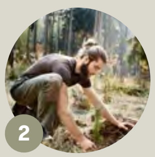
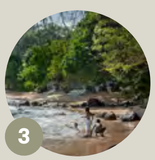
Nobia generates value for our customers and other stakeholders through the development and manufacturing of kitchen products and the sale and distribution of complete kitchen solutions to end customers. The economic value generated primarily consists of sales of products. The economic value generated is then distributed among suppliers, employees, society, lenders and owners. Distributed economic value is equivalent to generated economic value. The largest share of our distributed economic value pertains to payments to suppliers for products and services that we purchase.

| Direct economic value generated and distributed, SEK m | 2020 | 2021 | 2022 |
|---|---|---|---|
| Net sales | 12,741 | 13,719 | 14,929 |
| Operating expenses | 8,633 | 8,951 | 10,479 |
| Employee wages and benefits | 2,769 | 2,899 | 3,299 |
| Social security contributions and pensions | 588 | 604 | 692 |
| Taxes to state and municipality | 100 | 201 | 32 |
| Interest to lenders | 24 | 41 | 51 |
| Dividends to shareholders | 0 | 338 | 421 |
| Economic value reatained | 627 | 685 | -45 |

### UN Sustainable Development Goals and principles

The activities reported above meet the following Global Compact principles: 1-10. Through our work we primarily contribute to fulfilling the following targets of the Sustainable Development Goals:
8.8 Protect labour rights and promote safe working environments for all.
16.5 Substantially reduce corruption and bribery in all their forms
17.16 Revitalize the global partnership for sustainable development.

# Results and achievements according to plan

| Area | Strategic objectives | Status | Results and progress |
|---|---|---|---|
|  1 Innovations for a sustainable lifestyle | 100% of new kitchen products are to be designed for a more sustainable life in the kitchen by 2025. | | Sustainability is an integrated part of the design and product development process, and we are now focusing on optimising sustainability and product information from concept all the way to product launch. |
| | A minimum of 90% of doors and tabletops launched in the Nordic region between 2021 and 2025 are to be eco-labelled. | | According to plan. 92% (75) of new products launched during the year in the Nordic region had the Nordic Swan eco-label. |
| | We will shift our offering of refrigerators/freezers and stoves/ovens to higher energy rating categories by 2024. | | According to plan. 93% (90) of our sales of stoves/ovens were in the higher energy rating categories (A and above). The result for refrigerators/freezers was 31% (29) (E and above). |
|  2 Circular materials and flows | At least 99% (based on volume) of all wood will originate from FSC® or PEFC™ certified sources, and the remainder from suppliers screened and approved for sustainability, by 2025. | | According to plan. 96% (96) of Nobia's total timber and wood materials originated from a certified source. The remaining wood, 4%, came from suppliers audited and approved for sustainability. |
| | 100% of the virgin plastic in knobs and handles is to be replaced by a more sustainable alternative by 2023. | | The target was met. 100% of knobs and handles made from virgin plastic were replaced by 100% recycled ocean plastic. |
| | We will initiate partnerships and collaborations to extend the lifetime of our materials and products. | | According to plan. During the year, we initiated several circular partnerships such as with Used Exchanged Kitchen in the UK and Blocket in Sweden for recycling old kitchens, and with our edging strip supplier in Austria for recycling materials. |
|  3 Reduced climate impact | In line with our science-based climate target approved at the 1.5°C level, reduce $CO_2$ emissions from manufacturing and own transports (Scope 1 and 2) by 72% by 2026 (base year 2016)... | | The target was met ahead of time. At the end of 2022 we had achieved a 77% (72) reduction compared with 2016, and we are continuing our efforts to reduce our $CO_2$ emissions, primarily in production and transports. |
| | ...and 70% of emissions* from the suppliers with the highest climate impact are also to be encompassed by the science-based climate target by 2025.<br>* based on life cycle data for supplier production and our customers' use of the products | | According to plan. Dialogues have been held with the largest appliance suppliers as well as our wood suppliers to encourage them to adopt scientific climate targets. At year-end, 49% (52) of the suppliers, based on emissions, had adopted their own scientific climate targets. The percentage reduction is due to the suppliers who have scientific climate targets also having a lower overall climate impact. |
|  4 Promoting a sustainable culture | Skills development in sustainability such as training courses, support and tools are to be available for all employees in all markets by 2023. | | Initiatives and support continued to be implemented during the year to ensure that our employees are able to help meet our sustainability targets. Initiatives at the production level take place in specific training projects and in the day-to-day operations. The next step is to ensure that know-how about our products is included from design and product development all the way to marketing and customer communication. |
| | We will include critical subcontractors in our risk assessment by 2023. | | The first stage of the analysis has been completed. The next step is to directly include the subcontractors of critical suppliers in our programme. |

# Governance and partnerships

**Framework for sustainability topics**

Sustainability is integrated throughout all of our operations and our commitment have been implemented in the Group's overall frameworks and processes. Nobia's framework for sustainability topics includes internal and external guidelines and regulations, sustainability agenda, processes, data collection, monitoring and reporting. Fulfilment of these targets and compliance with both the sustainability agenda and sustainability policies are systematically monitored through our internal sustainability management system at Group level.

This management system handles the Group's overall sustainability topics, including materiality and risk analyses and data collection. The sustainability management system and our sustainability framework are an important part of our business development to help fulfil the sustainability ambition in our business strategy.

**Governance and organisation**

A central sustainability function is in place at Group level, responsible for strategic sustainability activities. Nobia's sustainability agenda is part of our business strategy and aims to drive our sustainability initiatives forwards in line with our commitments. Roles and reporting channels are continuously adjusted according to the Group's progress on its strategy and which focus areas in the sustainability agenda require the most expertise and resources.

The President receives monthly status reports from the Group Director Sustainability, and sustainability topics are a regularly recurring item on the Board's agenda.

Each production unit has employees who coordinate responsibility for environmental and sustainability management. 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 design and product development, sourcing and manufacturing, as well as managing product labelling and certification, are integrated into the systems and processes of each function. For instance, systematic product risk assessments are carried out as part of the product development process and regulatory compliance takes place within the framework of the local quality, environmental and work environment management systems. There are specialists in the commercial operation who coordinate sustainability-related customer demands and proactively support our brands' sustainability efforts.

**Our commitments**

Nobia's commitments and recognition of global initiatives and partnerships lay the foundation for our sustainability initiatives. These include: The UN Global Compact, OECD guidelines, the Paris Agreement and the UN Guiding Principles on Business and Human Rights. Our external commitments and recognitions have served as the basis for Nobia's sustainability policies, such as our environmental and climate policy, modern slavery statement and our wood policy. Our Group-wide tax policy and our anti-corruption policy are other important governing documents. In addition, Nobia's Code of Conduct provides guidance and direction to our employees and partners concerning issues of human rights, anti-corruption, etc. Our Supplier Code of Conduct is based on the principles stipulated in Nobia's Code of Conduct and regulates and governs our supplier requirements. Read more about our Code of Conduct on page 99 and our Supplier Code of Conduct on page 98. Our Codes and policies are available on our website under Sustainability governance.

**Our Environmental and Climate Policy**

Nobia's Group-wide Environmental and Climate Policy is based on our Code of Conduct and reflects our strategy and our aims throughout the value chain. The policy is based on the precautionary approach and forms the basis of local initiatives and projects. Nobia's Board of Directors decides on the content of the Environmental and Climate Policy and our Group Director Sustainability, together with senior managers, is responsible for the implementation of and compliance with the policy.

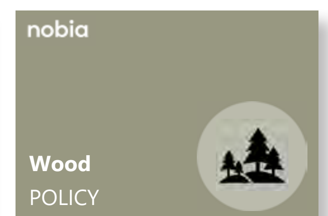
**Certified units**

Our production facilities hold management system certification in quality, environment, energy and occupational health and safety. The sales units in Sweden and Denmark are certified according to quality and environmental standards, and according to work environment standards for Denmark. Our Magnet stores in the UK are certified under energy standards, and the installation and service function has quality certification.

| Standard | Unit |
|---|---|
| ISO 9001 | Bjerringbro, Darlington, Dewsbury, Dinxperlo, Freistadt, Grays, Halifax, Leeds, Morley, Tidaholm, Wels, Ølgod |
| ISO 14001 | Bjerringbro, Darlington, Dewsbury, Dinxperlo, Farsö, Freistadt, Grays, Halifax, Leeds, Morley, Nastola, Tidaholm, Wels, Ølgod |
| ISO 50001 | Darlington, Dewsbury, Grays, Halifax, Leeds, Morley |
| ISO 45001 | Darlington, Dewsbury, Grays, Halifax, Leeds, Morley, Nastola |
| VCA[1] | Dinxperlo |

1) VCA is a Dutch standard for certified management systems for occupational health and safety and the environment.



**Dialogue with our stakeholders**
Understanding and listening to the external environment and reflecting upon what we learn is key to identifying our impact and the risk of impacts, as well as understanding future expectations of how we will meet the challenges we face. We aim to identify and confirm various issues in our regular local and central dialogues, and also want to cooperate and exert an influence in order to reinforce our sustainability initiatives throughout the value chain. Our stakeholders are players who affect and are affected by Nobia's operations. Information from stakeholder dialogues is regularly addressed and incorporated into our continual strategic activities. These dialogues also provide data for our materiality analysis. Internal functions participating in the process have good insight into how stakeholders assess and prioritise various issues, which supports our analysis. We conduct a survey of all of our stakeholders every other year as a supplement to the continual dialogues so that we can check how they prioritise various sustainability-related topics.

**Strategic memberships and partner projects**
The following is a list of the main organisations of which Nobia is a member and/or partner

- Blocket (partnership with our brand Marbodal for reselling old Marbodal kitchens)
- British Safety Council (keeps us updated on occupational health and safety issues)
- Chalmers University of Technology, Gothenburg (projects on circular kitchens)
- Cradlenet (update on circular business models.)
- IVL Swedish Environmental Research Institute (partner of our EPD project)
- Möbelfakta's Criteria Council (set and update kitchen and furniture criteria, Möbelfakta-labelling)
- Science Based Target initiative (part of our commitment to follow the Paris Agreement by having a science based climate target)
- Swedish Standard Institute (SIS) (participate in the kitchen and furniture standardisation committee)
- Swedish Federation of Wood and Furniture Industry (TMF) (information and updates from our trade association)
- Used Kitchen Exchange (partnership with our brand Magnet Retail for reselling old kitchens)
- WGSN (update and insight into trends and development)

| Stakeholders | Expectations and our aims for engagement | Format |
|---|---|---|
| **Employees** | Our employees want to be proud of working at a responsible and sustainable company. For this reason, we strive to convey how we work with sustainability, what we are doing and how employees are involved, and gather opinions and expectations of how employees want us to work. | Regular dialogue, performance appraisals, annual surveys, anonymous channel, local occupational health and safety management systems |
| **Customers** | Primarily professional customers have express requirements related to sustainability. Through dialogue, we regularly collate demands, requirements and expectations on us as a supplier and for our products. | Regular meetings, focus meetings, surveys |
| **Suppliers** | When we meet with our suppliers, we seek to emphasise the sustainability topics that we prioritise so that they, in turn, can meet the requirements and expectations that we present related to range, product information, etc, and also to identify synergies and opportunities for partnerships. | Regular meetings, self-evaluations |
| **Owners and investors** | Our owners and investors expect Nobia to act responsibly and transparently and to make continuous improvements in profitability, the environment, health and safety, etc. Through dialogue and reporting, we present our work and assure that owners and investors are satisfied with our current and future activities. | Regular dialogue, reporting |
| **Academia and organisations** | We are following research in relevant areas and partner with universities and organisations to ensure that we base our work on collective knowledge and that it is developed in line with the latest research. | Projects, networking |

**Global Compact**
Nobia is a member of the UN Global Compact, which means that we have committed to support the ten principles on human rights, labour, the environment and anti-corruption. These principles are integrated into our strategy, corporate culture and daily operations. For additional information on how we meet the principles, refer to pages 91–99.

***Principles:***
1. Businesses should support and respect the protection of internationally proclaimed human rights
2. Make sure that they are not complicit in human rights abuses
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
4. The elimination of all forms of forced and compulsory labour
5. The effective abolition of child labour
6. The elimination of discrimination in respect of employment and occupation
7. Businesses should support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies
10. Businesses should work against corruption in all its forms, including extortion and bribery

# About our sustainability reporting

**Report premises**
This Sustainability Report has been prepared in accordance with the GRI Standards 2021. The Sustainability Report encompasses all principles of the UN Global Compact and explains Nobia's sustainability impact, the Group's work to reduce this impact and results. Nobia has published GRI-based Sustainability Reports since 2012. This report refers to the 2022 calendar year and was published in April 2023. The Sustainability Report has not been subject to review or audit by an external party, beyond the auditor's statutory statement that a sustainability report has been prepared. Preparations are being made ahead of an external audit and for reporting in accordance with the EU Corporate Sustainability Reporting Directive (CSDR) and the European Sustainability Reporting Standards (ESRS) in the future. For reporting according to the EU Taxonomy Regulation, refer to page 111–114.

***Scope***
The Sustainability Report encompasses the same units and operations as the financial statements. Specific boundaries for each material topic are presented on pages 91-99. The content of the Sustainability Report and the sustainability topics presented are based on the most recent materiality analysis and summarise the sustainability initiatives of the past year. Environmental data such as energy, climate impact and waste is based on operations in our production facilities and own stores, and on activities and products in the value chain to the extent possible.

***Changes to the Report***
Superfront's operations and our new office in Vilnius were added and have been included in the Group's Sustainability Report since the start of 2022. When data per unit was collected, minor deviations were discovered and adjusted for previous years, primarily concerning waste and refrigerants. The data for calculating the percentage of women and men in managerial roles was expanded from 50 to 750 people and does now include all employees with management responsibility.

We updated the data used for our climate calculations with local emissions factors during the year. Updated emissions factors were applied for both 2021 and 2022 to provide better comparability. Since local emissions factors in our markets generally lead to slightly lower emissions per fuel, this means that we reported slightly higher fulfilment of our science-based climate target for 2021, which was presented in last year's report.

The transition from partly own goods transportation to now only purchasing good transportation in the UK resulted in a reallocation of emissions from Scope 1 to Scope 3.

An update of the climate impact of our appliances and thus changed basis for Scope 3 category 1 and 11 meant that the percentage of suppliers with science-based climate targets based on GHG emissions was adjusted slightly for 2021, from 56% to 52%.

***Calculations***
Energy and GHG emissions: Calculations of climate impact from energy consumption and transportation were based on the guidelines of the GHG Protocol's Corporate Accounting and Reporting, and they encompass all greenhouse gases converted to carbon dioxide equivalents, $CO_2e$. We apply an operational control strategy. 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. The conversion factors for energy consumption and GHG emissions were localised to our various markets. This means that there are several different factors for some types of energy, depending on where they are used. Data comes from the Swedish Environmental Protection Agency and Swedenergy, and the local equivalents in other countries. Conversion factors for $CO_2$ emissions for oil: 2.69 $tCO_2e/m^3$ (for Austria 2.67 $tCO_2e/m^3$, for the UK 2.76 $tCO_2e/m^3$), fossil gas: 2.2 $kgCO_2e/m^3$ (for the Netherlands 1.79 $kgCO_2e/m^3$, for the UK 2.01 $kgCO_2e/m^3$), biogas:0 $kgCO_2/m^3$, diesel: 2.51 $tCO_2/m^3$ (for Austria 2.67 $tCO_2e/m^3$, for the Netherlands 2.47 $tCO_2e/m^3$), petrol: 2.30 $tCO_2/m^3$, (for the Netherlands 2.14 $tCO_2e/m^3$, for the UK 2.19 $tCO_2e/m^3$), natural gas for vehicles: 2.9 $kgCO_2e/kg$, (for the Netherlands 2.3 $kgCO_2e/kg$, for the UK 0.21 $kgCO_2e/kWh$), biomass (wood): 0.008 $kgCO_2e/kg$ (for the UK 0.015 $kgCO_2e/kWh$). Electric company cars can also be charged outside Nobia's plants, and the share of renewable electricity is thus estimated at 50%. Energy amounts: oil 9,951 $kWh/m^3$, fossil gas 11 $kWh/m^3$, biogas 9.8 $kWh/m^3$, biomass 4.8 kWh/kg, diesel 9,800 $kWh/m^3$, petrol 9,106 $kWh/m^3$, biogas 13.6 kWh/kg. Calculation of Scope 3 emissions is based on a hybrid approach, with actual values when available, otherwise on generic data. We continually work to improve data quality by replacing secondary data with primary data. Our target of transferring to more energy-efficient appliances is based on data from our two largest suppliers of products sold in transit and directly in the Nordic region and the UK. In stoves/ovens, the A++, A+, A energy ratings are considered to be higher energy rating categories. In refrigerators/freezers, A-E energy ratings are considered to be higher energy rating categories.

VOC emissions: The calculation is based on the difference between the amount of paint used and paint for waste management. The calculated VOC emissions may differ between years in relation to use of paint and volume of surface-treated materials since waste collection is unevenly distributed over the calendar year.

Hazardous waste: Detailed data on the method for managing hazardous waste is not available for before 2021. Hazardous waste before 2021 was recognised under the item incineration.

***The contact person for information in the Sustainability Report:***
Anna Hamnö Wickman, Group Director Sustainability
E-mail: anna.wickman@nobia.com

# Materiality analysis

**The process of deciding on material sustainability topics**
We carry out an annual analysis and update our material topics every year to constantly identify changes that we need to relate to. This year's extensive update of Nobia's previous materiality analysis is based on GRI's updated Universal Standards 2021 and helps to clarify the actual and potential impact that our operations could have on the environment, people and economy. An analysis of how sustainability affects Nobia as a company, meaning its finances, known as a double materiality analysis, has been initiated and is included in the section on risk and climate-related risk based on TCFD reporting, refer to pages 43–44.

*Identifying impact*
Based on previously identified material topics, we started this year's analysis from the value chain to map and assess activities, business relationships and impact on the environment, people and economy in each step of the value chain. This analysis was supplemented with GRI's list of disclosures and dialogues with stakeholders to ensure as complete an analysis as possible of all potential sustainability topics that can be reported on. The process of collating information and engaging in dialogues with stakeholders took place in workshop format with various functions in Nobia's operations, such as product development, sourcing, marketing and people & culture. This means that the functions' combined know-how of specific parts of the operations, including the expectations of external stakeholders, could be collected. We also gained insight by regularly collecting data on materials and energy consumption, waste, etc. from existing local analyses from each production plant, which are part of each plant's local environment and occupational health and safety management systems. For HR issues, we talked with trade unions and added input from internal processes for employees from the start to the end of their employment.

*Assessment of impact*
Based on the results of the analysis, Nobia's central sustainability function has assessed the degree of impact and potential impacts for each identified activity and business relationship, based on the new GRI Universal Standards 2021. Any negative impact that can be linked to each activity has been ranked based on degree of severity, meaning its scale, scope, and irremediable character. If the impact is potential, we assessed the level of likelihood in addition to the severity.

***Prioritising impact***
Based on a gross list of identified actual and potential impacts with a one to three-year horizon, meaning within Nobia's strategy period, priority has been given to the material topics that have been assigned a factor of medium to high. A high overall impact factor is thus assigned to an activity that has a wide scope, large scale or for which the harm is of an irremediable character A medium impact factor may have a slightly lower factor for one of the parameters. If a potential impact has been identified and is deemed to be above medium, then this is also prioritised. A final list of material topics is compared with other similar operations for confirmation.

**Results of the materiality analysis**
The analysis showed that previously identified topics are still relevant and material. Biodiversity was added since it was identified in the impact analysis related to the construction of the new factory in Jönköping, Sweden. The materiality analysis also showed that additional topics such as preventing forced labour and anti-discrimination are already included in our work and these GRI disclosures have thus been added to the GRI Index, see page 106.

## Identification of value chain impact

| | DESIGN AND PRODUCT DEVELOPMENT | SOURCING | MANUFACTURING | SALES | TRANSPORTATION | USE OF SOLD PRODUCTS | END OF LIFE |
|---|---|---|---|---|---|---|---|
| **Activity and/or business relationship:** | Choice of products, materials and solutions | Purchases of direct and indirect goods and services | Manufacturing, surface treatment, installation | Via own stores, franchises, retailers, B2B, B2C | Purchased and own transportation of goods | Kitchen lifetime with consumers | When it is time to replace with a new kitchen |
| **Main impact:** | | | | | | | |
| Environment | Potential impact from various product solutions | Manufacturing, suppliers' use of materials and energy | Energy, GHG emissions, materials consumption, waste generation | Energy and GHG emissions from premises and travel | Energy and GHG emissions | Energy, GHG emissions from appliances and lighting | Waste generation, materials consumption |
| People | Potential impact and risk regarding health, safety, engagement, inclusion, equality | | | | | | |
| | | Occupational health and safety and human rights in supply chain | | | Occupational health and safety and human rights in supply chain | Health and safety at the consumption stage | |
| Economy | Direct economic impact, risk of corruption | | | | | | |

## Analysis of impact on the environment, people and economy

A summary of the sustainability impact we have identified from the analysis, which formed the basis of our assessment of our material topics, is presented below.

### General impact

***Profitable operations:*** As for all companies in a free market, our profitability and financial performance are vital to our company. By ensuring that the business remains profitable over time, Nobia can contribute by paying salaries to employees, tax to society, paying suppliers and converting profit into development as well as providing many households with functional and sustainable kitchens.

***Employees:*** As a manufacturing and sales company, our employees work in a wide range of functions, from product development and manufacturing to IT development, marketing and sales. The impact on Nobia's employees and others who visit the company's workplaces was analysed based on both the value chain and also the life cycle that applies to all employees – from an external person applying to the company, via recruitment, training, development and finally the person leaving the company. Besides our own employees, other people work with and for Nobia, such as consultants, temporary workers and franchisees.

Major informative changes are being made at the company, for example, how we are organised, our work processes and production methods, so that we can successfully and methodically adapt to a meet an exciting future ahead. These changes affect the entire operations as we shift towards a more harmonised way of working, particularly during a transformation period. We are confident in the future with everything that is happening, but naturally we have respect for how it impacts our employees in the short term, as the new meets the old. This creates the need for a communicative and learning organisation in all markets and departments and at all levels. Work-related injuries and accidents and the social environment linked to stress, dissatisfaction and also concern for the future are various examples of potential negative impacts and risks for our employees and their surroundings that should be considered. We also see the need to take advantage of opportunities to work actively towards having a diverse and inclusive workforce with equal opportunity, that is also aligned with our values and strengthens our competitiveness.

### Impact along our value chain

***Design and product development:*** Everything begins with design and product development. This is where we make decisions that influence the extent of the impact that our products and their related process will have. We have opportunities here – today and tomorrow – to choose alternative materials and solutions that could lead to a lower impact across the value chain. We also see the possibility to identify information gaps among end-consumers about the actual impact of products and ensuring that the know-how obtained at this first stage also follows the product the entire way to sale and the customer.

***Sourcing:*** Our largest flow of purchased materials and services comprises our direct materials, most of which come from European suppliers and often have a lower expected risk of impact on people and the environment but higher volumes. Subcontractors of these suppliers of direct materials are becoming increasingly complex and thus are associated with a slightly higher risk. Our indirect purchases are more complex due to the higher number of often smaller players in varying industries. The largest risk when purchasing services is mainly social improprieties such as unhealthy work conditions or illegal employment. We can influence this by carefully selecting the suppliers that we choose to work together with and by auditing and monitoring to set demands for improvements.

***Manufacturing:*** Our manufacturing takes place at about ten production facilities and involves both production and assembly. The environmental impact of manufacturing is related to inflows and outflows of materials, energy and emissions, and their related impact and volumes. The manufacturing process includes materials, particularly wood boards but also metal and plastic components, paint for surface treatment and packaging materials. Waste is mainly generated from sawing, and wood waste is by far the largest waste item. Surface treatment involves water, UV and solvent-based painting. Emissions of volatile organic compounds (VOCs) arise in the surface treatment process, mainly from solvent-based painting. The impact of VOCs is primarily local and permits for each production plant limit emission levels. Social impact arises in the form of work-related injuries as well as stress to varying extents.

***Sales:*** Our customers are represented among both the consumer and professional markets. Sales take place in own stores, through franchises and retailers, and through direct B2B meetings. The environmental impact mainly arises through electricity and heating consumption as well as business travel. Kitchen installation is offered and brokered via our sales teams.

***Transportation:*** Most of our transportation of goods takes place with external hauliers. A small number of plants supplement this with their own transportation. Our transportation of goods is arranged with a limited number of hauliers established in all of our markets. These partnerships with external hauliers provide scope for jointly striving towards more effective transportation and lower GHG emissions. There is an elevated risk of work-related injuries when loading and unloading goods.

***Use of sold products:*** A cabinet, as a product, has a minimal environmental impact during its actual service life. Other products such as lighting, taps and appliances have a larger impact for the customer in the form of water and energy consumption. With our entire product range, we have the indirect opportunity to inspire customers to reduce their own impact in the kitchen by using solutions that help them live more sustainably in the kitchen, for example, less food waste or effective waste management. The most important factor is that our products are safe to use for their entire service lives.

***End of life:*** When it is time for the consumer to replace their old kitchen with a new kitchen, there are opportunities to provide customers with circular solutions to keep the old kitchen in the material cycle. When consumers get rid of appliances, there is a risk that they may not be disposed of probably and end up being traded illegally unless we ensure that customers are well-informed about this risk.

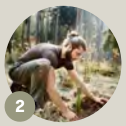
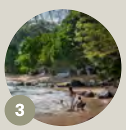
### Construction of new factory

Our new large factory is currently being built on the outskirts of Jönköping, Sweden. With this project, we want to be a pioneer and show that it is possible to construct a brand new factory with minimal climate impact. This is why we decided that construction was to meet the requirements of the European certification systems for a sustainable built environment (BREEAM), with the aim of attaining the Excellent level. The construction process sets strict environmental performance requirements, such as energy efficiency, water and waste and also the environmental impact on the local area. The production facility is being built on a 123,000 $m^2$ property with a construction area of 263,000 $m^2$ in one of the largest industrial estates in Jönköping. Our investigation revealed at an early stage that the industrial estate is surrounded by meadows and pastures with a certain level of natural value. Swamp and forest areas are also found close by and contain some IUCN Red List plant and animal species, and parts of this area are protected as nature reserves. Some of the natural value of the land and the animal life in the immediate surroundings may be disrupted by the construction of the factory via more transportation, noise and lighting.

Together with Jönköping municipality, Nobia has prepared an ecological restoration plan for the loss of natural values, which includes planting replacement trees and restoring marshlands. The area is adjacent to a recreation area and we have made several active choices to cause as little visual impact as possible once construction is completed. In consultation with the municipality, we have created a green path running throughout the entire factory area that preserves old oak trees. The risk impact of the operations on the neighbouring area is deemed to be small based on the completed environmental impact description.

## Strategic focus areas and our material topics

All of our material topics based on our strategic focus areas are listed below. The topics are linked to the relevant GRI disclosures that regulate the information we report on how we work to minimise our impact. Refer also to the GRI Index on page 107–110 for further information.

| Focus area | Material topics | Disclosure | Indicators |
|---|---|---|---|
|  Innovations for a sustainable lifestyle | **Promoting sustainable consumption** | GRI 417 Marketing and labelling | Product information, certification |
| | **Product safety** | GRI 416 Customer Health and Safety | Product safety |
|  Circular materials and flows | **Sustainable use of resources** | GRI 301 Materials | Volume of materials and percentage of recycled input materials |
| | | GRI 304 Biodiversity | Protected habitats and IUCN Red List species |
| | | GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | VOC emissions |
| | **Cleaner material flows** | GRI 306 Waste | Amounts of waste |
|  Reduced climate impact | **Energy efficiency** | GRI 302 Energy | Energy consumption and intensity |
| | **GHG emissions** | GRI 305 Emissions | Scope 1, 2 and 3 GHG emissions |
|  Promoting a sustainable culture | **Occupational health and safety** | GRI 403 Occupational Health and Safety | Prevention and work-related accidents |
| | **Engagement and skills development** | GRI 404 Training and Education | Career development and learning |
| | **Equal opportunity and diversity** | GRI 405 Diversity and Equal Opportunity | Gender distribution |
| | | GRI 406 Non-discrimination | Training and incidents |
| | **Responsible sourcing** | GRI 308 Supplier Environmental Assessment | Screened suppliers |
| | | GRI 409 Forced or Compulsory Labour | Screened suppliers |
| | | GRI 414 Supplier Social Assessment | Screened suppliers |
| | **Business ethics** | GRI 205 Anti-corruption | Training and incidents |

# GRI Index

| | |
|---|---|
| Application of standards | Nobia has reported in accordance with GRI Standards for the 1 January 2022–31 December 2022 period |
| Applied GRI 1 | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standards | No Sector Standards available |

## GRI Universal Standards 2021

| | | | | Deviation | | |
|---|---|---|---|---|---|---|
| **GRI Standard** | **Disclosure** | **Name of disclosure** | **Page reference** | **Deviation from requirement** | **Reason** | **Explanation** |
| *General disclosures* | | | | | | |
| **The organisation and its reporting practices** | | | | | | |
| GRI 2: General disclosures 2021 | 2-1 | Organisational details | 3, 31, 35 | | | |
| GRI 2: General disclosures 2021 | 2-2 | Entities included in the organisation's sustainability reporting | 20, 103 | | | |
| GRI 2: General disclosures 2021 | 2-3 | Reporting period, frequency and contact point | 103 | | | |
| GRI 2: General disclosures 2021 | 2-4 | Restatements of information | 103 | | | |
| GRI 2: General disclosures 2021 | 2-5 | External assurance | 88 | | | |
| **Activities and workers** | | | | | | |
| GRI 2: General disclosures 2021 | 2-6 | Activities, value chain and other business relationships | 12, 20, 90, 104, 105 | | | |
| GRI 2: General disclosures 2021 | 2-7 | Employees | 68 | Not specified by different types of employment | Information incomplete | Group-wide HR system being developed |
| GRI 2: General disclosures 2021 | 2-8 | Workers who are not employees | | Not reported | Information incomplete | No data on franchi-see employees available |
| **Governance** | | | | | | |
| GRI 2: General disclosures 2021 | 2-9 | Governance structure and composition | 24, 26, 28–29 | | | |
| GRI 2: General disclosures 2021 | 2-10 | Nomination and selection of the highest governance body | 23 | | | |
| GRI 2: General disclosures 2021 | 2-11 | Chair of the highest governance body | 24, 26 | | | |
| GRI 2: General disclosures 2021 | 2-12 | Role of the highest governance body in overseeing the management of impacts | 24 | | | |
| GRI 2: General disclosures 2021 | 2-13 | Delegation of responsibility for managing impacts | 24 | | | |
| GRI 2: General disclosures 2021 | 2-14 | Role of the highest governance body in sustainability reporting | 24, 26, 101 | | | |
| GRI 2: General disclosures 2021 | 2-15 | Conflicts of interest | 23 | | | |
| GRI 2: General disclosures 2021 | 2-16 | Communication of critical concerns | 25 | | | |
| GRI 2: General disclosures 2021 | 2-17 | Collective knowledge of the highest governance body | 24, 28, 29 | | | |
| GRI 2: General disclosures 2021 | 2-18 | Evaluation of the performance of the highest governance body | 24 | | | |
| GRI 2: General disclosures 2021 | 2-19 | Remuneration policies | 25 | | | |
| GRI 2: General disclosures 2021 | 2-20 | Process to determine remuneration | 36–37 | | | |
| GRI 2: General disclosures 2021 | 2-21 | Annual total compensation ratio | 65 | Average employee salary not available | Information incomplete | Group-wide HR system being developed |

| GRI Standard | Disclosure | Name of disclosure | Page reference | Deviation: Deviation from requirement | Deviation: Reason | Deviation: Explanation |
|---|---|---|---|---|---|---|
| **Strategy, policies and practices** | | | | | | |
| GRI 2: General disclosures 2021 | 2-22 | Statement on sustainable development strategy | 5–6 | | | |
| GRI 2: General disclosures 2021 | 2-23 | Policy commitments | 99, 101 | | | |
| GRI 2: General disclosures 2021 | 2-24 | Embedding policy commitments | 91–99, 101 | | | |
| GRI 2: General disclosures 2021 | 2-25 | Processes to remediate negative impacts | 98, 99, 101 | | | |
| GRI 2: General disclosures 2021 | 2-26 | Mechanisms for seeking advice and raising concerns | 99 | | | |
| GRI 2: General disclosures 2021 | 2-27 | Compliance with laws and regulations | 42 | | | |
| GRI 2: General disclosures 2021 | 2-28 | Membership associations | 102 | | | |
| **Stakeholder engagement** | | | | | | |
| GRI 2: General disclosures 2021 | 2-29 | Approach to stakeholder engagement | 102 | | | |
| GRI 2: General disclosures 2021 | 2-30 | Collective bargaining agreements | 97 | | | |
| **MATERIAL TOPICS** | | | | | | |
| GRI 3: Material topics 2021 | 3-1 | Process to determine material topics | 104–105 | | | |
| GRI 3: Material topics 2021 | 3-2 | List of material topics | 106 | | | |
| Economic performance | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 201 | 31–37 | | | |
| GRI 201: Economic performance 2016 | 201-1 | Direct economic value generated and distributed | 99 | | | |
| Anti-corruption | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 205 | 99 | | | |
| GRI 205: Anti-corruption 2016 | 205-1 | Operations assessed for risks related to corruption | 99 | | | |
| | 205-2 | Communication and training about anti-corruption policies and procedures | 99 | Not broken down by category | Information incomplete | |
| | 205-3 | Confirmed incidents of corruption and actions taken | 99 | | | |
| Materials 2016 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 301 | 92 | | | |
| GRI 301: Materials 2016 | 301-1 | Materials used by weight or volume | 93 | Only wood | Information incomplete | Wood is our primary material |
| | 301-2 | Recycled input materials used | 93 | | | |
| Energy 2016 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 302 | 94–95 | | | |
| GRI 302: Energy 2016 | 302-1 | Energy consumption within the organisation | 95 | | | |
| | 302-3 | Energy intensity | 95 | | | |
| Biodiversity 2016 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 304 | 101, 105 | | | |
| GRI 304: Biodiversity 2016 | 304-3 | Habitats protected or restored | 105 | | | |
| | 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | 105 | | | |

| GRI Standard | Disclosure | Name of disclosure | Page reference | Deviation: Deviation from requirement | Deviation: Reason | Deviation: Explanation |
|---|---|---|---|---|---|---|
| Emissions 2016 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 305 | 94–95 | | | |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | 95 | | | |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 95 | | | |
| | 305-3 | Other indirect (Scope 3) GHG emissions | 95 | | | |
| | 305-4 | GHG emissions intensity | 95 | | | |
| | 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 93 | Only VOC emissions | Other emissions are not applicable | Other emissions are not deemed to be material |
| Waste 2020 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 306 | 92–93 | | | |
| GRI 306: Waste 2020 | 306-1 | Waste generation and significant waste-related impacts | 92–93 | | | |
| | 306-2 | Management of significant waste-related impacts | 92–93 | | | |
| | 306-3 | Waste generated | 93 | | | |
| | 306-4 | Waste diverted from disposal | 93 | | | |
| | 306-5 | Waste directed to disposal | 93 | | | |
| Supplier Environmental Assessment 2016 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 308 | 98 | | | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 | New suppliers that were screened using environmental criteria | 98 | | | |
| | 308-2 | Negative environmental impacts in the supply chain and actions taken | 98 | The impact on the environment and people has been combined | Information incomplete | Combined process |
| Occupational Health and Safety 2018 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 403 | 96–97 | | | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 | Occupational health and safety management system | 96–97 | | | |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | 96–97 | | | |
| | 403-3 | Occupational health services | 96–97 | | | |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | 96–97 | | | |
| | 403-5 | Worker training on occupational health and safety | 96–97 | | | |
| | 403-6 | Promotion of worker health | 96–97 | | | |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 96–97 | | | |
| | 403-8 | Workers covered by an occupational health and safety management system | 96–97 | | | |
| | 403-9 | Work-related injuries | 97 | | | |

| | | | | Deviation | | |
|---|---|---|---|---|---|---|
| **GRI Standard** | **Disclosure** | **Name of disclosure** | **Page reference** | **Deviation from requirement** | **Reason** | **Explanation** |
| Training and Education 2016 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 404 | 96 | | | |
| GRI 404: Training and Education 2016 | 404-3 | Percentage of employees receiving regular performance and career development reviews | 96 | Not broken down by gender or category | Information incomplete | Group-wide HR system being developed |
| Diversity and equal opportunity 2016 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 405 | 97 | | | |
| GRI 405: Diversity and equal opportunity 2016 | 405-1 | Diversity of governance bodies and employees | 97 | | | |
| Non-discrimination 2016 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 406 | 97 | | | |
| GRI 406: Non-discrimination 2016 | 406-1 | Incidents of discrimination and corrective actions taken | 97 | | | |
| Forced or Compulsory Labour 2016 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 409 | 98 | | | |
| GRI 409: Forced or Compulsory Labour 2016 | 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labour | 98 | | | |
| Supplier Social Assessment 2016 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 414 | 98 | | | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 | New suppliers that were screened using social criteria | 98 | | | |
| | 414-2 | Negative social impacts in the supply chain and actions taken | 98 | The impact on people and the environment has been combined | Information incomplete | Combined process |
| Customer Health and Safety 2016 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 416 | 91 | | | |
| GRI 416: Customer Health and Safety 2016 | 416-1 | Assessment of the health and safety impacts of product and service categories | 91 | | | |
| | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | 91 | | | |
| Marketing and Labelling 2016 | | | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics, 417 | 91 | | | |
| GRI 417: Marketing and Labelling 2016 | 417-1 | Requirements for product and service information and labelling | 91 | | | |
| | 417-2 | Incidents of non-compliance concerning product and service information and labelling | 91 | | | |

# EU Taxonomy Report

Nobia's Taxonomy Report has been prepared in accordance with the EU taxonomy regulations. The purpose of these regulations is to direct investments towards sustainable projects and activities in line with the EU action plan on sustainable finance. An account is provided below of our Group's turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the 2022 reporting year, the total and the proportion attributable to taxonomy-eligible economic activities, for the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with Article 8 of the Taxonomy Regulation.

**Definitions**

A taxonomy-eligible economic activity is an economic activity that is described in the delegated acts adopted pursuant to the Taxonomy Regulation, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts.

A taxonomy-aligned economic activity is an activity this is aligned with the technical screening criteria laid down in the delegated acts and is carried out in accordance with the minimum safeguards regarding human rights and consumer rights, anti-corruption and bribery, tax and fair competition. To comply with the technical screening criteria, an economic activity must make a substantial contribution to one or more environmental objectives and should do no significant harm to any of the other environmental objectives.

A taxonomy-non-eligible economic activity is thus not eligible under the EU taxonomy since the economic activity is not included in the delegated acts adopted pursuant to the Taxonomy Regulation.

**Taxonomy-eligible economic activities**

The EU taxonomy lists the activities that are currently eligible under the regulations. For Nobia, most of our operations are not yet eligible under the regulations. The accounting requirements for the definitions of taxonomy-eligible OpEx and CapEx were clarified after reporting in 2021, which means that Nobia can now report certain CapEx and OpEx eligible under the taxonomy criteria since our suppliers' economic activities are subject to the criteria. When the criteria for the four other environmental objectives are released, it is probable that more of the operations' activities will be taxonomy-eligible. For 2022, Nobia's economic activities pertaining to construction of new buildings, renovation of existing buildings, acquisition and ownership of buildings, and ownership/lease of transport vehicles are eligible under the criteria for the first two environmental objectives of the taxonomy.

**Taxonomy-aligned economic activities**

None of Nobia's suppliers in the economic activities subject to the taxonomy criteria could be verified as being completely taxonomy-aligned. Regarding the construction of new buildings, Nobia is currently constructing a new factory in Sweden. This new factory is being constructed in accordance with strict environmental requirements and the building will hold BREEAM certification at the Excellent level. The building meets the basic criteria for construction of buildings in line with the taxonomy's environmental objective to mitigate climate change by a healthy margin, and the relevant issues for doing no significant harm to any of the other environmental objectives and the minimum taxonomy requirements are addressed to varying extents in the project. Since the taxonomy's technical criteria had not been completely established when the construction project commenced and since the process of clarifying interpretations of how taxonomy-aligned activities are to be verified, we have decided to report 0% taxonomy-aligned activities in the table.

**KPI related to turnover**

Nobia's turnover does not currently have any taxonomy-eligible economic activities as described in the delegated acts.

**KPI related to CapEx**

The KPI related to CapEx is defined as taxonomy-eligible CapEx (numerator) divided by our total CapEx (denominator). Total CapEx comprises tangible and intangible fixed assets acquired during the fiscal year before amortisation/depreciation and repayment. Goodwill is not included in CapEx since it is not classified as an intangible asset in accordance with IAS 38. Our total CapEx can be reconciled against our consolidated financial statements in Notes 13–15.

**KPI related to OpEx**

The KPI related to OpEx is defined as taxonomy-eligible OpEx (numerator) divided by our total OpEx (denominator). OpEx includes all other direct costs related to the fixed asset such as service and maintenance. Costs for operating the factories such as raw materials, personnel costs, electricity and heating are not included. The data for total OpEx has not currently been specified according to the taxonomy's definitions which is why OpEx, except for taxonomy-eligible OpEx, is estimated to correspond to the same proportion as the total CapEx.

When calculating CapEx and OpEx, we identified relevant purchases and activities and the related economic activities in the delegated acts. By doing so, we have ensured that no CapEx or OpEx are included more than once.

## Turnover[1)]

| | | | | Criteria for substantial contribution | | | | | | Criteria for Do No Significant Harm (DNSH) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code/ codes | Absolute turnover | Proportion of turnover | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Minimum safe guards | Taxonomy-aligned proportion of turnover, year N | Taxonomy-aligned proportion of turnover, year N-1 | Category (enabling activity) | Category (transi-tional activity) |
| | | SEK m | % | % | % | % | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | E | T |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable (taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | | |
| Turnover of environmentally sustainable (taxonomy-aligned) activities (A.1) | | | | | | | | | | | | | | | | | | | | |
| **A.2 Taxonomy-eligible activities but that are not environmentally sustainable (taxonomy-non-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Turnover of taxonomy-eligible activities but that are not environmentally sustainable (taxonomy-non-aligned) (A.2) | | | | | | | | | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | | | | | | | | | | | | | | | | | | | | |
| A. TAXONOMY-NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| **Turnover of taxonomy-non-eligible activities (B)** | | 14,929 | 100% | | | | | | | | | | | | | | | | | |
| **Total (A + B)** | | 14,929 | 100% | | | | | | | | | | | | | | | | | |

1) Proportion of turnover from products or services associated with taxonomy-aligned economic activities – disclosure covering year N

## CapEx[2]

| | | | | Criteria for substantial contribution | | | | | | Criteria for Do No Significant Harm (DNSH) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code/ codes | Absolute CapEx | Proportion of CapEx | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Minimum safe guards | Taxonomy-aligned proportion of turnover, year N | Taxonomy-aligned proportion of turnover, year N-1 | Category (enabling activity) | Category (transi-tional activity) |
| | | SEK m | % | % | % | % | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | E | T |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable (taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | | |
| CapEx of environmentally sustainable (taxonomy-aligned) activities (A.1) | | | | | | | | | | | | | | | | | | | | |
| **A.2 Taxonomy-eligible activities but that are not environmentally sustainable (taxonomy-non-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Construction of new buildings | 7.1 | 1,152 | 53% | | | | | | | | | | | | | | | | | |
| Renovation of existing buildings | 7.2 | 456 | 21% | | | | | | | | | | | | | | | | | |
| Acquisition and ownership of buildings | 7.7 | 370 | 17% | | | | | | | | | | | | | | | | | |
| Freight transport services by road | 6.6 | 106 | 5% | | | | | | | | | | | | | | | | | |
| CapEx for taxonomy-eligible activities but that are not environmentally sustainable (taxonomy-non-aligned) (A.2) | | 2,084 | 95% | | | | | | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | | 2,084 | 95% | | | | | | | | | | | | | | | | | |
| **A. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| CapEx of taxonomy-non-eligible activities (B) | | 109 | 5% | | | | | | | | | | | | | | | | | |
| **Total (A + B)** | | 2,193 | 100% | | | | | | | | | | | | | | | | | |

[2] Proportion of CapEx from products or services associated with taxonomy-aligned economic activities – disclosure covering year N

## OpEx[3)]

| Economic activities | Code/ codes | Absolute OpEx | Proportion of OpEx | Criteria for substantial contribution: Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Criteria for Do No Significant Harm (DNSH): Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Minimum safe guards | Taxonomy-aligned proportion of OpEx, year N | Taxonomy-aligned proportion of OpEx, year N-1 | Category (enabling activity) | Category (transi-tional activity) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | SEK m | % | % | % | % | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | E | T |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable (taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | | |
| **OpEx of environmentally sustainable (taxonomy-aligned) activities (A.1)** | | | | | | | | | | | | | | | | | | | | |
| **A.2. Taxonomy-eligible activities but that are not environmentally sustainable (taxonomy-non-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Construction of new buildings | 7.1 | 1 | 0% | | | | | | | | | | | | | | | | | |
| Renovation of existing buildings | 7.2 | 466 | 95% | | | | | | | | | | | | | | | | | |
| **OpEx for taxonomy-eligible activities but that are not environmentally sustainable (taxonomy-non-aligned) (A.2)** | | 467 | 95% | | | | | | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | | 467 | 95% | | | | | | | | | | | | | | | | | |
| A. TAXONOMY-NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| **OpEx of taxonomy-non-eligible activities (B)** | | 23 | 5% | | | | | | | | | | | | | | | | | |
| **Total (A + B)** | | 490 | 100% | | | | | | | | | | | | | | | | | |

3) Proportion of OpEx from products or services associated with taxonomy-aligned economic activities – disclosure covering year N

# The share and shareholders

**The Nobia share is listed on Nasdaq Stockholm and is included in the Consumer Discretionary sector in the Mid Cap segment. In 2022 the share price declined by 61%. Market capitalisation at the end of 2022 was SEK 3.6 billion.**

### Listing and turnover

The Nobia share has been listed on Nasdaq Stockholm since 2002. The majority of the shares are traded on Nasdaq Stockholm, but some shares are also traded on other marketplaces. In January 2022 the share was moved from the Large Cap segment to the Mid Cap segment since its average market capitalisation in November 2021 was below a value corresponding to EUR 1 billion.

In 2022, a total of 91 million Nobia shares (80) were traded on Nasdaq Stockholm at a value of SEK 3.0 billion (5.1). The average turnover per day was approximately 359,000 shares (317,000), corresponding to a value of SEK 11.7m (20). The Nobia share's liquidity, measured as rate of turnover, totalled 54% (46). The average rate of turnover on the Stockholm exchange was 50% (55).

### Share performance

The share price declined 61%, compared with the Stockholm exchange in total, which declined approximately 25% in the same period. The closing price for the Nobia share in 2022 was SEK 21.30. The highest paid price per share during the year was SEK 54.7, while the lowest was SEK 18.2.

### Share capital

On 31 December 2022, 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.

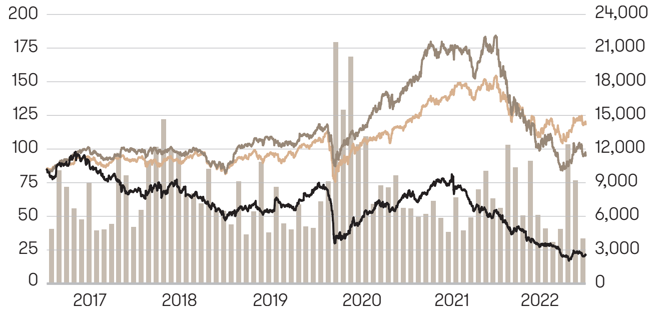
### Dividend policy

Nobia's dividend policy is that the dividend should comprise a minimum of 40% 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.

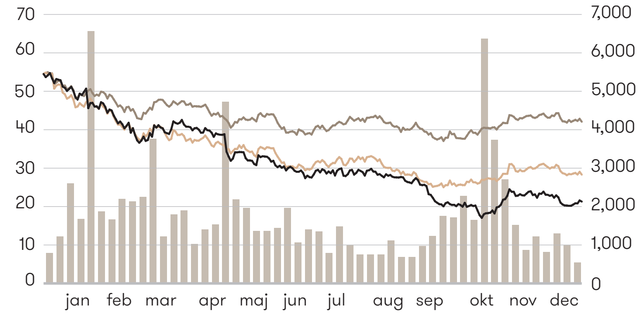
**Share data**
*Listing:* Nasdaq Stockholm, Mid Cap
*Ticker:* NOBI
*Sector:* Consumer Discretionary
*ISIN code:* SE0000949331

**Analysts that follow Nobia**

| Company | Analyst |
|---|---|
| Carnegie | Sofia Sörling |
| DNB Markets | Hanna Lindbo |
| Handelsbanken | Rasmus Engberg |
| Nordea | Victor Hansen |



Source: WebfinancialGroup



Source: WebfinancialGroup

**Proposed dividend**
The Board proposes that no dividend be paid for 2022 given the temporarily high investment level, primarily related to building the new factory.

**Treasury shares**
At the end of 2022, Nobia owned 2,040,637 treasury shares, corresponding to 1.2% of the total number of shares issued. 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 approximately 20,000 shareholders. Swedish ownership was 71% (71). The largest foreign shareholdings were in the US, with approximately 13%, and the Luxembourg and Belgium, with approximately 4.5% and 3% respectively. The five largest owners together owned 54% of shares at year-end.

**Shareholdings among persons in senior positions**
At the time of publication of this Annual Report, the Executive Committee owned, directly and indirectly, 2,137,249 shares and call options in Nobia (2,053,140). On the same date, Nobia's Board members had total direct and indirect holdings of 391,000 shares and call options (30,500).

**Ownership structure, 31 December 2022**

| | Number of shareholders | Percentage of shareholders | No. of shares | Percentage of shareholders |
|---|---|---|---|---|
| 1–500 | 13,961 | 70.10 | 1,879,353 | 1.10 |
| 501–1,000 | 2,432 | 12.21 | 1,975,496 | 1.16 |
| 1,001–5,000 | 2,646 | 13.29 | 6,137,514 | 3.60 |
| 5,001–10,000 | 448 | 2.25 | 3,371,487 | 1.98 |
| 10,001–15,000 | 118 | 0.59 | 1,482,446 | 0.87 |
| 15,001–20,000 | 68 | 0.34 | 1,242,187 | 0.73 |
| 20,001– | 243 | 1.22 | 154,204,975 | 90.55 |
| **Total** | **19,916** | **100** | **170,293,458** | **100** |

**Largest owners, 31 December 2022**

| Shareholder | No. of shares | Percentage of capital, % |
|---|---|---|
| Nordstjernan AB | 42,432,410 | 24.9 |
| IF Skadeförsäkring AB | 18,200,000 | 10.7 |
| Fourth Swedish National Pension Fund | 15,863,071 | 9.3 |
| Swedbank Robur Funds | 3,821,348 | 2.2 |
| First Swedish National Pension Fund | 3,466,610 | 2.0 |
| Öhman Fonder | 2,446,526 | 1.4 |
| Avanza Pension | 2,351,707 | 1.4 |
| Norges Bank | 2,101,000 | 1.2 |
| Unionen | 2,044,321 | 1.2 |
| Nordnet Pensionsförsäkring AB | 1,573,364 | 0.9 |
| **The 10 largest owners** | **94,300,357** | **55.4** |

Source: Euroclear Sweden

At year-end, Nobia held 2,040,637 treasury shares, corresponding to 1.2% of shares.

**Data per share**

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| No. of shares at year-end (millions) | 170.3 | 170.3 | 170.3 | 170.3 | 170.3 |
| No. of shares at year-end after dilution (millions) | 168.7 | 169.3 | 169.3 | 168.6 | 168.5 |
| Average no. of shares at year-end after dilution (millions) | 168.7 | 169.0 | 169.3 | 170.0 | 168.4 |
| Share price at year-end, SEK | 49.24 | 69.80 | 65.85 | 54.50 | 21.30 |
| Earnings per share after dilution, SEK | 4.46 | 4.79 | 1.50 | 4.18 | -0.01 |
| Shareholders' equity per share, SEK | 23 | 25 | 24 | 29 | 28 |
| Dividend per share, SEK | 4.00 | 0 | 2.00 | 2.50 | 0[1] |
| P/E ratio, multiple | 11 | 15 | 44 | 8 | – |
| Direct yield, % | 8.1 | 0 | 3.0 | 4.6 | – |
| Share of dividend, % | 90 | 0 | 133 | 60 | – |

1) No dividends are proposed for 2022.

# Five-year overview

| SEK m | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Net sales | 13,209 | 13,930 | 12,741 | 13,719 | 14,929 |
| Change in % | 4 | 5 | –9 | 8 | 9 |
| Gross profit | 5,090 | 5,305 | 4,444 | 5,278 | 5,363 |
| Operating profit | 1,018 | 1,132 | 437 | 1,009 | 191 |
| Financial income | 10 | 1 | 7 | 148 | 267 |
| Financial expenses | –42 | –94 | –91 | –250 | –428 |
| **Profit after financial items** | **986** | **1,039** | **353** | **907** | **30** |
| Tax on net profit for the year | –233 | –229 | –100 | –201 | –32 |
| Profit for continuing operations | 753 | 810 | 253 | 706 | –2 |
| Profit from discontinued operations, net after tax | – | – | – | – | – |
| **Net profit for the year** | **753** | **810** | **253** | **706** | **–2** |
| Net profit for the year attributable to: | | | | | |
| Parent Company shareholders | 753 | 810 | 253 | 706 | –2 |
| Non-controlling interests | – | – | – | – | – |
| **Net profit for the year** | **753** | **810** | **253** | **706** | **–2** |
| **Balance sheet** | | | | | |
| Fixed assets | 4,759 | 7,641 | 6,806 | 7,212 | 8,933 |
| Inventories | 962 | 1,145 | 1,035 | 1,211 | 1,478 |
| Current receivables | 1,917 | 1,803 | 1,609 | 1,784 | 2,021 |
| Cash and cash equivalents | 128 | 257 | 635 | 422 | 340 |
| Assets held for sale | – | – | – | – | – |
| **Total assets** | **7,766** | **10,846** | **10,085** | **10,629** | **12,772** |
| Shareholders' equity | 3,897 | 4,277 | 4,034 | 4,923 | 4,715 |
| Non-controlling interests | – | – | – | – | – |
| Non-interest-bearing liabilities | 2,440 | 2,487 | 3,027 | 3,268 | 3,735 |
| Interest-bearing liabilities | 1,429 | 4,082 | 3,024 | 2,438 | 4,322 |
| Liabilities attributable to assets held for sale | – | – | – | – | – |
| **Total shareholders' equity and liabilities** | **7,766** | **10,846** | **10,085** | **10,629** | **12,772** |
| Net debt including pensions | 1,266 | 3,819 | 2,387 | 2,014 | 3,980 |
| Capital employed | 5,326 | 8,359 | 7,058 | 7,368 | 9,037 |
| Operating capital | 5,163 | 8,096 | 6,421 | 6,937 | 8,695 |
| **Performance measures** | | | | | |

| SEK m | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Gross margin, % | 38.5 | 38.1 | 34.9 | 38.5 | 35.9 |
| Operating margin, % | 7.7 | 8.1 | 3.4 | 7.4 | 1.3 |
| Operating profit before depreciation/amortisation and impairment (EBITDA) | 1,344 | 1,967 | 1,426 | 1,809 | 1,090 |
| Operating margin before depreciation/amortisation and impairment, % | 10.2 | 14.1 | 11.2 | 13.2 | 7.3 |
| Profit after financial items as a percentage of net sales | 7.5 | 7.5 | 2.8 | 6.6 | 0.2 |
| Turnover rate of operating capital, multiple | 2.6 | 1.7 | 2.0 | 2.0 | 1.7 |
| Return on operating capital, % | 21.7 | 14.2 | 6.0 | 15.1 | 2.4 |
| Return on equity, % | 20.2 | 20.4 | 6.1 | 15.9 | 0.0 |
| Debt/equity ratio, % | 32 | 89 | 59 | 41 | 84 |
| Equity/assets ratio, % | 50 | 39 | 40 | 46 | 37 |
| Cash flow from operating activities | 1,001 | 1,633 | 2,068 | 1,540 | 919 |
| Investments | 414 | 465 | 308 | 892 | 1,684 |
| Earnings per share after dilution | 4.46 | 4.79 | 1.50 | 4.18 | –0.01 |
| Dividend per share, SEK | 4.00 | 0.00 | 2.00 | 2.50[1] | 0.00 |
| **Personnel** | | | | | |
| Average number of employees | 6,178 | 6,161 | 5,977 | 6,041 | 6,244 |
| Net sales per employee, SEK thousands | 2,172 | 2,280 | 2,159 | 2,267 | 2,438 |
| Personnel expenses | 3,135 | 3,343 | 3,357 | 3,503 | 3,991 |
| Number of employees at year-end | 6,081 | 6,109 | 5,901 | 6,052 | 6,123 |

1) The Board's proposal.

# 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 119.

**Analysis of net sales Nordic region, Jan–Dec**

| | % | SEK m |
|---|---|---|
| 2021 | | 7,396 |
| Organic growth | 5 | 364 |
| Currency effect | 4 | 270 |
| **2022** | **9** | **8,030** |

**Analysis of net sales UK region, Jan–Dec**

| | % | SEK m |
|---|---|---|
| 2021 | | 4,529 |
| Organic growth | 4 | 215 |
| Currency effect | 6 | 256 |
| **2022** | **10** | **5,000** |

**Analysis of net sales Portfolio Business Units region, Jan–Dec**

| | % | SEK m |
|---|---|---|
| 2021 | | 1,794 |
| Organic growth | -2 | -46 |
| Acquisition of companies | 3 | 62 |
| Currency effect | 5 | 89 |
| **2022** | **6** | **1,899** |

**Operating profit before depreciation/amortisation and impairment, Jan–Dec**

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Operating profit | 1,018 | 1,132 | 437 | 1,009 | 191 |
| Depreciation/amortisation and impairment | 326 | 835 | 989 | 800 | 899 |
| **Operating profit before depreciation/amortisation and impairment (EBITDA)** | **1,344** | **1,967** | **1,426** | **1,809** | **1,090** |
| Net sales | 13,209 | 13,930 | 12,741 | 13,719 | 14,929 |
| **% of net sales** | **10.2%** | **14.1%** | **11.2%** | **13.2 %** | **7.3%** |

**Operating profit excluding items affecting comparability, Jan–Dec**

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Operating profit | 1,018 | 1,132 | 437 | 1,009 | 191 |
| Items affecting comparability | 66[1] | – | 144[2] | – | 306[3] |
| **Operating profit excluding items affecting comparability** | **1,084** | **1,132** | **581** | **1,009** | **497** |

**Profit after tax excluding items affecting comparability, Jan–Dec**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Profit/loss after tax | 253 | 706 | -2 |
| Items affecting comparability net after tax | 129[2] | – | 243[3] |
| **Profit after tax excluding items affecting comparability** | **382** | **706** | **241** |

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.
3) Mainly referring to cost-out measures in the Nordic region and in central group functions.

**Net debt**

| SEK m | 2021 | 2022 |
|---|---|---|
| Provisions for pensions (IB) | 223 | 384 |
| Other long-term liabilities, interest-bearing (IB) | 1,844 | 3,599 |
| Current liabilities, interest-bearing (IB) | 371 | 339 |
| **Interest-bearing liabilities** | **2,438** | **4,322** |
| Long-term receivables, interest-bearing (IB) | 0 | 0 |
| Current receivables, interest-bearing (IB) | 2 | 2 |
| Cash and cash equivalents (IB) | 422 | 340 |
| **Interest-bearing assets** | **424** | **342** |
| **Net debt** | **2,014** | **3,980** |

**Net debt excl. IFRS 16 Leases**

| SEK m | 2021 | 2022 |
|---|---|---|
| **Net debt** | **2,014** | **3,980** |
| Of which, IFRS 16 Leases | 1,815 | 1,757 |
| Of which, provisions for pensions | 223 | 384 |
| **Net debt excl. IFRS 16 Leases** | **199** | **2,223** |
| **Net debt excl. IFRS 16 Leases and provisions for pensions** | **–24** | **1,839** |

**Operating capital**

| SEK m | 2021 | 2022 |
|---|---|---|
| **Total assets** | **10,629** | **12,772** |
| Other provisions | –46 | -40 |
| Deferred tax liabilities | –31 | -60 |
| Other long-term liabilities, non-interest-bearing | 0 | -4 |
| Current liabilities, non-interest-bearing | –3,191 | -3,631 |
| **Non-interest-bearing liabilities** | **–3,268** | **-3,735** |
| **Capital employed** | **7,361** | **9,037** |
| Interest-bearing assets | –424 | -342 |
| **Operating capital** | **6,937** | **8,695** |

**Average operating capital, Jan–Dec**

| SEK m | 2021 | 2022 |
|---|---|---|
| OB Operating capital | 6,421 | 6,937 |
| CB Operating capital | 6,937 | 8,695 |
| **Average operating capital before adjustments of acquisitions and divestments** | **6,679** | **7,816** |
| **Average operating capital** | **6,679** | **7,816** |

**Average shareholders' equity, Jan–Dec**

| | 2021 | 2022 |
|---|---|---|
| OB Equity attributable to Parent Company shareholders | 4,034 | 4,923 |
| CB Equity attributable to Parent Company shareholders | 4,923 | 4,715 |
| **Average shareholders' equity before adjustments for capital increases/decreases** | **4,479** | **4,819** |
| Adjustments for capital increases/decreases that did not occur in the middle of the period | – | - |
| **Average shareholders' equity** | **4,479** | **4,819** |

# 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 affecting comparability refer to items that affect comparisons in so far as they do not recur 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. |

| Performance measures | Definition/calculation | Use |
|---|---|---|
| **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 performance 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.<br>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). | |

# 2023 Annual General Meeting

**Nobia AB (publ), reg. no. 556528-2752 will hold its Annual General Meeting (AGM) on Thursday, April 27, 2023 at 13:00 CEST at S:ta Clara, Klarabergsviadukten 90 in Stockholm**

**Right to participate at the AGM**
Shareholders who wish to participate in the AGM by postal vote must:

- firstly, be included in the shareholders register maintained by Euro-clear Sweden AB ("Euroclear") as of Wednesday, 19 April, 2023; and,
- secondly notify Nobia of their participation at the Annual General Meeting not later than Friday, 21 April, 2023 in accordance with the instructions set out in the section "Notice of attendance".

**Nominee shares**
In order to be entitled to participate in the Meeting, a shareholder whose shares are registered in the name of a nominee must, in addition to giving notice of participation in the Meeting, register its shares in its own name so that the shareholder is listed in the presentation of the share register as of the record date Wednesday, April 19, 2023. Such re-registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee, in accordance with the nominee's routines, at such time in advance as decided by the nominee. Voting rights registration that have been made by the nominee no later than Friday, April 21, 2023 will be taken into account in the presentation of the share register.

**Notice of attendance**
Notice of in-person participation in the AGM must be made in one of the following ways:

- By E-mail: GeneralMeetingService@euroclear.com
- By telephone: +46 8-402 91 33
- By post: Nobia AB, "Annual General Meeting", c/o Euroclear Sweden, Box 191, SE-101 23 Stockholm, Sweden
- Through Euroclear's website: https://anmalan.vpc.se/EuroclearProxy

The shareholder's notification must state:

- Name or company name
- Personal Identification Number/Corporate Registration Number
- Address, daytime telephone number
- Shareholding
- When applicable, information about any assistants, not more than two assistants, and information on any proxies which may accom-pany the shareholder to the Meeting

Shareholders represented by proxy shall issue a dated power of attorney for the proxy. If the power of attorney is issued on behalf of a legal entity, a certified copy of a registration certificate or corresponding document ("certificate") for the legal entity shall be appended. The power of attorney and certificate may not be more than one year old. However, the validity of the power of attorney may be a maximum of five years from the date of issue, if specifically stated. The power of attorney in original and, where applicable, the certificate, should be sent by post to the Company at the address stated above well in advance of the Annual General Meeting. Proxy forms are available from Nobia's website, https://www.nobia.com/about-us/corporate-governance/shareholders-meeting/, and will be sent to shareholders who so request and inform the Company of their address.

**Dividends**
Given Nobia's temporarily high investment level, primarily related to building the new Nordic factory, the Board is of the opinion that not paying any dividend for 2022 is a prudent recommendation.

**Annual Report**
The Nobia Annual Report is published in Swedish and English, and both versions are available for download at nobia.com.

**Financial information www.nobia.com/ir**
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 2023**
April 27, Interim report January–March 2023.
July 20, Interim report January–June 2023.
November 2, Interim report January–September 2023.

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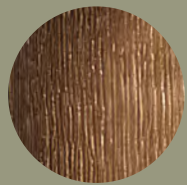

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