



Interim report January – March 2020

First quarter 2020

- Net sales for the first quarter decreased by 1% and amounted to SEK 3,445m (3,469).
– Organic growth was -2% (-1).
- Operating profit was SEK 134m (260), corresponding to an operating margin of 3.9% (7.5).
- Changes in exchange rates negatively impacted operating profit by SEK 35m.
- Profit after tax amounted to SEK 88m (183), corresponding to earnings per share after dilution of SEK 0.52 (1.09).
- Operating cash flow amounted to SEK 212m (241).
- The Dividend proposal was withdrawn by the Board of Directors.

Nobia Group summary

	Q1		Ch.	Jan - Dec 12 months		Ch.
	2019	2020	%	2019	rolling	%
Net sales, SEK m	3,469	3,445	-1	13,930	13,906	0
Gross margin, %	38.0	37.0	-	38.1	37.9	-
Operating margin before depreciation and impairment (EBITDA), %	13.4	10.2	-	14.1	13.3	-
Operating profit (EBIT), SEK m	260	134	-48	1,132	1,006	-11
Operating margin, %	7.5	3.9	-	8.1	7.2	-
Profit after financial items, SEK m	236	113	-52	1,039	916	-12
Profit/loss after tax, SEK m	183	88	-52	810	715	-12
Earnings/loss per share, before dilution, SEK	1.09	0.52	-52	4.80	4.23	-12
Earnings/loss per share, after dilution, SEK	1.09	0.52	-52	4.79	4.22	-12
Operating cash flow, SEK m	241	212	-12	1,179	1,150	-2

Comments from the President and CEO

In March we experienced one of the most disruptive markets in modern times. Even though the kitchen industry was not as severely impacted as many other industries, the lockdown in some of our core markets forced us to temporarily close about half of our store network and half of our factories. A fairly strong order book was postponed to later in the year and our focus had to shift quickly from long term strategic initiatives to implementing health and safety measures to protect our employees and stakeholders, and safeguarding our business short term.

I am very proud of what my colleagues have accomplished. First of all they have over the course of many years shaped this company to become financially solid with strong cash flow and a considerably lower fixed cost base than when the financial crisis hit us. During these difficult times they have again proven their ability to act fast with strong business acumen, excellent teamwork and passion for finding ways to take control over the situation. In only a few days we managed to set up health and safety measures, introduce a large furlough programme, secure our supplier base, roll out new digital tools for remote selling, adjust prices to an accelerated currency headwind and much more.

Due to the widespread uncertainty we decided to preannounce the result for the quarter on 14 April. Organic growth declined by 2 per cent whilst operating profit declined from last year's SEK 260m to SEK 134m. Despite the difficult market situation and currency headwind, our Nordic region reported solid earnings in the quarter, driven foremost by our Danish operations where sales and profitability improved in all channels. In the UK however, which experienced the worst impact from the lockdown, the earnings declined by SEK 94m on last year. The lockdown had a negative impact of SEK ~50m in the UK alone, and the footprint changes being executed in our Darlington factory charged an additional SEK ~30m. On a positive note, our strategy to grow the UK trade business continued in the quarter.

In light of the uncertainties following the corona impact, the Board of Directors decided to withdraw the dividend proposal for 2019. We have also taken several other proactive measures to strengthen our cash flow and protect earnings, such as furloughs, cutbacks of discretionary spend, discontinued consultants, reduction in capex, working capital improvements etc.

Opportunities also arise with a crisis. Whilst it is important to safeguard our cash flow and liquidity in the short term, we will also make sure that we pursue the opportunities that emerge. Through our intensive work with our new strategic plan we have set a platform from which we can build and be comfortable with fast decisions that will strengthen our position in the market. I am therefore certain that we will overcome short-term obstacles and at the same time capture market shares and reshape this company to become even more efficient and competitive for the future.

Jon Sintorn
President and CEO



First quarter, consolidated

Market overview

The overall Nordic kitchen market was down compared with the first quarter of 2019. The outbreak of coronavirus has had a negative impact on market activity following various government restrictions to limit the spread of the virus.

The UK kitchen market has weakened considerably as most factories and kitchen stores have been closed since end of March.

The kitchen market in Central Europe is impacted particularly in Austria due to the lock-down since mid-March.

Net sales, earnings and cash flow

The Group's net sales decreased to SEK 3,445m (3,469), positively impacted by currency effects of SEK 61m and negatively by an organic decline of SEK -85m or -2% (-1). The Nordic region reported positive organic growth while organic growth in other regions was negative.

The gross margin amounted to 37.0% (38.0) and gross profit was SEK 1,276m (1,317). Higher average selling prices were offset by higher supply chain costs and a negative mix effect mainly related to lower retail sales in the UK. Selling and administrative expenses were higher due to activities to grow share in the UK trade market segment and Group-wide costs increased due to strategic initiatives. In addition, operating profit was impacted by the temporary closure of manufacturing sites and stores in the UK and Austria in the second half of March, estimated at SEK -60m. Operating profit amounted to SEK 134m (260). Changes in exchange rates impacted negatively by approx. SEK 35m.

Operating cash flow decreased to SEK 212m (241). Improved cash flow from change in working capital and taxes paid compensated for lower cash flow from operating profit.

Analysis of net sales

	Q1	
	%	SEK m
2019		3,469
Organic growth	-2	-85
–of which Nordic region	1	10
–of which UK region	-6	-92
–of which Central Europe region	-1	-3
Currency effects	2	61
2020	-1	3,445

Currency effect on operating profit

SEK m	Q1		
	Translation effect	Transaction effect	Total effect
Nordic region	0	-40	-40
UK region	0	5	5
CE region	0	0	0
Group	0	-35	-35

Store development

	Q1
Newly opened/closed, net	-1
Number of own stores	232

Net sales and profit by region

SEK m	Nordic		UK		Central Europe		Group-wide and eliminations		Group		Ch. %
	Q1		Q1		Q1		Q1		Q1		
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	
Net sales from external customers	1,724	1,739	1,448	1,405	297	301	–	–	3,469	3,445	-1
Net sales from other regions	0	0	–	–	0	0	0	0	–	–	–
Net sales	1,724	1,739	1,448	1,405	297	301	0	0	3,469	3,445	-1
Gross profit	655	662	570	505	76	91	16	18	1,317	1,276	-3
Gross margin, %	38.0	38.1	39.4	35.9	25.6	30.2	–	–	38.0	37.0	–
Operating profit/loss	214	198	73	-21	5	18	-32	-61	260	134	-48
Operating margin, %	12.4	11.4	5.0	-1.5	1.7	6.0	–	–	7.5	3.9	–

First quarter, the regions

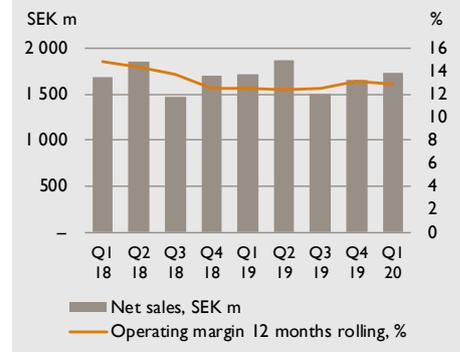
Nordic region

Despite the restrictive government measures introduced in March to stop the spread of coronavirus, the Group was able to operate fairly normally during the quarter. Manufacturing has continued, but with protective measures, higher sickness rates and minor incidents on the sourcing side. Construction sites remain open but with gradually lower activity. Kitchen store footfall declined towards the end of the quarter due to government-imposed restrictions.

Net sales in the Nordic region increased slightly to SEK 1,739m (1,724). Organic growth was 1% (-1), or 4% if adjusted for the impact from transforming own stores to franchise stores. Sales to the project segment performed strongly in Denmark and retail sales were up in Finland, Norway and Denmark.

The gross margin amounted to 38.1% (38.0). Operating profit decreased to SEK 198m (214). Negative currency effects of SEK -40m offset the favourable impact from higher average selling prices and lower costs for materials. The operating margin declined to 11.4% (12.4).

Nordic region



UK region

By end of March the UK Government imposed more restrictive measures to fight the spread of coronavirus. As a consequence, all kitchen stores, most of the construction sites and all of Nobia's manufacturing operations closed as of March 24 and the majority of the UK employees were temporarily laid off (furloughed).

Net sales in the UK amounted to SEK 1,405m (1,448). Organic growth was -6% (0). Net sales to the trade segment in Magnet continued to grow with double digit rate, driven by investments to improve the trade offering, while Magnet retail sales declined. Project sales fell as property development activity decreased.

The gross margin declined to 35.9% (39.4) mainly as a result of lower volume, the temporary closure of stores and factories and unfavourable mix due to lower retail sales. Operating profit decreased to SEK -21m (73) of which approx. SEK -50m related directly to cost for the temporary factory and store closures. Profit was also affected by costs for repositioning the Magnet trade segment and SEK 30m for manufacturing footprint changes, including capacity expansion in the Darlington factory. Changes in exchange rates had a favourable impact of SEK 5m.

UK region



Central Europe region

In mid-March, all of the Group's operations in Austria were closed following government restrictions to fight coronavirus. Operations in Netherlands, which mainly are project sales to construction companies, have been functioning close to normal but with gradually lower demand.

Net sales in the Central Europe region amounted to SEK 301m (297). Organic growth was -1% (-7). Sales in the Netherlands increased, supported by delayed project sales from the previous quarter, while sales in Austria fell considerably due to the temporary closure of stores.

The gross margin strengthened to 30.2% (25.6) and the operating margin improved to 6.0% (1.7), primarily driven by a favourable country sales mix. Operating profit rose to SEK 18m (5).

Central Europe region



Other information

Coronavirus and its effects on Nobia

Adjustments have been made in all parts of the Group to mitigate the effects of the corona pandemic. During the first quarter, All Nobia's businesses were impacted, with the UK business affected most severely. The initial focus has been to protect the health of employees, customers and partners and to take measures to ensure Nobia's long-term financial stability. Nobia is carefully monitoring developments and the constantly changing situation makes it very difficult to predict with any certainty, both the duration of the pandemic and the short-term and long-term impact of the pandemic. The efforts to manage coronavirus impact are led by Group Management based on three focus areas:

- employees and health;
- financial stability; and
- customers and supply chain.

Each Region and Business Unit bases its work on specific action plans, depending on their offering, timing and geographic footprint, since different Regions and Business Units are impacted by varying stages of the outbreak. This gives each Region and Business Unit the ability to make quick decisions, take measures and adapt to the specific challenges they are faced with.

The Group is learning from experiences gained in our operations in UK and Austria and we are applying this knowledge in our other markets.

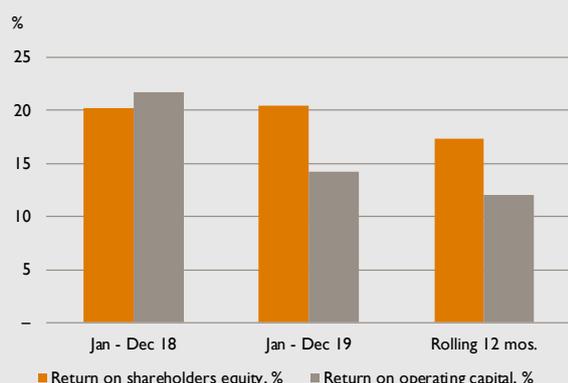
Other significant events and activities

- In the UK, retail stores and manufacturing operations were closed following government-imposed restrictions at the end of March, resulting in lost sales as deliveries from factories ceased. The order book as of the time of the temporary close-down remains as orders were pushed forward rather than cancelled. A furlough program, backed by government subsidies, for some

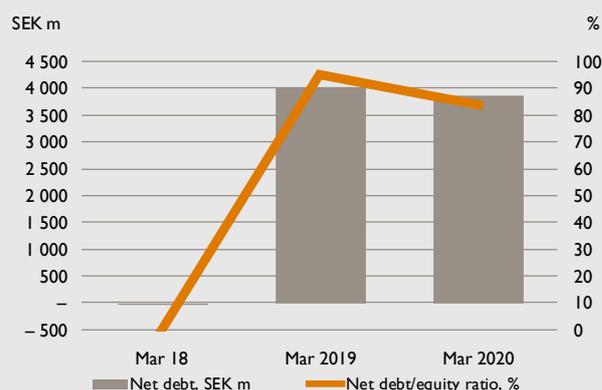
2,300 employees was introduced. The run rate cost for keeping all operations closed in the UK is currently estimated at approx. SEK 50-100m per month, including support from state subsidies. Given current uncertainty, the estimate is that production will not be running at full speed before mid-June.

- The Nordic operations were primarily impacted by the requirements for social distancing and more strict rules on isolating oneself if experiencing signs of illness. Manufacturing has been operating without significant disturbances. Sales have continued on a good level with only a small amount of cancelled or delayed orders. Retail sales have partly moved to digital channels, but are negatively impacted by lower store footfall.
- In Central Europe, manufacturing and stores in Austria were closed mid-March as a direct governmental requirement, and most employees were put on a furlough program. Operations in the Netherlands have been without significant disturbances.
- Manufacturing is expected to be affected by longer delivery times due to potential shortages of certain materials or components. Nobia has therefore had strong focus on supplier relations, alternative sourcing options and building safety stock of critical components, largely with successful result.
- The proportion of cancelled orders has so far been limited. Some customers are postponing orders because deliveries cannot be made.
- Nobia has performed several internal stress tests, including impairment tests involving scenarios that the Group is potentially facing. The level of overdue receivables has been limited, despite a general increase in credit risk. Cash flow management is a top priority and the payment of receivables continues to be closely monitored.
- Several measures to mitigate negative financial impact have been taken across the Group, including cost reductions, furlough programs, termination of consultants, pause of projects and investments,

Return on shareholders' equity and on operating capital



Net debt and net debt/equity ratio



withdrawal of dividend proposal, working capital measures and introducing new digital and online ways of selling.

- All decided and planned investments have been re-evaluated. For this reason, Nobia does not exclude postponing or reducing investments.
- Nobia's financial position and balance sheets remain stable with available cash and unused credit facilities approximately SEK 1.3 billion at the end of March.

Financing

Nobia has a syndicated bank loan of SEK 2,000m with two banks with maturity in 2023 and two covenants: leverage (net debt to EBITDA) and interest cover (EBITDA to net interest expenses). At the end of March 2020, SEK 1,801m of the bank loan had been utilised. Cash and cash equivalents amounted to SEK 958m (222).

Net debt including IFRS16 lease liabilities of SEK 2,624m (2,810) amounted to SEK 3,865m (4,019). The net debt/equity ratio decreased to 84% (95) or 27% (28) excluding IFRS16 lease liabilities.

Net financial items amounted to an expense of SEK 21m (24). Net financial items include the net of returns on pension assets and interest expense on pension liabilities corresponding to an expense of SEK 2m (6). The net interest expense amounted to SEK 19m (18), of which SEK 14m (14) was attributable to interest on leases.

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 insofar as they do not recur with the same regularity as other items.

No items affecting comparability were recognised in 2020 or 2019.

Personnel

The number of employees on 31 March 2020 was 6,063 (6,190).

Annual General Meeting

Nobia's Annual General Meeting will be held on Tuesday, 5 May 2020 at 5:00 p.m. CEST at World Trade Center, Klarabergsviadukten 70/Kungsbron 1, Stockholm, Sweden. Further information regarding proposals and decisions at the AGM are available on Nobia's website: <http://www.nobia.com/agm2020>

Dividend proposal withdrawn

The Board of Directors of Nobia AB (publ) decided to withdraw the previously communicated proposal for a dividend of SEK 4.00 per share, in total approximately SEK 675m. The decision was made as a precautionary measure in light of the adverse impact of the spread of coronavirus, which is causing a high level of uncertainty.

Temporary layoffs (furloughs) of approx. 3,000 employees

Following the adverse market impact due to the spread of coronavirus, Nobia initiated temporary layoffs of approximately 3,000 employees at the end of March, of which around 2,300 refer to the UK where the kitchen store network and supply chain is closed on a temporary basis following UK regulations and recommendations. The other layoffs impact operations across different parts of the Group where all countries are affected. The majority of the layoffs will be backed by state subsidies.

Significant risks

Nobia has a model for risk management, which aims to identify, control and manage risks. The identified risks and how they are managed are reported to the Nobia Board of Directors on a regular basis.

Nobia's financing and management of financial risks is centralised within the Nobia finance function and is conducted on the basis of a finance policy established by the Board of Directors. Financial risks refer primarily to currency exchange rates, interest rates, financing, tax and credit risks. In the ordinary course of business, the Group is exposed to legal risks such as commercial, product liability and other disputes and provides for them as appropriate.

Whilst it is not possible to predict the full implications of Brexit, the Group continues to review impacts, however it is not considered to be material for the Group. The demand for Nobia's products is affected by changes in the customers' investment and production levels. A general economic downturn, a widespread financial crisis and other macroeconomic disturbances may, directly or indirectly, affect the Group negatively both in terms of revenues and profitability.

The major risks to Nobia's operations due to the corona pandemic is continued or new close downs of manufacturing, continued or more severe restrictions on social distancing, and lower demand for kitchens following a potential economic downturn affecting both the buying power of retail customers and a slowdown of building and renovating projects.

For a more detailed description of Nobia's risks and uncertainties, as well as risk management, refer to pages 52-58 in the 2019 Annual Report.

Stockholm, 5 May 2020

Jon Sintorn
President and CEO

Nobia AB, Corporate Registration Number 556528-2752

This Interim Report has not been subject to review by the auditors.

Condensed consolidated income statement

SEK m	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Net sales	3,469	3,445	13,930	13,906
Cost of goods sold	-2,152	-2,169	-8,625	-8,642
Gross profit	1,317	1,276	5,305	5,264
Selling and administrative expenses	-1,076	-1,140	-4,293	-4,357
Other income/expenses	19	-2	120	99
Operating profit	260	134	1,132	1,006
Net financial items	-24	-21	-93	-90
Profit after financial items	236	113	1,039	916
Tax	-53	-25	-229	-201
Profit after tax	183	88	810	715
Total profit attributable to:				
Parent Company shareholders	183	88	810	715
Total depreciation	-206	-216	-838	-848
Total impairment	1	-	3	2
Gross margin, %	38.0	37.0	38.1	37.9
Operating margin, %	7.5	3.9	8.1	7.2
Return on operating capital, %	-	-	14.2	12.0
Return on shareholders equity, %	-	-	20.4	17.3
Earnings per share before dilution, SEK	1.09	0.52	4.80	4.23
Earnings per share after dilution, SEK	1.09	0.52	4.79	4.22
Number of shares at period end before dilution, 000s ¹	168,687	168,853	168,853	168,853
Average number of shares before dilution, 000s ¹	168,687	168,853	168,770	168,853
Number of shares after dilution at period end, 000s ¹	168,687	169,337	169,328	169,351
Average number of shares after dilution, 000s ¹	168,687	168,972	169,044	169,104

¹⁾ Excluding treasury shares.

Consolidated statement of comprehensive income

SEK m	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Profit after tax	183	88	810	715
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange-rate differences attributable to translation of foreign operations	221	143	241	163
Cash flow hedges before tax	-14 ¹⁾	53 ¹⁾	-19 ¹⁾	48
Tax attributable to change in hedging reserve for the period	3 ²⁾	-11 ²⁾	4 ²⁾	-10
	210	185	226	201
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	-54	29	6	89
Tax relating to remeasurements of defined benefit pension plans	9	-5	0	-14
	-45	24	6	75
Other comprehensive income	165	209	232	276
Total comprehensive income	348	297	1,042	991
Total comprehensive income attributable to:				
Parent Company shareholders	348	297	1,042	991

¹⁾ Reversal recognised in profit and loss amounts to a positive SEK 15m (neg: 3). New provision amounts to a positive SEK 37m (neg: 11).

²⁾ Reversal recognised in profit and loss amounts to a negative SEK 3m (pos: 1). New provision amounts to a negative SEK 8m (pos: 2).

Condensed consolidated balance sheet

SEK m	31 Mar		31 Dec
	2019	2020	2019
ASSETS			
Goodwill	3,013	3,128	3,042
Other intangible fixed assets	177	219	232
Tangible fixed assets	1,598	1,687	1,641
Right-of-use assets	2,897	2,696	2,549
Long-term receivables, interest-bearing (IB)	2	2	2
Long-term receivables	43	104	103
Deferred tax assets	109	59	72
Total fixed assets	7,839	7,895	7,641
Inventories	1,127	1,212	1,145
Accounts receivable	1,704	1,723	1,371
Current receivables, interest-bearing (IB)	2	45	4
Other receivables	382	434	428
<i>Total current receivables</i>	<i>2,088</i>	<i>2,202</i>	<i>1,803</i>
Cash and cash equivalents (IB)	222	958	257
Total current assets	3,437	4,372	3,205
Total assets	11,276	12,267	10,846
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	57	57	57
Other capital contributions	1,484	1,499	1,497
Reserves	39	240	55
Profit brought forward	2,665	2,780	2,668
<i>Total shareholders' equity attributable to Parent Company shareholders</i>	<i>4,245</i>	<i>4,576</i>	<i>4,277</i>
Total shareholders' equity	4,245	4,576	4,277
Provisions for pensions (IB)	571	443	473
Other provisions	39	23	37
Deferred tax liabilities	75	61	49
Lease liabilities, interest-bearing (IB)	2,426	2,237	2,113
Other long-term liabilities, interest-bearing (IB)	864	1,803	1,134
Other long-term liabilities, non interest-bearing	32	1	33
Total long-term liabilities	4,007	4,568	3,839
Current lease liabilities, interest-bearing (IB)	384	387	362
Current liabilities and provisions	2,640	2,736	2,368
Total current liabilities	3,024	3,123	2,730
Total shareholders' equity and liabilities	11,276	12,267	10,846
BALANCE-SHEET RELATED KEY RATIOS			
Equity/assets ratio, %	38	37	39
Debt/equity ratio, %	95	84	89
Net debt, closing balance, SEK m	4,019	3,865	3,819
Operating capital, closing balance, SEK m	8,264	8,441	8,096
Capital employed, closing balance, SEK m	8,490	9,446	8,359

Statement of changes in consolidated shareholders' equity

SEK m	Attributable to Parent Company shareholders						Total share-holders equity
	Share capital	Other capital contributions	Exchange-rate differences attributable to translation of foreign operations	Cash-flow hedges after tax	Profit brought forward		
Opening balance, 1 January 2019	57	1,484	-173	2	2,527	3,897	
Profit for the period	-	-	-	-	183	183	
Other comprehensive income for the period	-	-	221	-11	-45	165	
Total comprehensive income for the period	-	-	221	-11	138	348	
Closing balance, 31 March 2019	57	1,484	48	-9	2,665	4,245	
Opening balance, 1 January 2020	57	1,497	68	-13	2,668	4,277	
Profit for the period	-	-	-	-	88	88	
Other comprehensive income/loss for the period	-	-	143	42	24	209	
Total comprehensive income for the period	-	-	143	42	112	297	
Allocation of share saving schemes	-	2	-	-	-	2	
Closing balance, 31 March 2020	57	1,499	211	29	2,780	4,576	

Condensed consolidated cash-flow statement

SEK m	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
<i>Operating activities</i>				
Operating profit	260	134	1,132	1,006
Depreciation/Impairment	205 ¹	216 ²	835 ³	846
Adjustments for non-cash items	10	-1	29	18
Tax paid	-100	-25	-305	-230
Change in working capital	-61	-37	-58	-34
Cash flow from operating activities	314	287	1,633	1,606
<i>Investing activities</i>				
Investments in fixed assets	-80	-83	-465	-468
Other items in investing activities	7	8	11	12
Interest received	0	10	1	11
Change in interest-bearing assets	31	-41	29	-43
Cash flow from investing activities	-42	-106	-424	-488
Operating cash flow before acquisition/divestment of operations, interest, increase/decrease of interest-bearing assets	241	212	1,179	1,150
Total cashflow from operating and investing activities	272	181	1,209	1,118
<i>Financing activities</i>				
Interest paid	-18	-27	-70	-79
Change in interest-bearing liabilities	-206 ⁴	534 ⁵	-386 ⁶	354
Treasury share reissued	-	-	9	9
Dividend	-	-	-675	-675
Cash flow from financing activities	-224	507	-1,122	-391
Cash flow for the period excluding exchange-rate differences in cash and cash equivalents	48	688	87	727
Cash and cash equivalents at beginning of the period	128	257	128	222
Cash flow for the period	48	688	87	727
Exchange-rate differences in cash and cash equivalents	46	13	42	9
Cash and cash equivalents at period-end	222	958	257	958

¹⁾ Reversal of impairment amounted to SEK 1m and pertained to equipment, tools, fixtures and fittings.

²⁾ No impairments during the period.

³⁾ Reversal of impairment amounted to SEK 3m and pertained to equipment, tools, fixtures and fittings by SEK 1m and kitchen displays by SEK 2m.

⁴⁾ No repayment or raising of loans has been done during the period. Amortisation of leasing amounted to SEK 112m.

⁵⁾ Net of repayment and raising of loans amounted to SEK 669m. Amortisation of leasing amounted to SEK 123m.

⁶⁾ Net of repayment and raising of loans amounted to SEK 240m. Amortisation of leasing amounted to SEK 475m.

Analysis of net debt

SEK m	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Opening balance	1,266	3,819	1,266	4,019
OB leasing liabilities new accounting principle	2,716	–	2,716	–
New leasing contracts/Closed leasing contracts in advance, net	107	184	115	192
Translation differences	91	82	155	146
Operating cash flow	-241	-212	-1,179	-1,150
Interest paid, net	18	17	69	68
Remeasurements of defined benefit pension plans	54	-29	-6	-89
Other change in pension liabilities	8	4	17	13
Treasury share reissued	–	–	-9	-9
Dividend	–	–	675	675
Closing balance	4,019	3,865	3,819	3,865

Note 1 – Accounting policies

This interim report has been prepared in accordance with IFRS, with the application of IAS 34 Interim Financial Reporting. For the Parent Company, accounting policies are applied in accordance with Chapter 9, Interim Reports, of the Swedish Annual Accounts Act. Nobia has applied the same accounting policies in this interim report as were applied in the 2019 Annual Report. A description of new accounting policies in their entirety is provided in the 2019 Annual Report.

Note 2 – References

Segment information page 4.
Loan and shareholder's equity transactions, page 6.
Items affecting comparability, page 6.
Net sales by product group, page 18.

Note 3 – Financial instruments - fair value

Nobia's financial assets essentially comprise non-interest-bearing and interest-bearing receivables whereby cash flows only represent payment for the initial investment and, where applicable, for the time value and interest. These are intended to be held to maturity and are recognised at amortised cost, which is a reasonable approximation of fair value.

Financial liabilities are primarily recognised at amortised cost. Financial instruments measured at fair value in the balance sheet are currency forward contracts comprised of assets at a value of SEK 49 million (31 Dec 2019: 5) and liabilities at a value of SEK 8 million (31 Dec 2019: 24). These items are measured according to level 2 of the fair value hierarchy, meaning based on indirect observable market data. Nobia's financial instruments are measured at fair value and included in the balance sheet on the rows " Other receivables" and "Current liabilities".

Note 4 – Related-party transactions

There is no sale and manufacturing of kitchens in the Parent Company. The Parent Company invoiced Group-wide services to subsidiaries in an amount of SEK 78 million (68) during the first quarter of 2020. The Parent Company's reported dividends from participations in Group companies totalled SEK 0 million (0).

Parent Company

Condensed Parent Company income statement

SEK m	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Net sales	68	78	281	291
Administrative expenses	-62	-128	-332	-398
Other operating income	1	2	6	7
Other operating expense	-1	-1	-4	-4
Operating loss	6	-49	-49	-104
Profit from shares in Group companies	0	-	500	500
Other financial income and expenses	78	92	70	84
Profit/loss after financial items	84	43	521	480
Group contribution received	-	-	150	150
Group contribution paid	-	-	-187	-187
Tax on profit/loss for the period	0	0	0	0
Profit/loss for the period	84	43	484	443

Parent Company balance sheet

SEK m	31 Mar		31 Dec
	2019	2020	2019
ASSETS			
Fixed assets			
Tangible fixed assets	2	32	29
Shares and participations in Group companies	1,378	1,381	1,380
Deferred tax assets	5	11	6
Total fixed assets	1,385	1,424	1,415
Current assets			
<i>Current receivables</i>			
Accounts receivable	1	1	1
Receivables from Group companies	2,631	2,210	2,212
Other receivables	50	99	70
Prepaid expenses and accrued income	63	94	84
Cash and cash equivalents	120	387	158
Total current assets	2,865	2,791	2,525
Total assets	4,250	4,215	3,940
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity			
<i>Restricted shareholders' equity</i>			
Share capital	57	57	57
Statutory reserve	1,671	1,671	1,671
	1,728	1,728	1,728
<i>Non-restricted shareholders' equity</i>			
Share premium reserve	52	52	52
Buy-back of shares	-92	-82	-82
Profit brought forward	1,496	1,309	823
Profit/loss for the period	84	43	484
	1,540	1,322	1,277
Total shareholders' equity	3,268	3,050	3,005
Long-term liabilities			
Provisions for pensions	19	21	21
Deferred tax liabilities	5	11	5
Long term interest-bearing liabilities	1	23	22
Total long-term liabilities	24	55	48
Current liabilities			
Liabilities to credit institutes	0	-	-
Other interest-bearing liabilities	1	7	6
Accounts payable	17	31	44
Liabilities to Group companies	880	990	790
Current tax liabilities	0	-	0
Other liabilities	38	57	29
Accrued expenses and deferred income	21	25	18
Total current liabilities	957	1,110	887
Total shareholders' equity, provisions and liabilities	4,250	4,215	3,940

Comparative data per region

Net sales, SEK m	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Nordic	1,724	1,739	6,753	6,768
UK	1,448	1,405	5,902	5,859
Central Europe	297	301	1,275	1,279
Group-wide and eliminations	0	0	0	0
Group	3,469	3,445	13,930	13,906

Gross profit, SEK m	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Nordic	655	662	2,567	2,574
UK	570	505	2,282	2,217
Central Europe	76	91	394	409
Group-wide and eliminations	16	18	62	64
Group	1,317	1,276	5,305	5,264

Gross margin, %	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Nordic	38.0	38.1	38.0	38.0
UK	39.4	35.9	38.7	37.8
Central Europe	25.6	30.2	30.9	32.0
Group	38.0	37.0	38.1	37.9

Operating profit, SEK m	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Nordic	214	198	886	870
UK	73	-21	345	251
Central Europe	5	18	98	111
Group-wide and eliminations	-32	-61	-197	-226
Group	260	134	1,132	1,006

Operating margin, %	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Nordic	12.4	11.4	13.1	12.9
UK	5.0	-1.5	5.8	4.3
Central Europe	1.7	6.0	7.7	8.7
Group	7.5	3.9	8.1	7.2

Quarterly data per region

Net sales, SEK m	2019				2020
	Q1	Q2	Q3	Q4	Q1
Nordic	1,724	1,870	1,501	1,658	1,739
UK	1,448	1,535	1,464	1,455	1,405
Central Europe	297	346	300	332	301
Group-wide and eliminations	0	0	0	0	0
Group	3,469	3,751	3,265	3,445	3,445

Gross profit, SEK m	2019				2020
	Q1	Q2	Q3	Q4	Q1
Nordic	655	732	562	618	662
UK	570	610	548	554	505
Central Europe	76	108	103	107	91
Group-wide and eliminations	16	15	15	16	18
Group	1,317	1,465	1,228	1,295	1,276

Gross margin, %	2019				2020
	Q1	Q2	Q3	Q4	Q1
Nordic	38.0	39.1	37.4	37.3	38.1
UK	39.4	39.7	37.4	38.1	35.9
Central Europe	25.6	31.2	34.3	32.2	30.2
Group	38.0	39.1	37.6	37.6	37.0

Operating profit, SEK m	2019				2020
	Q1	Q2	Q3	Q4	Q1
Nordic	214	275	193	204	198
UK	73	127	88	57	-21
Central Europe	5	32	28	33	18
Group-wide and eliminations	-32	-43	-42	-80	-61
Group	260	391	267	214	134

Operating margin, %	2019				2020
	Q1	Q2	Q3	Q4	Q1
Nordic	12.4	14.7	12.9	12.3	11.4
UK	5.0	8.3	6.0	3.9	-1.5
Central Europe	1.7	9.2	9.3	9.9	6.0
Group	7.5	10.4	8.2	6.2	3.9

Operating capital per region

	31 Mar		31 Dec
	2019	2020	2019
Operating capital Nordic region, SEK m			
Operating assets	3,581	3,639	3,212
Operating liabilities	1,255	1,383	1,298
Operating capital	2,326	2,256	1,914

	31 Mar		31 Dec
	2019	2020	2019
Operating capital UK region, SEK m			
Operating assets	4,455	4,423	4,283
Operating liabilities	1,173	1,132	881
Operating capital	3,282	3,291	3,402

	31 Mar		31 Dec
	2019	2020	2019
Operating capital Central Europe region, SEK m			
Operating assets	635	657	595
Operating liabilities	164	157	172
Operating capital	471	500	423

	31 Mar		31 Dec
	2019	2020	2019
Operating capital Group-wide and eliminations, SEK m			
Operating assets	2,379	2,543	2,493
Operating liabilities	194	149	136
Operating capital	2,185	2,394	2,357

	31 Mar		31 Dec
	2019	2020	2019
Operating capital, SEK m			
Operating assets	11,050	11,262	10,583
Operating liabilities	2,786	2,821	2,487
Operating capital	8,264	8,441	8,096

Comparative data by product group

Net sales Nordic by product group, %	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Kitchen furnitures	67	67	67	67
Installation services	6	6	6	6
Other products	27	27	27	27
Total	100	100	100	100

Net sales UK by product group, %	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Kitchen furnitures	65	63	62	62
Installation services	5	6	6	6
Other products	30	31	32	32
Total	100	100	100	100

Net sales Central Europe by product group, %	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Kitchen furnitures	59	56	60	59
Installation services	11	11	11	11
Other products	30	33	29	30
Total	100	100	100	100

Net sales Group by product group, %	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Kitchen furnitures	65	65	64	64
Installation services	6	6	6	6
Other products	29	29	30	30
Total	100	100	100	100

Reconciliation of alternative performance measures

Nobia presents certain financial performance measures in the interim 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 pages 21-22.

Analysis of external net sales Nordic Region	Q1, 2020	
	%	SEK m
2019		1,724
Organic growth	1	10
Currency effects	0	5
2020	1	1,739

Analysis of external net sales UK Region	Q1, 2020	
	%	SEK m
2019		1,448
Organic growth	-6	-92
Currency effects	3	49
2020	-3	1,405

Analysis of external net sales Central Europe Region	Q1, 2020	
	%	SEK m
2019		297
Organic growth	-1	-3
Currency effects	2	7
2020	1	301

Operating profit before depreciation and impairment (EBITDA), SEK m	Q1		Jan - Dec	12 months
	2019	2020	2019	rolling
Operating profit	260	134	1,132	1,006
Depreciation and impairment	205	216	835	846
Operating profit before depreciation and impairment (EBITDA)	465	350	1,967	1,852
Net Sales	3,469	3,445	13,930	13,906
% of sales	13.4%	10.2%	14.1%	13.3%

Reconciliation of alternative performance measures, cont.

	31 Mar		31 Dec
	2019	2020	2019
Net debt, SEK m			
Provisions for pensions (IB)	571	443	473
Other long-term liabilities, interest-bearing (IB)	3,290	4,040	3,247
Current liabilities, interest-bearing (IB)	384	387	362
Interest-bearing liabilities	4,245	4,870	4,082
Long-term receivables, interest -bearing (IB)	-2	-2	-2
Current receivables, interest-bearing (IB)	-2	-45	-4
Cash and cash equivalents (IB)	-222	-958	-257
Interest-bearing assets	-226	-1,005	-263
Net debt	4,019	3,865	3,819

	31 Mar		31 Dec
	2019	2020	2019
Operating capital, SEK m			
Total assets	11,276	12,267	10,846
Other provisions	-70	-23	-37
Deferred tax liabilities	-75	-61	-49
Other long-term liabilities, non interest-bearing	-32	-1	-33
Current liabilities, non interest-bearing	-2,609	-2,736	-2,368
Non-interest-bearing liabilities	-2,786	-2,821	-2,487
Capital employed	8,490	9,446	8,359
Interest-bearing assets	-226	-1,005	-263
Operating capital	8,264	8,441	8,096

	Jan - Dec	12 months
	2019	rolling
Average operating capital, SEK m		
OB Operating capital	5,163	8,264
CB Operating capital	8,096	8,441
Average operating capital before adjustments of acquisitions and divestments	6,630	8,353
Adjustment for the effect due to adaption of IFRS 16 not occurred in the middle of the period	1,358	-
Average operating capital	7,988	8,353

	Jan - Dec	12 months
	2019	rolling
Average equity, SEK m		
OB Equity attributable to Parent Company shareholders	3,897	4,245
CB Equity attributable to Parent Company shareholders	4,277	4,576
Average equity before adjustment of increases and decreases in capital	4,087	4,411
Adjustment for increases and decreases in capital not occurred in the middle of the period	-112	-282
Average equity	3,975	4,129

Definitions

Performance measure	Calculation	Purpose
Return on shareholders' equity	Net profit for the period 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 shareholders' equity shows the total return on shareholders' 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-efficient 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 assess the Group's profitability over time.
Gross margin	Gross profit as a percentage of sales.	This measure reflects the efficiency of the part of the operations that is primarily linked to production and logistics. It is used to measure cost efficiency in this part of the operations.
EBITDA	Earnings before depreciation/amortisation and impairment.	To simplify, the measure shows the earnings-generating cash flow in the operations. It provides a view of the ability of the operations, in absolute terms, to generate resources for investment and payment to financiers and is used for comparisons over time.
Items affecting comparability	Items that affect comparability in so far as they do not reoccur with the same regularity as other items.	Reporting items affecting comparability separately clearly shows the performance of the underlying operations.
Net debt	Interest-bearing liabilities less interest-bearing assets. Interest-bearing liabilities include pension liabilities.	Net debt is used to monitor the debt trend and see the level of the refinancing requirement. 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 operations. 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, and increase/decrease in interest-bearing assets.	This measure comprises the cash flow generated by the underlying operations. The measure is used to show the amount of funds at the company's disposal for paying financiers of loans and equity or for use in growth through acquisitions.
Organic growth	Change in net sales, excluding acquisitions, 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.	This measure reflects the operating profitability of the operations. It is used to monitor the flexibility 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.

Definitions, cont.

Performance measure	Calculation	Purpose
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 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	Shareholders' equity including non-controlling interests as a percentage of balance-sheet total.	This measure reflects the company's financial position and thus its long-term solvency. A healthy equity 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 effects" refers to the currency effects arising when foreign results and balance sheets are translated to SEK. "Transaction effects" refers to the currency effects arising when purchases or sales are made in currency other than the currency of the producing country (functional currency).	

Information to shareholders

For further information

Contact any of the following on +46 (0)8 440 16 00 or ir@nobia.com

- Kristoffer Ljungfelt, CFO
- Tobias Norrby, Head of Investor Relations

Presentation

The interim report will be presented on Tuesday, 5 May at 09:00 CET in a webcast teleconference that can be followed on Nobia's website or on <https://edge.media-server.com/mmc/p/eg4dfqmc>

To participate in the teleconference, and thus have the possibility to ask questions, call one of the following numbers:

Sweden: +46 8 566 42651
UK: +44 3333 000804
USA: +1 6319 131422

Pincode: 19412448#

Financial calendar

July 20	Interim report for January - June 2020
November 2	Interim report for January - September 2020

The AGM will be held in Stockholm on May 5.

This interim report is information such that Nobia is obliged to make public pursuant to the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, on 5 May 2020 at 08:00 CET.

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