



Interim report third quarter 2020

Third quarter 2020

- Net sales for the third quarter amounted to SEK 3,105m (3,265).
- Organic growth was -2% (3).
- Operating profit amounted to SEK 195m (267), corresponding to an operating margin of 6.3% (8.2).
- Total currency impact on Group operating profit was negative SEK -10m.
- Profit after tax amounted to SEK 132m (187), corresponding to earnings per share before and after dilution of SEK 0.78 (1.11).
- Operating cash flow increased to SEK 484m (346).
- Net debt, excluding IFRS16 lease liabilities, declined to SEK 483m (1,562).

Nobia Group summary

	Q3		Ch. %	Jan - Sep		Ch. %	Jan - Dec 12 months		Ch. %
	2019	2020		2019	2020		2019	rolling	
Net sales, SEK m	3,265	3,105	-5	10,485	9,291	-11	13,930	12,736	-9
Gross margin, %	37.6	35.7	-	38.2	35.0	-	38.1	35.7	-
Operating margin before depreciation/impairment (EBITDA), %	14.5	13.2	-	14.7	10.3	-	14.1	10.8	-
Operating profit (EBIT), SEK m	267	195	-27	918	286	-69	1,132	500	-56
Operating margin, %	8.2	6.3	-	8.8	3.1	-	8.1	3.9	-
Profit after financial items, SEK m	242	169	-30	852	210	-75	1,039	397	-62
Profit/loss after tax, SEK m	187	132	-29	660	164	-75	810	314	-61
Earnings/loss per share, before dilution, SEK	1.11	0.78	-30	3.91	0.97	-75	4.80	1.86	-61
Earnings/loss per share, after dilution, SEK	1.11	0.78	-30	3.91	0.97	-75	4.79	1.85	-61
Operating cash flow, SEK m	346	484	40	831	1,412	70	1,179	1,760	49

Comments from the President and CEO

Following the challenging second quarter, the third quarter was characterised by stabilisation and recovery for several of our businesses. The picture is however fragmented as various market segments and geographies are in different phases of the pandemic, with different implications depending on the governmental restrictions in place. The health and wellbeing of our employees, customers and partners continues to be a priority, and I would again like to take this opportunity to thank all employees for their excellent and hard work during these unprecedented times.

During the quarter we noted a fast order recovery in the retail segment, backed by low interest rates and the recent upswing in home renovation supported by the growing stay-at-home trend. As a result, we began to allocate more resources to this segment towards the end of the quarter, whilst still being mindful of costs due to the current uncertainty. The project market remains negatively impacted, especially in the UK, with both social housing and the London property market lagging behind pre-pandemic activity levels. The Danish market has remained strong with growth in all segments.

The overall Group organic sales trend was down 2% in the third quarter. The Nordic region was 3% ahead mainly due to the continued strong performance in Denmark, while the UK was down 9%, impacted by the project market. Central Europe reported double-digit growth. Operating profit for the Group was SEK 195m (267), cash flow remained solid and the net debt/equity ratio, excluding IFRS 16 leases, decreased to a record low level of 12% (38).

Looking ahead, the near future still holds business uncertainties as new restrictions may come into force, but we currently deem the risk of temporary factory closures to be limited. As long as we can continue to operate in a normal manner, we believe that the growing trend in home renovations, growth in online visits and digital design appointments will convert into growing order books over time.

I am confident that our strong customer commitment, the agility in which our employees operate in this new environment, and a solid balance sheet to support our strategic agenda will provide business opportunities in both the short- and long term.

Jon Sintorn,

President and CEO



Third quarter, consolidated

Market overview

All markets in which Nobia operates have been affected by the various government-imposed restrictions to fight the spread of coronavirus during the first nine months of the year. Restrictions have prevented markets from functioning normally as the temporary closure of manufacturing sites, points of sales and housing development projects have negatively impacted kitchen sales, predominantly in the second quarter and to a small extent in the first quarter. In the third quarter markets were largely functioning normally albeit with health and safety precautions. However, parts of the project market and social housing segment in the U.K. was not yet back to normal activity level. Consumer interest in home refurbishing such as kitchen investments has increased during the pandemic as people are spending more time in their homes.

Net sales, earnings and cash flow

The Group's net sales decreased to SEK 3,105m (3,265), negatively impacted by currency effects of SEK 102m and an organic decline of SEK 58m or -2% (3). Organic sales increased in the Nordic and Central Europe regions.

The gross margin declined to 35.7% (37.6) and gross profit amounted to SEK 1,108m (1,228). Operating profit declined to SEK 195m (267), mainly as a result of lower sales volume in the U.K. and lower productivity in the Nordic region. Changes in exchange rates impacted negatively by approximately SEK 10m. Furlough subsidies amounted to SEK 13m and are recorded under operating income/expenses.

Operating cash flow increased to SEK 484m (346) mainly driven by favourable changes in working capital and lower investments. The Group's net debt, excluding IFRS16 lease liabilities, declined to SEK 483m (1,562).

Analysis of net sales

	Q3	
	%	SEK m
2019		3,265
Organic growth	-2	-58
–of which Nordic region	3	50
–of which UK region	-9	-136
–of which Central Europe region	10	28
Currency effects	-3	-102
2020	-5	3,105

Currency effect on operating profit

SEK m	Q3		
	Translation effect	Transaction effect	Total effect
Nordic region	-5	-10	-15
UK region	0	5	5
CE region	0	0	0
Group	-5	-5	-10

Store development

	Q3
Newly opened/closed, net	-5
Number of own stores	226

Net sales and profit by region

SEK m	Nordic		UK		Central Europe		Group-wide and eliminations		Group		Ch. %
	Q3		Q3		Q3		Q3		Q3		
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	
Net sales from external customers	1,501	1,491	1,464	1,295	300	319	–	–	3,265	3,105	-5
Net sales from other regions	0	0	–	–	0	0	0	0	–	–	–
Net sales	1,501	1,491	1,464	1,295	300	319	0	0	3,265	3,105	-5
Gross profit	562	538	548	442	103	108	15	20	1,228	1,108	-10
Gross margin, %	37.4	36.1	37.4	34.1	34.3	33.9	–	–	37.6	35.7	–
Operating profit/loss	193	183	88	13	28	38	-42	-39	267	195	-27
Operating margin, %	12.9	12.3	6.0	1.0	9.3	11.9	–	–	8.2	6.3	–

Third quarter, the regions

Nordic region

Net sales in the Nordic region amounted to SEK 1,491m (1,501m). Organic growth was 3% (1). The organic growth was 6% adjusted for the impact from transforming own stores to franchise stores. Sales continued to grow in Denmark driven by both project and retail segments. Sales rose slightly in Norway, while Sweden and Finland reported lower sales.

The gross margin amounted to 36.1% (37.4). Operating profit decreased to SEK 183m (193) and the operating margin amounted to 12.3% (12.9). Higher average selling prices and the organic growth affected income positively, offset by lower productivity and impact from changes in exchange rates of SEK -15m.

UK region

Net sales in the U.K. declined to SEK 1,295m (1,464). The organic decline was -9% (5). Retail and trade segments recovered gradually during the quarter, while the project and social housing segments are still lagging behind.

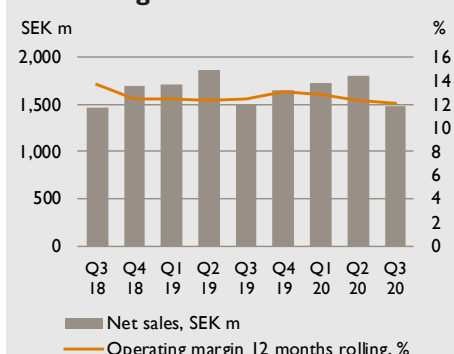
The gross margin decreased to 34.1% (37.4). Operating profit decreased to SEK 13m (88) and the operating margin declined to 1.0% (6.0), mainly as a result of the volume decline and lower pricing on volumes that were quoted in the second quarter and shipped in the third. Furlough subsidies amounted to SEK 12m.

Central Europe region

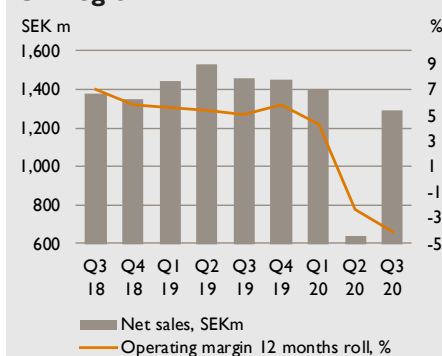
Net sales in the Central Europe region increased to SEK 319m (300). Organic growth was 10% (0), driven by pent-up demand resulting from the coronavirus lockdown in the second quarter, a higher number of delivery days in Austria and strong September sales to the social housing segment in the Netherlands.

The gross margin was 33.9% (34.3). Operating profit increased to SEK 38m (28) and the operating margin increased to 11.9% (9.3), supported mainly by the higher sales volume.

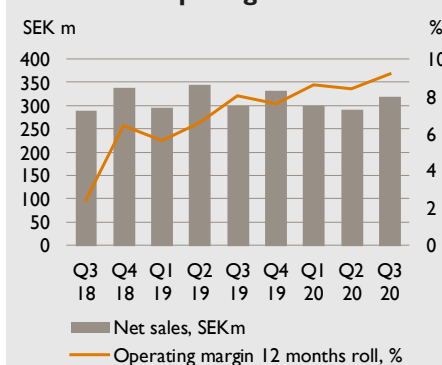
Nordic region



UK region



Central Europe region



January - September, consolidated

January - September 2020

- Net sales decreased to SEK 9,291m (10,485).
- Operating profit amounted to SEK 286m (918), corresponding to an operating margin of 3.1% (8.8).
- Changes in exchange rates impacted operating profit negatively by SEK 50m.
- Profit after tax amounted to SEK 164m (660), corresponding to earnings per share before and after dilution of SEK 0.97 (3.91).
- Operating cash flow increased to SEK 1,412m (831).
- Net debt, excluding IFRS 16 lease liabilities, declined to SEK 483m (1,562).

Net sales, earnings and cash flow

Net sales for the first nine months decreased by 11% to SEK 9,291m (10,485). The organic decline was -10% (0) primarily driven by the sharp declines in the U.K. and Austria in the second quarter when markets were heavily impacted by coronavirus restrictions.

The gross margin decreased to 35.0% (38.2) and the operating margin declined to 3.1% (8.8). Operating profit decreased to SEK 286m (918), mainly due to the large coronavirus-driven sales volume declines in UK and Central Europe regions in the second quarter. Profit includes onetime restructuring charges and bad debt provisions totalling SEK -110m. Higher average sales prices and furlough subsidies impacted positively. Changes in exchange rates impacted negatively by SEK 50m.

Operating cash flow improved to SEK 1,412m (831) mainly due to improved cash flow from change in working capital and lower investments. Part of the working capital improvement relates to governmental subsidies such as deferred tax and VAT payments.

Analysis of net sales

	Jan - Sep	
	%	SEK m
2019		10,485
Organic growth	-10	-1,095
–of which Nordic region	1	30
–of which UK region	-25	-1,095
–of which Central Europe region	-3	-30
Currency effects	-1	-99
2020	-11	9,291

Currency effect on operating profit

SEKm	Jan - Sep		
	Translation effect	Transaction effect	Total effect
Nordic region	-5	-55	-60
UK region	0	10	10
CE region	0	0	0
Group	-5	-45	-50

Store development

	Jan - Sep
Newly opened/closed, net	-7
Number of own stores	226

Net sales and profit by region

	Nordic		UK		Central Europe		Group-wide & eliminations		Group		Ch. %
	Jan - Sep		Jan - Sep		Jan - Sep		Jan - Sep		Jan - Sep		
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	
Net sales from external customers	5,095	5,034	4,447	3,345	943	912	-	-	10,485	9,291	-11
Net sales from other regions	0	0	-	-	0	0	0	0	-	-	-
Net sales	5,095	5,034	4,447	3,345	943	912	0	0	10,485	9,291	-11
Gross profit	1,949	1,869	1,728	1,041	287	281	46	59	4,010	3,250	-19
Gross margin, %	38.3	37.1	38.9	31.1	30.4	30.8	-	-	38.2	35.0	-
Operating profit/loss	682	615	288	-247	65	81	-117	-163	918	286	-69
Operating margin, %	13.4	12.2	6.5	-7.4	6.9	8.9	-	-	8.8	3.1	-
Net financial items									-66	-76	-15
Profit after financial items									852	210	-75

Other information

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 September 2020, SEK 772m of the bank loan was utilised. Cash and cash equivalents amounted to SEK 885m (220).

Net debt including IFRS 16 lease liabilities of SEK 2,360m (2,644) and pension provisions of SEK 580m (532) amounted to SEK 2,843m (4,206). Net debt excluding the lease liabilities and pension provisions amounted to SEK -97m (1,030). The net debt/equity ratio decreased to 68% (102) or 12% (38) excluding IFRS 16 lease liabilities.

Net financial items amounted to SEK -76m (-66). Net financial items include the net of returns on pension assets and interest expense on pension liabilities corresponding to SEK -19m (-12). The net interest amounted to SEK -57m (-54), of which SEK -37m (-42) 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 30 September 2020 was 5,923 (6,170).

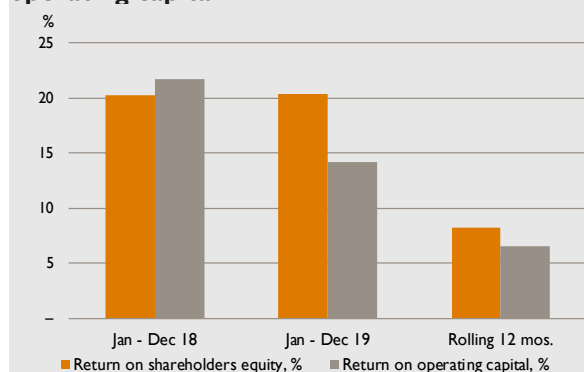
Coronavirus and its effects on Nobia

The renewed increase in Covid-19 infections in parts of the world, and particularly in Europe, shows that downside risks persist. With that said, as countries emerge from the immediate health crisis in the first half of the year, restarted their economies and lifted lockdown measures, the impact on Nobia Group's markets has eased and customer demand has increased. Demand has been high especially in the Nordics, partly accelerated by the stay-at-home trend and increased willingness among consumers to invest in kitchen refurbishment. Currently, all manufacturing sites are in full operation and adhering to health and safety restrictions.

The duration and expected development of the pandemic is unknown, and no predictions can be made in relation to the length of current or future measures that different countries and others may take in response to the crisis. However, any prolongation or worsening of the virus outbreak may lead to e.g. the following:

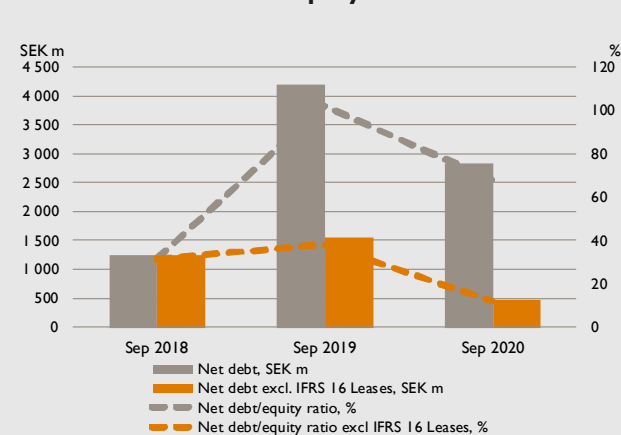
- the extension of lockdown measures and restrictions on freedom of movement in the Group's key markets
- key suppliers experiencing severe financial difficulties
- shortages of necessary material and parts from suppliers directly or indirectly affected by the virus
- outbreak that may in turn lead to supply chain disruptions
- a larger number of customers directly or indirectly affected by the virus outbreak having difficulties, or being prevented from, making payments to the Group when due
- further disruption of financial markets and/or
- a prolonged global economic downturn leading to a more severe reduction in demand for Nobia's products.

Return on shareholders' equity and on operating capital



Impact from IFRS 16 Leases as of January 1, 2019

Net debt and net debt/equity ratio



Impact from IFRS 16 Leases as of January 1, 2019

The health and safety of Nobia's employees is a key priority. Thanks to Nobia's proactive approach during the pandemic thus far, there has been minimal impact on the Group's ability to serve customers and run operations. The Group also continues to focus on sales and customer service as well as cost and working capital management, ensuring liquidity and cash flow to remain resilient and ensure quick recovery.

New members of Group Management

Dan Carr, previously CFO Commercial Region UK and Acting Head of Commercial Region UK, has been appointed EVP and Head of Commercial Region UK as of September 11. Cecilia Forzelius has been appointed EVP People & Culture and member of Group Management as of 1 September 2020. Cecilia most recently held the position of Chief People Officer at Transcom. Furthermore, Sara Björk will join Nobia as new Chief Information Officer (CIO) and member of Group Management, by 1 January 2021 at the latest. Sara currently holds the position of Head of IT for H&M Group's IT division for Design, Purchasing and Production offices.

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 adopted 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.

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 coronavirus 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. The extent of the impact of the coronavirus pandemic on Nobia's business will continue to depend on numerous evolving factors that are difficult to accurately predict. These include the duration and scope of the pandemic, economic conditions during and after the pandemic, governmental actions that have been taken, or may be taken in the future, in response to the pandemic, and changes in consumer behaviour in response to the pandemic.

The pandemic could have a significant impact on Nobia Group operations, both in terms of difficulties of supply of raw materials and components and effects on demand of Nobia Group's products and services.

Potential near and midterm effects on Nobia resulting from potential "no-deal" Brexit are expected to be limited due to precautions implemented.

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 and "Coronavirus and its effects on Nobia" on page 6 in this interim report.

Stockholm, 3 November 2020

Jon Sintorn
President and CEO

Nobia AB, Corporate Registration Number 556528-2752

Review report

Introduction

We have reviewed the interim report for Nobia AB (publ) for the period 1 January - 30 September 2020. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 3 November 2020

Deloitte AB

Daniel de Paula

Authorised Public Accountant

Condensed consolidated income statement

SEK m	Q3		Jan - Sep		Jan - Dec	12 months
	2019	2020	2019	2020	2019	rolling
Net sales	3,265	3,105	10,485	9,291	13,930	12,736
Cost of goods sold	-2,037	-1,997	-6,475	-6,041	-8,625	-8,191
Gross profit	1,228	1,108	4,010	3,250	5,305	4,545
Selling and administrative expenses	-999	-945	-3,169	-3,171	-4,293	-4,295
Other income/expenses	38	32	77	207	120	250
Operating profit	267	195	918	286	1,132	500
Net financial items	-25	-26	-66	-76	-93	-103
Profit after financial items	242	169	852	210	1,039	397
Tax	-55	-37	-192	-46	-229	-83
Profit after tax	187	132	660	164	810	314
Total profit attributable to:						
Parent Company shareholders	187	132	660	164	810	314
Total depreciation	-208	-216	-624	-647	-838	-861
Total impairment	-	-	1	-21	3	-19
Gross margin, %	37.6	35.7	38.2	35.0	38.1	35.7
Operating margin, %	8.2	6.3	8.8	3.1	8.1	3.9
Return on operating capital, %	-	-	-	-	14.2	6.5
Return on shareholders equity, %	-	-	-	-	20.4	8.2
Earnings per share before dilution, SEK	1.11	0.78	3.92	0.97	4.80	1.86
Earnings per share after dilution, SEK	1.11	0.78	3.91	0.97	4.79	1.85
Number of shares at period end before dilution, ¹	168,687	168,853	168,687	168,853	168,853	168,853
Average number of shares before dilution, ¹	168,687	168,853	168,687	168,853	168,770	168,853
Number of shares after dilution at period end, ¹	169,132	169,251	169,114	169,300	169,328	169,313
Average number of shares after dilution, ¹	168,837	168,951	168,873	169,187	169,044	168,969

¹⁾ Excluding treasury shares.

Consolidated statement of comprehensive income

SEK m	Q3		Jan - Sep		Jan - Dec	12 months
	2019	2020	2019	2020	2019	rolling
Profit after tax	187	132	660	164	810	314
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Exchange-rate differences attributable to translation of foreign operations	115	15	281	-176	241	-216
Cash flow hedges before tax	-1	-5	0 ¹	19 ¹	-19 ¹	0
Tax attributable to change in hedging reserve for the period	0	1	0 ²	-4 ²	4 ²	0
	114	11	281	-161	226	-216
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit pension plans	-12	53	-46	-135	6	-83
Tax relating to remeasurements of defined benefit pension plans	2	-9	8	23	0	15
	-10	44	-38	-112	6	-68
Other comprehensive income	104	55	243	-273	232	-284
Total comprehensive income	291	187	903	-109	1,042	30
Total comprehensive income attributable to:						
Parent Company shareholders	291	187	903	-109	1,042	30

¹⁾ Reversal recognized in profit and loss amounts to a positive SEK 15m (neg: 3). New provision amounts to a positive SEK 3m (pos: 3). (Jan-Dec 2019: neg: 15)

²⁾ Reversal recognized in profit and loss amounts to a negative SEK 3m (pos: 1). New provision amounts to a negative SEK 1m (neg: -1). (Jan-Dec 2019: pos: 3)

Condensed consolidated balance sheet

SEK m	30 Sep		31 Dec
	2019	2020	2019
ASSETS			
Goodwill	3,042	2,947	3,042
Other intangible fixed assets	166	215	232
Tangible fixed assets	1,592	1,460	1,641
Right-of-use assets	2,723	2,384	2,549
Long-term receivables, interest-bearing (IB)	3	0	2
Long-term receivables	82	97	103
Deferred tax assets	81	84	72
Total fixed assets	7,689	7,187	7,641
Inventories	1,129	1,028	1,145
Accounts receivable	1,656	1,537	1,371
Current receivables, interest-bearing (IB)	1	9	4
Other receivables	534	454	428
Total current receivables	2,191	2,000	1,803
Cash and cash equivalents (IB)	220	884	257
Total current assets	3,540	3,912	3,205
Total assets	11,229	11,099	10,846
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	57	57	57
Other capital contributions	1,495	1,505	1,497
Reserves	110	-106	55
Profit brought forward	2,474	2,720	2,668
<i>Total shareholders' equity attributable to Parent Company shareholders</i>	<i>4,136</i>	<i>4,176</i>	<i>4,277</i>
Total shareholders' equity	4,136	4,176	4,277
Provisions for pensions (IB)	532	580	473
Other provisions	22	47	37
Deferred tax liabilities	52	37	49
Lease liabilities, interest-bearing (IB)	2,264	1,938	2,113
Other long-term liabilities, interest-bearing (IB)	1,230	772	1,134
Other long-term liabilities, non interest-bearing	33	2	33
Total long-term liabilities	4,133	3,376	3,839
Current lease liabilities, interest-bearing (IB)	380	422	362
Other current liabilities, interest-bearing (IB)	24	24	0
Current liabilities and provisions	2,556	3,101	2,368
Total current liabilities	2,960	3,547	2,730
Total shareholders' equity and liabilities	11,229	11,099	10,846
BALANCE-SHEET RELATED KEY RATIOS			
Equity/assets ratio, %	37	38	39
Debt/equity ratio, %	102	68	89
Net debt, closing balance, SEK m	4,206	2,843	3,819
Operating capital, closing balance, SEK m	8,342	7,019	8,096
Capital employed, closing balance, SEK m	8,566	7,912	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	-	-	-	-	660	660	
Other comprehensive income for the period	-	-	281	0	-38	243	
Total comprehensive income for the period	-	-	281	0	622	903	
Dividend	-	-	-	-	-675	-675	
Treasury share reissued	-	9	-	-	-	9	
Allocation of share saving schemes	-	2	-	-	-	2	
Closing balance, 30 September 2019	57	1,495	108	2	2,474	4,136	
Opening balance, 1 January 2020	57	1,497	68	-13	2,668	4,277	
Profit for the period	-	-	-	-	164	164	
Other comprehensive income/loss for the period	-	-	-176	15	-112	-273	
Total comprehensive income for the period	-	-	-176	15	52	-109	
Allocation of share saving schemes	-	8	-	-	-	8	
Closing balance, 30 September 2020	57	1,505	-108	2	2,720	4,176	

Condensed consolidated cash-flow statement

SEK m	Q3		Jan - Sep		Jan - Dec	12 months
	2019	2020	2019	2020	2019	rolling
<i>Operating activities</i>						
Operating profit	267	195	918	286	1,132	500
Depreciation/Impairment	208	216	623 ¹	668 ²	835 ³	880
Adjustments for non-cash items	-3	4	-1	7	29	37
Tax paid	-47	-17	-190	-30	-305	-145
Change in working capital	20	99	-284	599	-58	825
Cash flow from operating activities	445	497	1,066	1,530	1,633	2,097
<i>Investing activities</i>						
Investments in fixed assets	-103	-50	-240	-166	-465	-391
Other items in investing activities	4	37	5	48	11	54
Interest received	0	1	1	1	1	1
Change in interest-bearing assets	1	1	32	-2	29	-5
Cash flow from investing activities	-98	-11	-202	-119	-424	-341
Total cashflow from operating and investing activities	347	486	864	1,411	1,209	1,756
<i>Financing activities</i>						
Interest paid	-18	-20	-55	-55	-70	-70
Change in interest-bearing liabilities	-245	-1,146	-118 ⁴	-692 ⁵	-386 ⁶	-960
Treasury share reissued	-	-	9	-	9	-
Dividend	-	-	-675	-	-675	-
Cash flow from financing activities	-263	-1,166	-839	-747	-1,122	-1,030
Cash flow for the period excluding exchange-rate differences in cash and cash equivalents	84	-680	25	664	87	726
Cash and cash equivalents at beginning of the period	126	1,565	128	257	128	220
Cash flow for the period	84	-680	25	664	87	726
Exchange-rate differences in cash and cash equivalents	10	0	67	-36	42	-61
Cash and cash equivalents at period-end	220	885	220	885	257	885

Operating Cash flow * SEK m	Q3		Jan - Sep		Jan - Dec	12 months
	2019	2020	2019	2020	2019	rolling
Cash flow from operating activities	445	497	1,066	1,530	1,633	2,097
Investments in fixed assets	-103	-50	-240	-166	-465	-391
Other items in investing activities	4	37	5	48	11	54
Operating cash flow before acquisition/divestment of operations, interest, change in interest-bearing assets	346	484	831	1,412	1,179	1,760

* Alternative Performance Measure, refer to "Definitions".

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

²) Impairments during the period amounted to SEK 21m and pertained to other intangible assets.

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) Net of repayment and raising of loans amounted to SEK 330m. Amortisation of leasing amounted to SEK 350m.

⁵) Net of repayment and raising of loans amounted to SEK -363m. Amortisation of leasing amounted to SEK 330m.

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	Q3		Jan - Sep		Jan - Dec	12 months
	2019	2020	2019	2020	2019	rolling
Opening balance, net debt	4,407	3,330	1,266	3,819	1,266	4,206
OB leasing liabilities new accounting principle	-	-	2,716	-	2,716	-
New leasing contracts/Closed leasing contracts in advance, net	49	6	140	270	115	245
Translation differences	66	27	144	-35	155	-24
Operating cash flow	-346	-484	-831	-1,412	-1,179	-1,760
Interest paid, net	18	19	54	54	69	69
Remeasurements of defined benefit pension plans	12	-53	46	135	-6	83
Other change in pension liabilities	0	-2	5	12	17	24
Treasury share reissued	-	-	-9	-	-9	-
Dividend	-	-	675	-	675	-
Closing balance, net debt	4,206	2,843	4,206	2,843	3,819	2,843

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 20.

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 13m (31 Dec 2019: 5) and liabilities at a value of SEK 2m (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 71m (71) during the third quarter of 2020. The Parent Company's reported dividends from participations in Group companies totalled SEK 0m (0).

Parent Company

Condensed Parent Company income statement

SEK m	Q3		Jan - Sep		Jan - Dec	12 months
	2019	2020	2019	2020	2019	rolling
Net sales	71	71	207	222	281	296
Administrative expenses	-73	-98	-213	-325	-332	-444
Other operating income	1	1	4	6	6	8
Other operating expense	-1	-2	-3	-7	-4	-8
Operating loss	-2	-28	-5	-104	-49	-148
Profit from shares in Group companies	-	-	-	-	500	500
Other financial income and expenses	40	11	125	-62	70	-117
Profit/loss after financial items	38	-17	120	-166	521	235
Group contribution received	-	-	-	-	150	150
Group contribution paid	-	-	-	-	-187	-187
Tax on profit/loss for the period	0	0	0	0	0	0
Profit/loss for the period	38	-17	120	-166	484	198

Parent Company balance sheet

SEK m	30 sep		31 Dec
	2019	2020	2019
ASSETS			
Fixed assets			
Tangible fixed assets	31	28	29
Shares and participations in Group companies	1,379	1,385	1,380
Deferred tax assets	4	3	6
Total fixed assets	1,414	1,416	1,415
Current assets			
<i>Current receivables</i>			
Accounts receivable	1	0	1
Receivables from Group companies	2,217	2,480	2,212
Other receivables	62	26	70
Prepaid expenses and accrued income	94	144	84
Cash and cash equivalents	130	675	158
Total current assets	2,504	3,325	2,525
Total assets	3,918	4,741	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	-82	-82	-82
Profit brought forward	822	1,315	823
Profit/loss for the period	120	-166	484
	912	1,119	1,277
Total shareholders' equity	2,640	2,847	3,005
Long-term liabilities			
Provisions for pensions	20	22	21
Deferred tax liabilities	3	3	5
Long term interest-bearing liabilities	24	19	22
Total long-term liabilities	47	44	48
Current liabilities			
Liabilities to credit institutes	0	-	-
Other interest-bearing liabilities	5	7	6
Accounts payable	31	23	44
Liabilities to Group companies	1,155	1,763	790
Current tax liabilities	0	-	0
Other liabilities	18	15	29
Accrued expenses and deferred income	22	42	18
Total current liabilities	1,231	1,850	887
Total shareholders' equity, provisions and liabilities	3,918	4,741	3,940

Comparative data per region

Net sales, SEK m	Q3		Jan - Sep		Jan - Dec	12 months
	2019	2020	2019	2020	2019	rolling
Nordic	1,501	1,491	5,095	5,034	6,753	6,692
UK	1,464	1,295	4,447	3,345	5,902	4,800
Central Europe	300	319	943	912	1,275	1,244
Group-wide and eliminations	0	0	0	0	0	0
Group	3,265	3,105	10,485	9,291	13,930	12,736

Gross profit, SEK m	Q3		Jan - Sep		Jan - Dec	12 months
	2019	2020	2019	2020	2019	rolling
Nordic	562	538	1,949	1,869	2,567	2,487
UK	548	442	1,728	1,041	2,282	1,595
Central Europe	103	108	287	281	394	388
Group-wide and eliminations	15	20	46	59	62	75
Group	1,228	1,108	4,010	3,250	5,305	4,545

Gross margin, %	Q3		Jan - Sep		Jan - Dec	12 months
	2019	2020	2019	2020	2019	rolling
Nordic	37.4	36.1	38.3	37.1	38.0	37.2
UK	37.4	34.1	38.9	31.1	38.7	33.2
Central Europe	34.3	33.9	30.4	30.8	30.9	31.2
Group	37.6	35.7	38.2	35.0	38.1	35.7

Operating profit, SEK m	Q3		Jan - Sep		Jan - Dec	12 months
	2019	2020	2019	2020	2019	rolling
Nordic	193	183	682	615	886	819
UK	88	13	288	-247	345	-190
Central Europe	28	38	65	81	98	114
Group-wide and eliminations	-42	-39	-117	-163	-197	-243
Group	267	195	918	286	1,132	500

Operating margin, %	Q3		Jan - Sep		Jan - Dec	12 months
	2019	2020	2019	2020	2019	rolling
Nordic	12.9	12.3	13.4	12.2	13.1	12.2
UK	6.0	1.0	6.5	-7.4	5.8	-4.0
Central Europe	9.3	11.9	6.9	8.9	7.7	9.2
Group	8.2	6.3	8.8	3.1	8.1	3.9

Quarterly data per region

Net sales, SEK m	2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nordic	1,724	1,870	1,501	1,658	1,739	1,804	1,491
UK	1,448	1,535	1,464	1,455	1,405	645	1,295
Central Europe	297	346	300	332	301	292	319
Group-wide and eliminations	0	0	0	0	0	0	0
Group	3,469	3,751	3,265	3,445	3,445	2,741	3,105

Gross profit, SEK m	2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nordic	655	732	562	618	662	669	538
UK	570	610	548	554	505	94	442
Central Europe	76	108	103	107	91	82	108
Group-wide and eliminations	16	15	15	16	18	21	20
Group	1,317	1,465	1,228	1,295	1,276	866	1,108

Gross margin, %	2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nordic	38.0	39.1	37.4	37.3	38.1	37.1	36.1
UK	39.4	39.7	37.4	38.1	35.9	14.6	34.1
Central Europe	25.6	31.2	34.3	32.2	30.2	28.1	33.9
Group	38.0	39.1	37.6	37.6	37.0	31.6	35.7

Operating profit, SEK m	2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nordic	214	275	193	204	198	234	183
UK	73	127	88	57	-21	-239	13
Central Europe	5	32	28	33	18	25	38
Group-wide and eliminations	-32	-43	-42	-80	-61	-63	-39
Group	260	391	267	214	134	-43	195

Operating margin, %	2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nordic	12.4	14.7	12.9	12.3	11.4	13.0	12.3
UK	5.0	8.3	6.0	3.9	-1.5	-37.1	1.0
Central Europe	1.7	9.2	9.3	9.9	6.0	8.6	11.9
Group	7.5	10.4	8.2	6.2	3.9	-1.6	6.3

Operating capital per region

	30 Sep		31 Dec
	2019	2020	2019
Operating capital Nordic region, SEK m			
Operating assets	3,511	3,409	3,212
Operating liabilities	1,242	1,558	1,298
Operating capital	2,269	1,851	1,914

	30 Sep		31 Dec
	2019	2020	2019
Operating capital UK region, SEK m			
Operating assets	4,379	3,724	4,283
Operating liabilities	1,008	1,278	881
Operating capital	3,371	2,446	3,402

	30 Sep		31 Dec
	2019	2020	2019
Operating capital Central Europe region, SEK m			
Operating assets	654	641	595
Operating liabilities	183	226	172
Operating capital	471	415	423

	30 Sep		31 Dec
	2019	2020	2019
Operating capital Group-wide and eliminations, SEK m			
Operating assets	2,461	2,432	2,493
Operating liabilities	230	125	136
Operating capital	2,231	2,307	2,357

	30 Sep		31 Dec
	2019	2020	2019
Operating capital, SEK m			
Operating assets	11,005	10,206	10,583
Operating liabilities	2,663	3,187	2,487
Operating capital	8,342	7,019	8,096

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 23-24.

	Q3		Jan - Sep	
	%	SEK m	%	SEK m
Analysis of external net sales Nordic Region				
2019		1,501		5,095
Organic growth	3	50	1	30
Currency effects	-4	-60	-2	-91
2020	-1	1,491	-1	5,034

	Q3		Jan - Sep	
	%	SEK m	%	SEK m
Analysis of external net sales UK Region				
2019		1,464		4,447
Organic growth	-9	-136	-25	-1,095
Currency effects	-2	-33	0	-7
2020	-12	1,295	-25	3,345

	Q3		Jan - Sep	
	%	SEK m	%	SEK m
Analysis of external net sales Central Europe Region				
2019		300		943
Organic growth	10	28	-3	-30
Currency effects	-3	-9	0	-1
2020	7	319	-3	912

	Q3		Jan - Sep		Jan - Dec	12 months
	2019	2020	2019	2020	2019	rolling
Operating profit before depreciation and impairment (EBITDA), SEK m						
Operating profit	267	195	918	286	1,132	500
Depreciation and impairment	208	216	623	668	835	880
Operating profit before depreciation and impairment (EBITDA)	475	411	1,541	954	1,967	1,380
Net Sales	3,265	3,105	10,485	9,291	13,930	12,736
% of sales	14.5%	13.2%	14.7%	10.3%	14.1%	10.8%

	Jan - Dec	12 months
	2019	rolling
Average equity, SEK m		
OB Equity attributable to Parent Company shareholders	3,897	4,136
CB Equity attributable to Parent Company shareholders	4,277	4,176
Average equity before adjustment of increases and decreases in capital	4,087	4,156
Adjustment for increases and decreases in capital not occurred in the middle of the period	-112	337
Average equity	3,975	4,493

Reconciliation of alternative performance measures, cont.

	30 Sep		31 Dec
	2019	2020	2019
Net debt, SEK m			
Provisions for pensions (IB)	532	580	473
Other long-term liabilities, interest-bearing (IB)	3,494	2,710	3,247
Current liabilities, interest-bearing (IB)	404	446	362
Interest-bearing liabilities	4,430	3,736	4,082
Long-term receivables, interest-bearing (IB)	-3	0	-2
Current receivables, interest-bearing (IB)	-1	-9	-4
Cash and cash equivalents (IB)	-220	-884	-257
Interest-bearing assets	-224	-893	-263
Net debt	4,206	2,843	3,819

	30 Sep		31 Dec
	2019	2020	2019
Net debt excl. IFRS 16 Leases and pension provisions, SEK m			
Net debt	4,206	2,843	3,819
Of which IFRS 16 Leases	2,644	2,360	2,475
Of which provisions for pensions	532	580	437
Net debt excl. IFRS 16 Leases	1,562	483	1,344
Net debt excl. IFRS 16 Leases and provision for pensions	1,030	-97	907

	30 Sep		31 Dec
	2019	2020	2019
Operating capital, SEK m			
Total assets	11,229	11,099	10,846
Other provisions	-22	-47	-37
Deferred tax liabilities	-52	-37	-49
Other long-term liabilities, non interest-bearing	-33	-2	-33
Current liabilities, non interest-bearing	-2,556	-3,101	-2,368
Non-interest-bearing liabilities	-2,663	-3,187	-2,487
Capital employed	8,566	7,912	8,359
Interest-bearing assets	-224	-893	-263
Operating capital	8,342	7,019	8,096

	Jan - Dec	12 months
	2019	rolling
Average operating capital, SEK m		
OB Operating capital	5,163	8,250
OB Net operating assets discontinued operations	0	0
CB Operating capital	8,096	7,019
Average operating capital before adjustments of acquisitions and divestments	6,630	7,634
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	7,634

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 provisions for pensions and leases.	Net debt is a liquidity metric used to determine how well a company can pay all of its debts, pension liabilities and leasing obligations if they were due immediately. 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, 3 November at 10:00 CET in a webcast teleconference that can be followed on Nobia's website or on <https://edge.media-server.com/mmc/p/xvg6z47o>

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 000 804
USA: +1 6319 131 422

Pincode: 47200309#

Financial calendar

February 4	Year-end report for 2020.
April 28	Interim report for January – March 2021.
July 19	Interim report for January – June 2021.
October 26	Interim report for January – September 2021.

The Annual Report will be available latest on April 8.

The Annual General Meeting 2021 will be held in Stockholm on April 29.

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 3 November 2020 at 08:30 CET.

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