nobia

2023 Annual and Sustainability Report

Contents

Annual and Sustainability Report
The statutory Annual Report consists of the Board of Directors' Report and the Financial statements on pages 20–85 and 90–116. Nobia AB's external auditors have audited the statutory annual report, with the exception of the statutory Sustainability Report according to the statement on page 86. The statutory Corporate Governance Report is found on pages 20–29 and the statutory Sustainability Report is found on pages 90–116. The Corporate Governance Report and the Sustainability Report form part of the Board of Directors' Report.

This is Nobia

Nordic region:

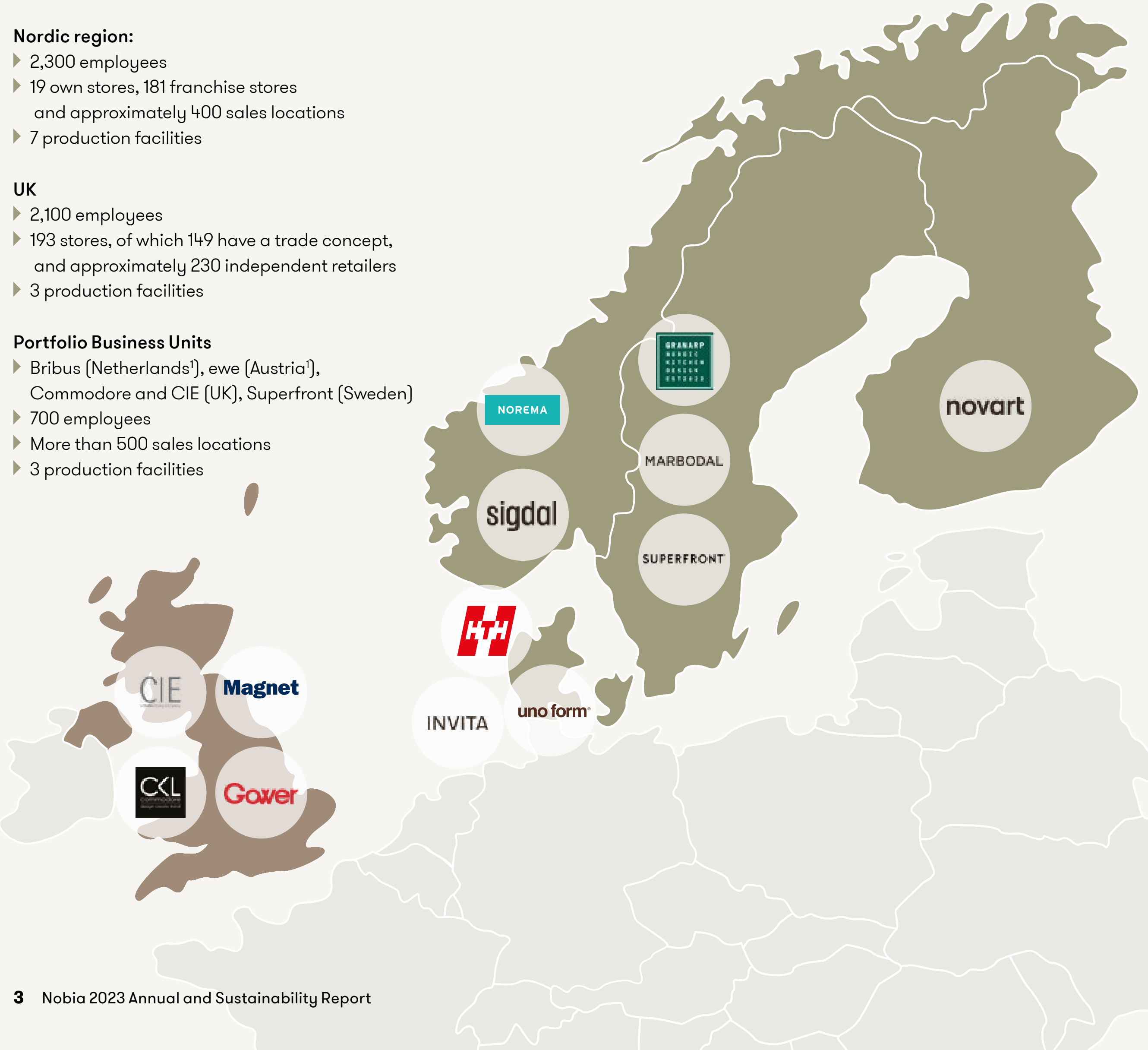
- 2,300 employees
- 19 own stores, 181 franchise stores and approximately 400 sales locations
- 7 production facilities

UK

- 2,100 employees
- 193 stores, of which 149 have a trade concept, and approximately 230 independent retailers
- 3 production facilities

Portfolio Business Units

- Bribus (Netherlands[1]), ewe (Austria[1]), Commodore and CIE (UK), Superfront (Sweden)
- 700 employees
- More than 500 sales locations
- 3 production facilities



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

» **Sustainability throughout the value chain**
Therefore, the core of our sustainability work is to create value in the entire life cycle. With our kitchens, we are a part of the everyday lives of millions of people – where the kitchen has taken on an increasingly central role.

» **Strong brands**
We are 13 strong local brands in the Nordic region and the UK that benefit by leveraging the Group's economies of scale to collaborate and strengthen competitiveness in local markets.

» **Double ambition – "Designing kitchens for life"**
With a business operating across the entire value chain from kitchen design to installation, we are driven by a shared ambition to pave the way in design and sustainability within our industry. Together, we are Europe's leading kitchen specialist

bribus ewe

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1) The operations in the Netherlands and Austria were divested in February 2024. The illustration shows the remaining operations, the core Nordic and UK markets.

2023 in brief

Strategic priorities

A strategic decision was made to focus on the core markets of the Nordic region and the UK. The Group's key strategic initiatives have been defined as maximising cost efficiency, realising the full potential of the Nordic region including completing the new factory, and continuing to execute the UK transformation programme.

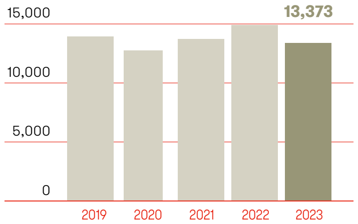
Cost and balance sheet focus

In 2023, Nobia faced challenges due to weak macroeconomic development that impacted the market, sales, and results. To address this, a cost reduction program was launched, generating approx. 280 MSEK during the year, along with measures to improve the financial position. Three sales were carried out shortly after the end of the year to strengthen the financial position: the sale and leaseback transaction of the factory property in Jönköping, and the divestment of non-core operations in the Netherlands and Austria. At the same time, the Board also decided on a rights issue.

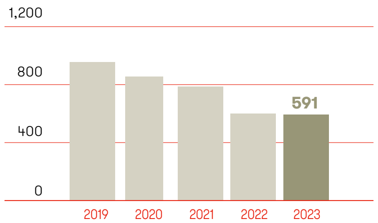
Science-based climate targets

Since the base year 2016, Nobia has reduced its Scope 1 and 2 GHG emissions, meaning those that are within the Group's control, by 79%.

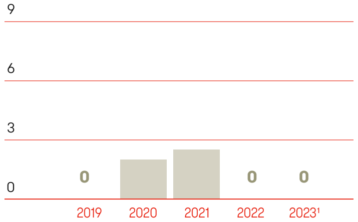
Net sales, SEK m



Scope 1 & 2 kg $CO2_e$/net sales SEK m

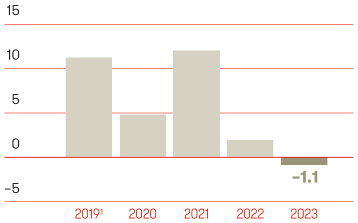


Dividend per share, SEK



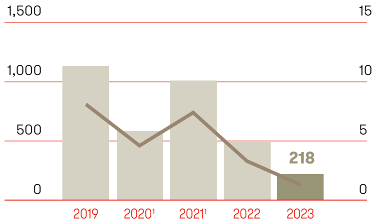
1) The Board proposes that no dividend be paid for 2023.

Return on operating capital, %



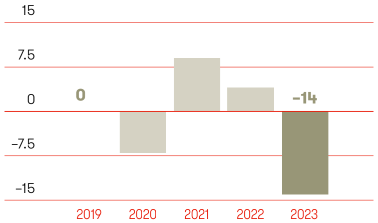
1) Effect of IFRS 16 as of 2019.

Operating profit, SEK m and operating margin, %

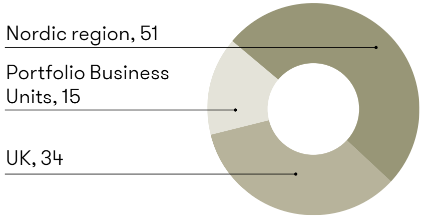


1) Excluding items affecting comparability.

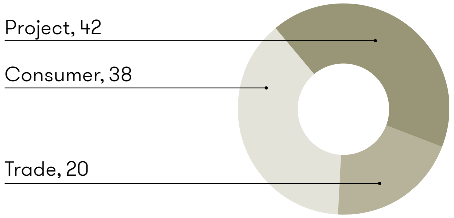
Organic growth, %



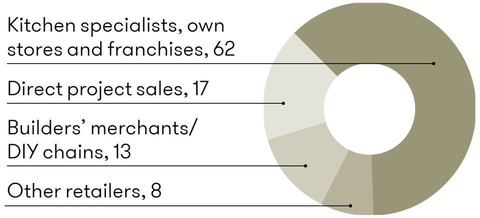
Net sales per region, %



Sales by customer segment, %



Sales per sales channel, %



CEO's comments

We have achieved a lot during a year of challenging markets. At Nobia, we devoted time and effort to executing our strategy, with clear harmonization and synergies between brands and markets, while maintaining an intense focus on cost in parallel with commercial development. One key to a successful strategy is our new factory in Jönköping – it will profoundly change the way kitchens are built, providing customers better products while also creating a more profitable business. Since the end of the year, we decided to streamline our geographical footprint and stabilise our financial position, to set the best conditions for our core markets; the Nordic region and the UK.

The macroeconomic development in 2023 was dominated by interest rates continuing to rise, fewer housing construction starts and lower relocation activity, and thus less favourable conditions for discretionary products such as kitchens.

Operationally, there are many positive points to highlight. We have taken measures including implementing further cost savings, restructuring the UK operations, reviewing options for reducing debt and continuing the construction of our new highly automated Nordic factory in Jönköping. Measures to adapt to the current economic climate are being prioritized, while we also ensure that Nobia is ready for effective growth once the market recovers.

Lower demand and sales

The Group's sales amounted to just over SEK 13 billion, down -10% on last year. Organic growth was -14%. During the year, we took action to support margins by reducing costs and increasing prices, which had a clear effect towards the end of the year when gross margins improved. For the full-year, the Group's gross margin remained unchanged at 36.1%, despite the sharp drop in sales.

Operating profit amounted to SEK 218m (497) excluding items affecting comparability, and the corresponding margin was 1.6% (3.3). Earnings and margins were negatively affected mainly by the lower sales volume driven by the weak market, but also slightly by cost inflation. By region, Nordic and the UK reported negative organic sales growth of –17% and –15%, respectively, while Portfolio Business Units fell –1%. Operating profit declined in the Nordic region, while the UK was in line with the previous year and Portfolio Business Units reported better earnings than last year, adjusted for items affecting comparability.

Continuing adjustments

In January 2023, we announced a restructuring programme aimed at improving operating profit by up to SEK 350m annually with full effect from mid 2024. We took significant action in the UK, including closing two factories and selling the one of them, discontinuing certain unprofitable parts of the project business, reducing central functions, while a number of decisions were made to continue to reposition the business more towards the upper mid-price segment, what we call mass premium products, in line with the position we hold in the Nordic region. We believe that the mass premium segment is where we have the best potential to differentiate ourselves and thus achieve success. We also worked on cost-reducing measures in the Nordic region and in Group functions. In total, the programme generated savings of about SEK 280m in 2023.

A game-changing factory

Our most important investment ever, the new factory in Jönköping has proceeded according to plan. During the year, we installed many of the new highly automated production machines. The factory is partially operational and can already supply components for many kitchen solutions. Once the factory is complete at the end of 2024, it will serve as a significant competitive advantage for us. We will offer our customers better quality kitchens, more personalised design options, with shorter and more precise delivery times, while becoming more cost effective and increasing our sustainability performance. Naturally, it was challenging to carry out this significant investment at the same time as market demand fell sharply and the macroeconomic climate deteriorated considerably. During the year, we therefore worked on a sale and leaseback solution to free up capital and help reduce debt. Efforts on this process were intense and it was completed after the end of the year when we sold the property and instead signed a long-term rental agreement for the property.

Focus on core markets

In the Nordic region, we have strong brands, market positions and sales distribution. In the UK focus lies on one strong brand and an ongoing optimization of the operating model through a transformation program. Both core markets have plenty of opportunities and our new factory will add further potential to the Nordic region and beyond. During the year, work was underway to divest operations outside the core markets, i.e. in the Netherlands (Bribus) and in Austria (ewe). Both were completed after the end of the year. These divestments also free up capital and help reduce our debt.

Business development in Nordic region

We continously refine our operations aiming to increase market share and realize synergies by acting as one Group across the region. Our local brands in the four Nordic countires have been tailored to align with their respective local market, yet sharing common products, design, sales processes and marketing assets to optimise efficiency. To enhance the customer experience, brand websites have been equipped with additional functionality and design, and our stores have extended opening hours for kitchen design availability and now also offer 24h drawing service. Our proposition in the project segment has been improved by utilizing new digital tools in the tender and quotation processes. Two milestones were passed when Marbodal celebrated 100 years and Invita 50 years. This was marked with the launch of anniversary kitchen concepts capitalizing on these 150 years of kitchen tradition.

At the same time as we are approaching the completion of the Nordic factory we are also also harmonising our Nordic product range and processes. After many years of work, we are soon at a point where we can realise economies of scale and efficiency synergies that were previously not possible. The new factory also allows us to further optimise the Nordic manufacturing structure in the long term.

Transformation programme for the UK region

The UK transformation programme is progressing well. We are transitioning from being a broad player to specialise in the mass premium segment. Cost savings and restructuring measures are showing positive effects such as a more attractive product mix, a higher average order value and improved gross margin. We are continuing to make additional improvements, for example, capital light distribution models, while our own network of stores is being more focused. This is a capital-efficient way to expand our reach and also makes us more agile with customers and less sensitive to volumes. We recently signed an agreement for a shop-in-shop concept with Selco, a leading British builders' merchant.

A sustainable future

Sustainability becomes more important every year for both Nobia and our market. Work on our climate targets, set in accordance with the Science Based Target initiative (SBTi), has continued at a high pace. We have now achieved a 79% reduction in climate impact from our own operations (Scope 1 and 2) compared with the base year of 2016. However, most of our total impact is outside Nobia (Scope 3), for example, with materials suppliers. We also started work on developing the next generation of climate targets, which in the long term will have a net-zero climate impact and clearly improves environmental performance throughout the value chain of our products. We are also working towards more sustainable use of resources and a shift to circular materials. We have received positive feedback from our customers for the RE: concepts that allow us to renew older kitchens without replacing everything.

Rights issue and refinancing of credit facilities

On 20 February 2024, we announced a fully guaranteed rights issue of new shares with preferential rights for existing shareholders of approximately SEK 1,250m, as well as an amendment and extension of the Group's revolving credit facilities. With this, we have now taken a series of measures to strengthen the balance sheet to provide operational and financial flexibility, including divesting non-core assets and the sale and leaseback arrangement for our new factory. We can now continue to execute on our strategy and finalise the important Jönköping factory that will render us superior product and manufacturing capabilities.

Challenging market in 2024

Market conditions remain challenging. However, we can see positive signs ahead and the decline in the order intake seems to be levelling out. We expect some stabilisation in 2024 and the market to start recovering in 2025, led by the consumer segment. Given the delay between order intake and delivery, the first quarters of 2024 will still be challenging.

The new factory gives us significant competitive advantages: leading quality kitchens, more design possibilities, shorter and more precise delivery times, increased cost-efficiency and improved sustainability performance.

Thank you for your support

In December 2023, I informed the Board that I had decided to leave Nobia for a CEO position at another company. I am incredibly proud of all our employees and the work they put in every single day. This is particularly true of how we have handled the challenges of recent years and the establishment of the new factory. Nobia's core business, manufacturing kitchens for the mass premium segment, is conducted in a market that over time is outgrowing GDP. Being a leading supplier in this market will bring success. We will continue to work on measures to improve efficiency, deliver on our strategic initiatives, and ensure that we are ready to take advantage of opportunities when market demand returns. Finally, I would like to thank all our shareholders, employees, customers and suppliers.

Jon Sintorn
President and CEO

Marbodal 100 years of sustainable design

In 1924, Carl Andersson started a carpentry factory at Manbotorp in Tidaholm specialising in kitchen fittings with a focus on design, quality and function.

For 100 years, we have managed to stay relevant in the market and have always retained our strength through good times and bad. Always firmly believing in our philosophy: Sustainable design since 1924.

As part of this proud celebration, we are launching an anniversary concept. A kitchen inspired by 1924 but designed for 2024. A kitchen in a warm shade of beige with red undertones, symmetrically placed counter-top display cabinets with fluted glass.

The concept relies heavily on stone details that raise the design of the kitchen. An important detail is also the black, teardrop-shaped cast iron knob that clearly contrasts the warm shades and sharp lines. A kitchen concept we see great potential in.

Europe's most modern kitchen factory

The new kitchen factory that is under construction in Jönköping is Nobia's most important strategic initiative to date. With the latest available production technology and leading sustainability performance, Nobia will consolidate its position as the leading kitchen specialist in the Nordic region.

Greater flexibility, increased design opportunities, higher product quality and connected services will add considerable value for customers. The factory is being built to deliver customised kitchens on a large scale, at cost-effective levels and with a high production capacity to ensure long-term growth.

At the same time, Nobia is in the final stages of harmonising the product range and processes in the Nordic region to achieve further synergies and efficiency benefits. The installation and testing of production equipment continued in 2023, including automated painting, surface treatment, cabinet assembly and self-driving trucks.

Some parts of the production have commenced with the manufacture of kitchen cabinet components and ready-to-assemble kitchen cabinets for customers. The aim is for the factory to be able to deliver complete orders of complete kitchens by the end of 2024.

Improvement programme in the UK

A transformation programme is being implemented in the UK to significantly improving the region's financial performance. The programme mainly consists of two phases: restructuring and strengthening the product offering to hone our focus more on the mass premium segment where the potential for differentiation and market share growth is deemed to be best.

The goal is to move from being a diverse company in different price segments to becoming a leading brand player in the mass premium segment. Value and quality will be prioritised ahead of volume. Large parts of the restructuring phase were carried out in 2023, including cost reductions, staff reductions and closing factories. The business model of Magnet's own kitchen stores has been adapted by increasing autonomy, local customisation and a more performance-focused incentive structure.

In the second phase, the focus is on making the product offering better suited to the mass-premium segment, with greater emphasis on design and quality. To achieve success, a change in the sales network is also needed, such as the addition of capital-light distribution options, such as franchise stores and collaborations with external partners including builder merchants.

Market

- **The value of the kitchen market:**
  The value of the kitchen market in the Nordic region and the UK (furniture, appliances, etc.) is estimated to be approximately SEK 79 billion at the retail level. The number of kitchen cabinets sold in these regions is estimated at around 21 million, of which 6 million in the Nordics and 15 million in the UK. In Austria and the Netherlands, the market is estimated at around 6 million kitchen cabinets.
- **Sharp market decline in 2023**
  The kitchen market was significantly affected in 2023, primarily due to the weak macroeconomic development resulting in a considerable decline in construction and deteriorating purchasing power for households.
- **Local kitchen brands**
  Kitchen brands are usually local within a country or region, but some kitchen specialists, such as Nobia, have consolidated several brands and countries into the same Group.
- **Price segment:**
  Most of the market is in the mid-price/premium segments, followed by the economy/low-price segments, while the luxury segment makes up a small section of the market.
- **Sustainability increasingly important:**
  Sustainability is an increasingly important aspect for all customer segments. The kitchen is a room in the home where we spend more and more time doing more than cooking. This means that corporate customers in particular are seeking more data and information about the sustainability impact of the entire value chain of the products.
- **Market segment:**
  In terms of value, approximately 25% of the market consists of sales to construction companies for new housing construction or major renovation projects, while the remainder is sold to consumers and builders and primarily driven by renovation or home-improvement needs.

The retail (consumer) market

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

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

Project customers

- ➔ Constitutes approximately 25% of the kitchen market
- ➔ Competitive advantages are sustainability certifications, dedicated project management, ability to deliver large orders on time, range of options and kitchens that are easy to install

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

Trade customers

- ➔ Constitutes approximately 25% of the kitchen market
- ➔ Are an important customer segment that has a close relationship with the consumer where the kitchen is installed
- ➔ Are repetitive kitchen buyers who complete multiple renovation projects every year

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

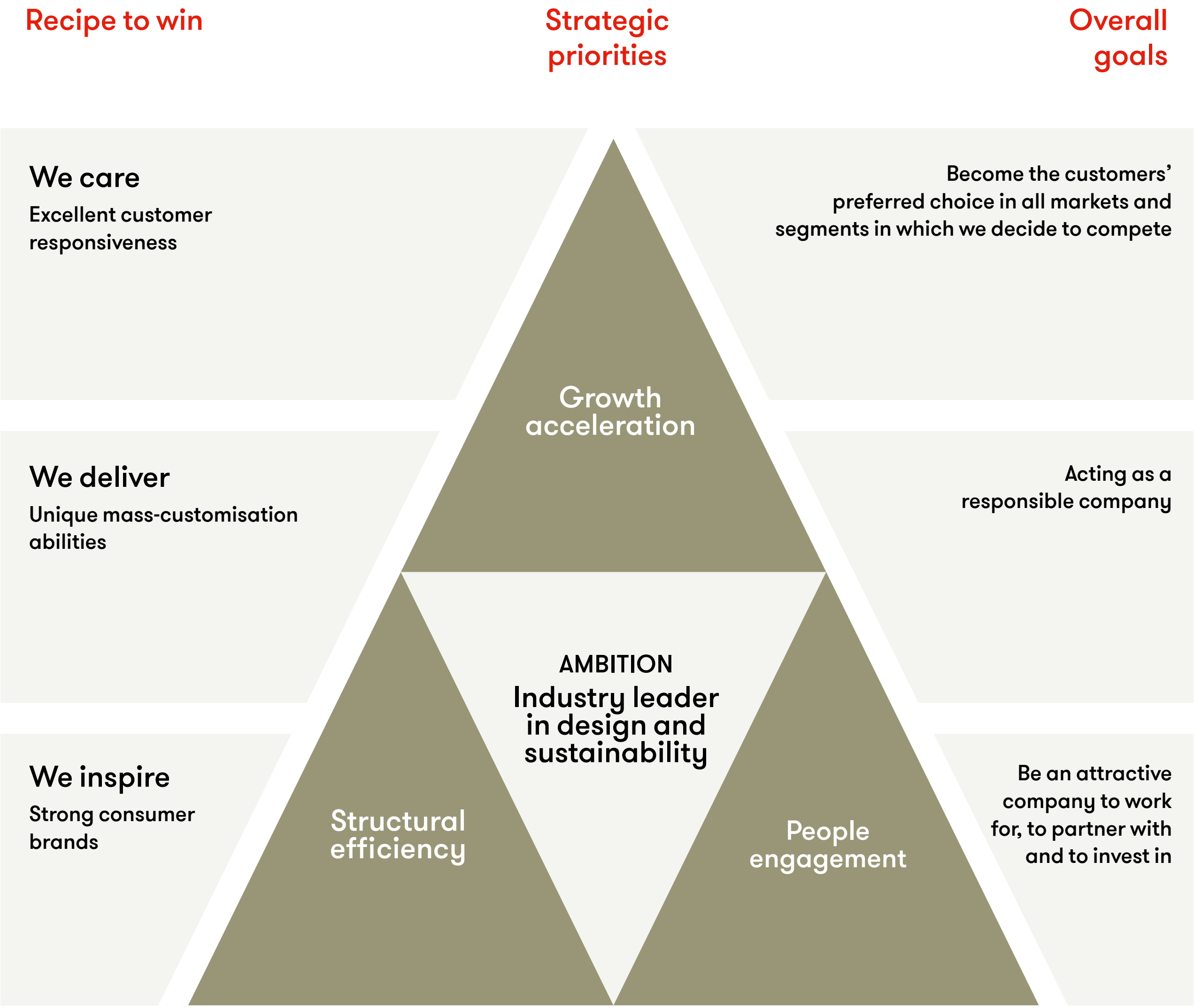
Strategy and objectives

- **Overall goals:**
  We want to be customers' first choice everywhere we operate and be a responsible company that is attractive to employees and investors.
- **Key to long-term value creation:**
  How we transform our in-depth knowledge to inspiring kitchen solutions that are economically and environmentally sustainable, regardless of whether the kitchens are sold to consumers or professionals.
- **Industry leadership in design and sustainability:**
  Offering well designed kitchens that inspire, guide and make it easier for people to cook, eat and live more sustainably in their kitchens is a prerequisite for enduring success. Sustainability is becoming more and more important to customers. Reducing the total climate impact of our kitchens in the value chain so that the Group's impact is in line with the Paris Agreement is an important target.
- **Nobia's long-term focus:**
  Primarily concerns how we can create sustainable and profitable organic growth, increase sales while improving operating margins. Our journey moving forward can be summarised in three overall strategic priorities: growth acceleration, structural efficiency and people engagement.
- **Short and medium term priorities:**
  Given the weak market, Nobia has resolved to prioritise the core business in the Nordic region and the UK and implement three strategic initiatives; maximising cost efficiency, realising the full potential in the Nordic region and implementing a transformation programme for the UK region.

Business model

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

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



Recipe to win

Strategic priorities

Overall goals

We care

Excellent customer responsiveness

We deliver

Unique mass-customisation abilities

We inspire

Strong consumer brands

Growth acceleration

Structural efficiency

People engagement

AMBITION

Industry leader in design and sustainability

Become the customers' preferred choice in all markets and segments in which we decide to compete

Acting as a responsible company

Be an attractive company to work for, to partner with and to invest in

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

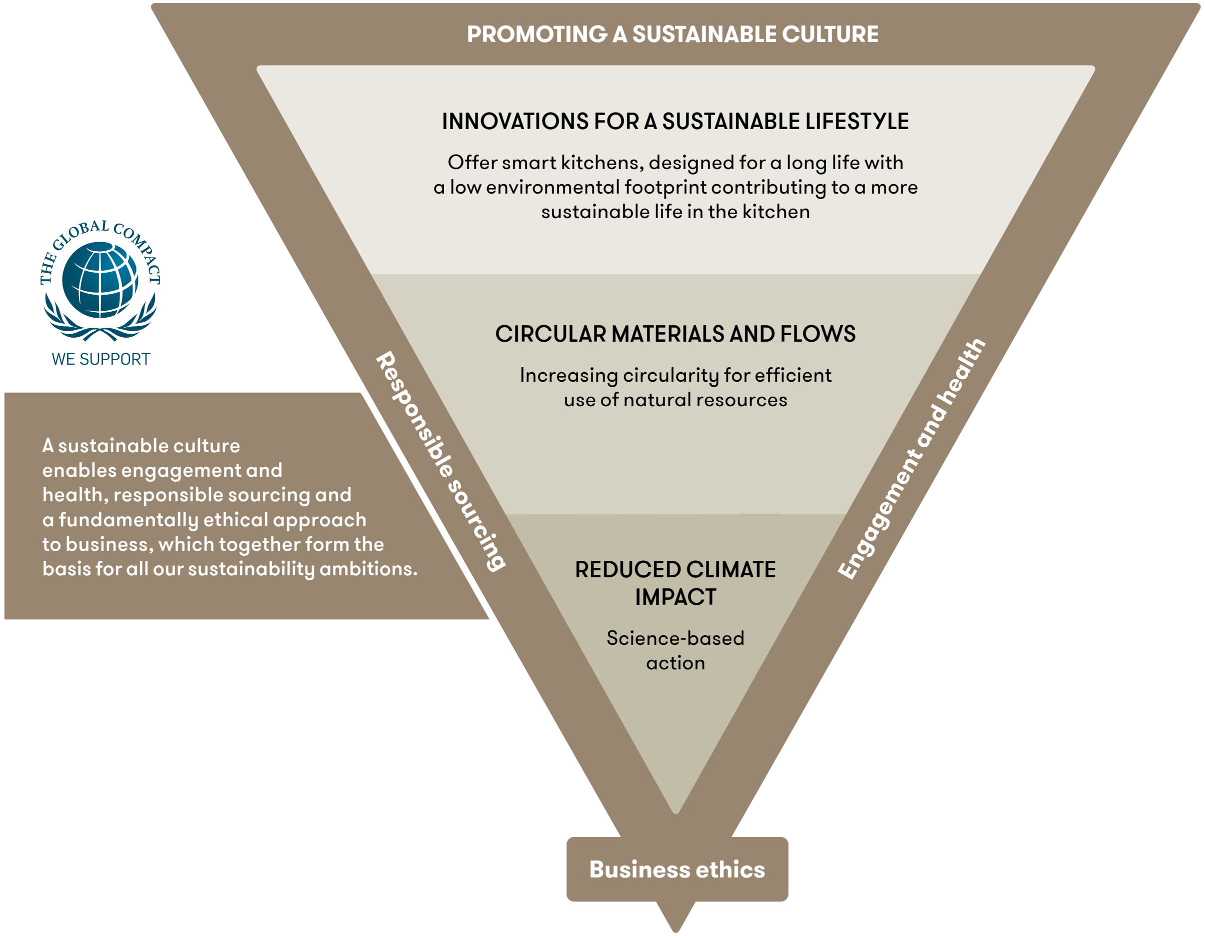
Ambition: to be the industry leader in design and sustainability

Sustainable development is central to Nobia's business strategy. We are convinced that inspiring kitchen design and assuming responsibility in the value chain are what is required to become a leader – the one is a prerequisite of the other, and vice versa.

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

Being a leader in sustainability means setting an example in finding a balance between various interests, creating kitchen solutions that promote natural sustainable living in the kitchen and providing our customers with information that allows them to make the right choices. This is our strategy.

THE GLOBAL COMPACT
WE SUPPORT



PROMOTING A SUSTAINABLE CULTURE

INNOVATIONS FOR A SUSTAINABLE LIFESTYLE

Offer smart kitchens, designed for a long life with a low environmental footprint contributing to a more sustainable life in the kitchen

CIRCULAR MATERIALS AND FLOWS

Increasing circularity for efficient use of natural resources

REDUCED CLIMATE IMPACT

Science-based action

Responsible sourcing

Engagement and health

Business ethics

A sustainable culture enables engagement and health, responsible sourcing and a fundamentally ethical approach to business, which together form the basis for all our sustainability ambitions.

Strategic priorities

Cost savings and focus on core markets

In response to a significantly weaker market, Nobia has initiated a Group-wide cost saving programme that is expected to result in annual savings of just under SEK 350m, with full effect by mid-2024. In addition to the programme, the Group's overall focus will be on its core business in the Nordic region and the UK.

The programme mainly impacts the UK region, where the business is repositioned towards the higher end of the mid-market segment while exiting certain parts of the project segment where profitability is insufficient. Competitiveness will increase and margins will be prioritised ahead of volume. Fixed costs have been reduced, including by simplifying the regional organisation and reducing the number of employees by about 500. The manufacturing structure has been streamlined, including a reduction in the number of factories. The cost reduction programme also involves downsizing certain functions as well as capacity adjustments in the supply chain in the Nordic region and reduction of resources at Group level.

In 2023, the programme resulted in cost savings of about SEK 280m. The full effect of the programme is expected in the second quarter of 2024, with annual savings of just over SEK 350m.

Realising the full potential of the Nordic region

Nobia is striving to realise the full potential of the Nordic region through three key initiatives. The first is the construction of a state-of-the-art production facility in Jönköping, which uses the very latest production technology in areas such as automation and digitalisation. The facility is expected to result in major advantages such as flexibility, increased design possibilities and customised customer adaptations, significantly improved efficiency, higher capacity and delivery precision as well as market-leading product quality and superior sustainability performance. Manufacturing will become brand-independent, which means it will be able to provide kitchens for all markets in the Nordic region.

The second is the harmonisation of the four Nordic product ranges into one range based on a standardised modular system. The brands retain their unique attributes and design features so that customers can differentiate between them, but the kitchens' different components are based on a shared range. This is to create economies of scale and flexibility in production, facilitate the introduction of new products and concepts and generate purchasing advantages. The new factory will begin to deliver complete kitchens at the end of 2024, but some production already commenced in 2023.

The third is for the harmonisation of processes and systems, for which a Group-wide service centre in Lithuania, which includes the automation of administrative functions, was established and is set to be gradually expanded.

Improvement programme in the UK

The UK transformation program aims to develop Magnet from a broad player into a specialist in the mass-premium segment, with the goal of significantly improving the region's profitability. Several measures to adjust the market position are being implemented, such as exiting unprofitable segments within social housing and lower-priced segments. The product offering is being enhanced through the development and launch of kitchens in the mass-premium segment, including customized painting, and the establishment of new supplier relationships. Brand awareness is being improved through expanded presence on digital platforms.

The own kitchen stores are being supplemented with a capital-light distribution model to broaden the geographic reach of the Magnet brand, including establishing external partnerships with shop-in-shop solutions and franchise store opportunities. Company-owned kitchen stores with poor profitability will be evaluated to optimize resources.

In the supply chain, operations are being streamlined through the consolidation of factories into the region's main production facility and a reduction in the number of warehouse locations. Significant cost reductions were implemented in 2023, including staff reductions and a decrease in regional overhead costs. Additionally, a performance-based incentive structure has been introduced to drive strong local engagement in the store network and promote entrepreneurship within the organization.

Targets and fulfilment

Financial targets

3–5%

Growth

Average organic growth of 3–5% per year.

Target fulfilment:
The Group's net sales declined organically by –14% (4) in 2023. By region, organic growth was –17% (5) in the Nordic region, –15% (5) in the UK and –1% (–2) for Portfolio Business Units.

>10%

Profitability

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

Target fulfilment:
The operating margin excluding items affecting comparability totalled 1.6% (3.3). The corresponding operating margin was 5.0% (8.5) for the Nordic region, –1.3% (–1.4) for the UK and 4.7% (4.0) for Portfolio Business Units.

<2.5

Capital structure

Net debt/EBITDA is targeted to be lower than 2.5.

Target fulfilment:
Leverage, defined as net debt/EBITDA, shall be below 2.5 times. The ratio is calculated excluding IFRS 16 Leasing, pension liabilities and items affecting comparability.
Net debt/EBITDA amounted to 7.6 times (2.4).

>40%

Dividend policy

Dividends shall comprise at least 40% of net profit after tax.

Target fulfilment:
The Board proposes that no dividend be paid for 2023 given the temporarily high investment level, primarily related to building the new factory in Jönköping. When decisions about the amount of the dividend are made, the company's capital structure is to be taken under consideration.

Sustainability targets

100%

product-specific information on environmental footprint throughout the entire value chain of kitchen products designed for more sustainable living in the kitchen by 2025[1].

Target fulfilment:
During the year, life cycle assessments of demo products were carried out in the Nordic countries and the Netherlands, enabling the publication of a total of four environmental declarations. See the reason for the adjusted target below.

>99%

of all wood originates from FSC® or PEFC™ certified sources;

the remainder from suppliers audited and approved for sustainability, by 2025.

Target fulfilment:
At year-end, 91% (96) of the Group's total timber and wood materials originated from a certified source. The remaining wood, 9%, came from suppliers audited and approved for sustainability. The lower result for the year was due to the bankruptcy of an existing wood supplier which led to an unplanned change of supplier.

–72%

Reduced climate impact

Reduce CO_2 emissions from manufacturing and own transports (Scope 1 and 2) by 72% by 2026 (base year 2016).

Target fulfilment:
At the end of 2023 we had achieved a 79% (77) reduction compared with 2016 for Scope 1 and Scope 2. 61% (59) of the emissions of Group suppliers with the greatest climate impact were encompassed by science-based climate targets.

>75

increase in the engagement index

in our annual employee engagement survey.

Target fulfilment:
During the year, we achieved a score of 65 in our employee engagement index. This is lower than our target but expected. A lower engagement index is common when major organisational changes are made, as we have found in our experience. Accordingly, we are carrying out many measures at all levels of the company and are actively working towards the target.

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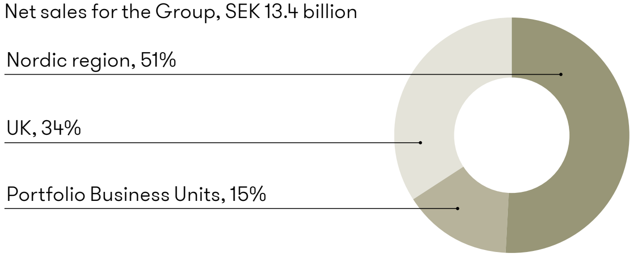
[1] A preliminary study was conducted in 2023 that demonstrated the need for and ability to realign a previous target for sustainable products based on an internal assessment of instead making standardised sustainability data available at product level to make it easier for customers to choose products with a low environmental impact.

Regions

- **Nobia is a leading kitchen specialist** Well-known local brands, strong market positions and distribution through kitchen specialist stores.
- **The Group is organised in three regions:** Nordic region, the UK and Portfolio Business Units. Portfolio Business Units comprises Commodore and CIE (UK), Bribus (Netherlands), ewe (Austria) and Superfront (Europe). In March 2024, the Group's operations in the Netherlands and Austria were divested.
- **Nobia's three regions build on** A strong local presence with management teams, functions and responsibility required to develop each operation towards its stated targets. Local competitiveness is strengthened by the Group's economies of scale in areas such as sourcing, product development and infrastructure investments.

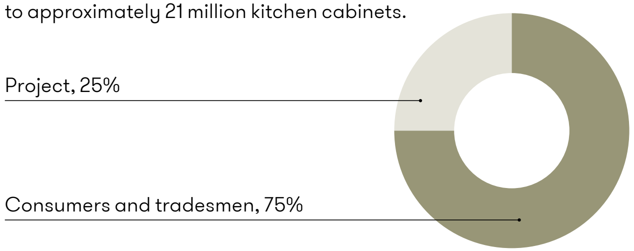
Net sales per region, %

Net sales for the Group, SEK 13.4 billion



Kitchen market, customer segment, %

Nobia's addressable market in the Nordic region and the UK is estimated at approximately SEK 79 billion, which corresponds to approximately 21 million kitchen cabinets.



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

Nordic region:

SEK 6.9 billion in sales, strong brands and a historically healthy margin

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

MARBODAL sigdal INVITA novart uno form NOREMA HTH GRANARP

UK region:

SEK 4.5 billion in sales with Magnet as the primary brand

- Magnet is one of the UK's best known kitchen brands.
- Customer offering in all three main segments: consumer, trade and project.
- Kitchen specialist stores are owned and operated by Nobia.
- Gower delivers kitchens to the DIY chain Wickes.
- A transformation programme to significantly improve financial performance primarily through restructuring and strengthening the product offering.

Magnet Gower

Portfolio Business Units[1]:

SEK 2.0 billion in sales. Independent operations in the Netherlands, Austria, the UK and Sweden

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

FM INTUO bribus ewe SUPERFRONT CIE C&L

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[1] The operations in the Netherlands (Bribus) and Austria (ewe) were divested in March 2024.

Key facts about the regions

<table>
<tr>
<th></th>
<th>Net sales,
SEK m and operating margin, %</th>
<th>Net sales
per country, %</th>
<th>Sales
per product, %</th>
<th>Sales by
customer segment, %</th>
<th>Channels,
by sales, %</th>
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Nordic region:

- Denmark, Sweden, Norway, Finland
- 2,298 employees
- 19 own stores, 181 franchise stores and approximately 400 DIY stores and other external retailers
- 7 production facilities

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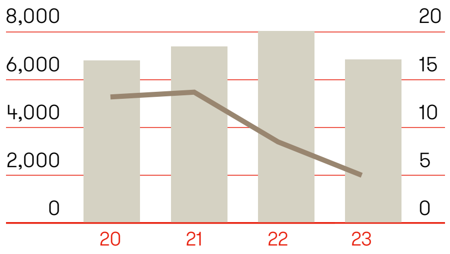

Excl. items affecting comparability.

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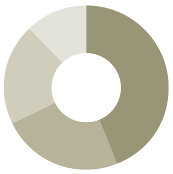

● Denmark, 44
● Sweden, 24
● Norway, 20
● Finland, 12

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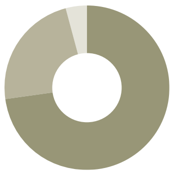

● Kitchen furnishings, 73
● Other products, 23
● Installation services, 4

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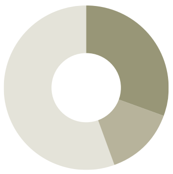

● Consumer, 31
● Trade, 14
● Project, 56

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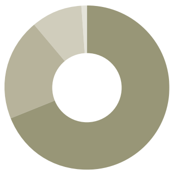

● Kitchen specialists, own stores and franchises, 69
● Direct project sales, 20
● Builders' merchants/ DIY chains, 10
● Other, 1

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UK region:

- UK
- 2,122 employees
- 193 own stores, of which 149 have a trade concept, and approximately 250 other retailers such as DIY stores
- 3 production facilities

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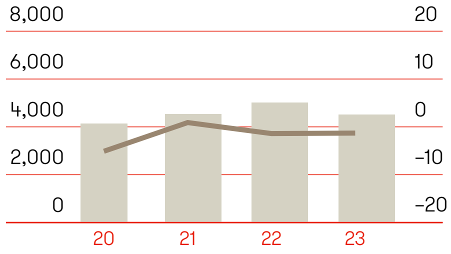

Excl. items affecting comparability.

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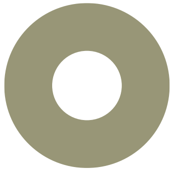

● UK, 100

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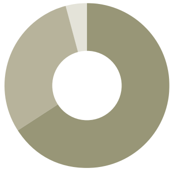

● Kitchen furnishings, 66
● Other products, 30
● Installation services, 4

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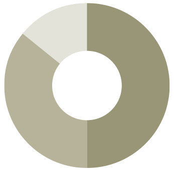

● Consumer, 50
● Trade, 36
● Project, 14

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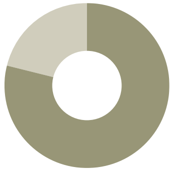

● Kitchen specialists, own stores and franchises, 79
● Builders' merchants/ DIY chains, 21

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Portfolio Business Units

- Netherlands, Austria, UK, Sweden
- 729 employees
- Over 500 external retailers
- 3 production facilities

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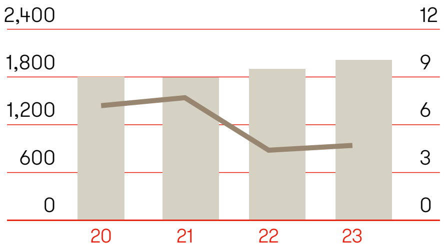

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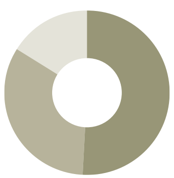

● Netherlands, 51
● Austria, 33
● UK and other, 16

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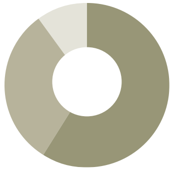

● Kitchen furnishings, 59
● Other products, 31
● Installation services, 10

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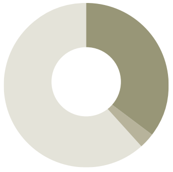

● Consumer, 35
● Trade, 3
● Project, 61

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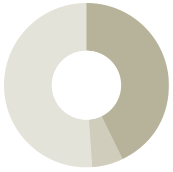

● Direct project sales, 43
● Builders' merchants/ DIY chains, 6
● Other, 51

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Corporate Governance

Nobia AB is a Swedish public limited liability company domiciled in Stockholm, Sweden. The company is the Parent Company of the Nobia Group (the "Group"). The basis for the control of the Group includes the Swedish Corporate Governance Code (the "Code"), the Articles of Association, the Swedish Companies Act, the Swedish Annual Accounts Act and Nasdaq Stockholm's Rule Book for Issuers. It is noted that during 2023, there were no breaches of the Code, applicable stock-exchange rules or good practice on the stock market based on decisions by Nasdaq Stockholm's Disciplinary Committee or statements by the Swedish Securities Council. The Code is available at corporategovernanceboard.se. The following information is available at www.nobia.com

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

Board commitment

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

Shareholders

On 31 December 2023, Nobia AB had 170,293,458 shares issued according to the shareholders' register. The largest shareholder on that date was Nordstjernan AB with 24.9% of the shares/votes, based on the number of shares outstanding. As per the same date, IF Skadeförsäkring AB (publ) held 10.7% of the shares/votes based on the number of shares outstanding.

2023 Annual General Meeting

The right of shareholders to make decisions concerning the affairs of Nobia AB is exercised at general meetings of shareholders. A notice convening a general meeting is issued pursuant to the Swedish Companies Act and the company's Articles of Association. The 2023 Annual General Meeting (AGM) was held on 27 April. 62% of Nobia's outstanding shares were represented at the AGM. Board Chairman, Jan Svensson, was elected Chairman of the Meeting.

Some of the AGM resolutions were as follows:

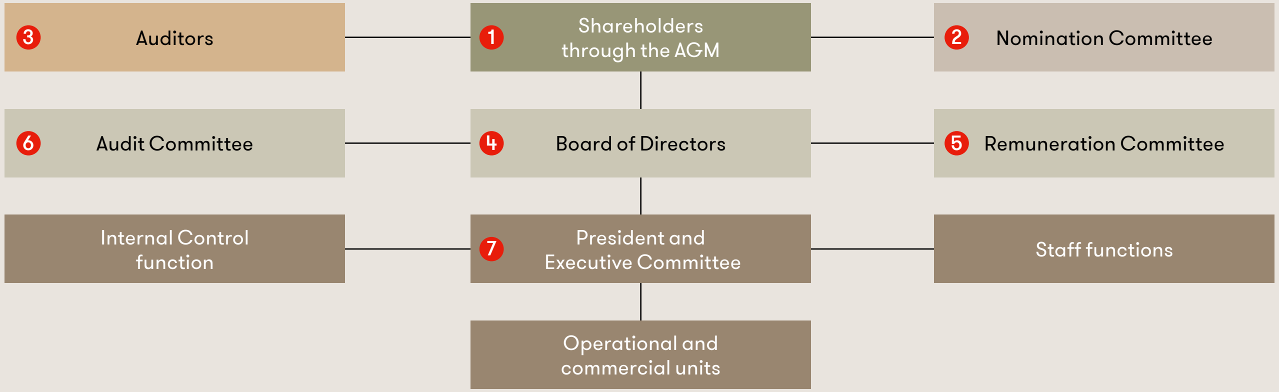
- no dividend was to be paid to the shareholders in accordance with the Board's proposal.
- that the number of Board members was to be six with no deputy members, until the conclusion of the next AGM.
- fees to the Board, Board Chairman, and the Chairman and members of the Audit Committee.
- Nora F. Larssen, Marlene Forsell, Carsten Rasmussen, Jan Svensson, Tony Buffin and David Haydon were re-elected as Board members and Fredrik Ahlin would be elected a new Board member.
- re-election of Jan Svensson as Chairman of the Board.
- re-election of PricewaterhouseCoopers AB as auditors.
- principles and guidelines on remuneration and other employment conditions for the President and other senior executives.
- authorisation for the Board to acquire and sell treasury shares during the period until the 2024 AGM.

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

① General Meeting

Shareholders exercise their influence at the general meeting of shareholders, which is Nobia AB's highest decision-making body. Nobia AB has one class of share with one share corresponding to one vote at general meetings. Additional information about the Nobia AB share and ownership structure can be found on pages 117-118. The AGM, which is the annual scheduled general meeting, resolves on the Articles of Association, elects Board members, Board Chairman and auditors, and decides on their fees. Furthermore, the AGM resolves on the adoption of the income statement and the balance sheet, appropriation of the company's profit and discharge from liability for the Board members and President in relation to Nobia AB. The AGM also resolves on the composition and work of the Nomination Committee, and resolves on principles for remuneration and other employment conditions for the President and other senior executives.

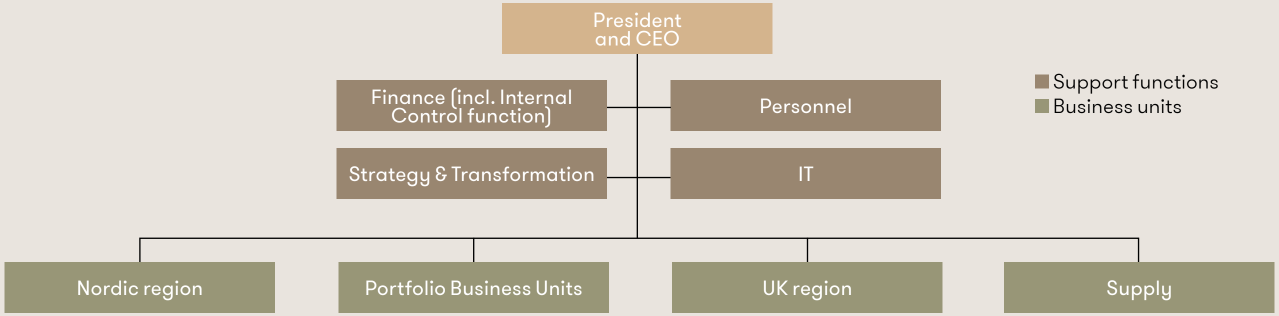
The Articles of Association do not contain any provisions on the dismissal of Board members or amendments to the Articles of Association.



Key external regulatory frameworks: Swedish Companies Act Annual Accounts Act and IFRS. Nasdaq Stockholm's Rule Book for Issuers. Market Abuse Regulation (MAR). Swedish Corporate Governance Code. Modern Slavery Act.

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

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



② Nomination Committee

According to the instruction for Nobia AB's Nomination Committee adopted at the 2022 AGM, the members and Chairman of the Committee are to be elected at the AGM for the period until the conclusion of the following AGM. The Nomination Committee shall comprise at least three but not more than four members representing the largest shareholders of the company. The Chairman of the Nomination Committee shall convene the first meeting of the Nomination Committee. The Nomination Committee is entitled to appoint an additional two co-opted members. Co-opted members shall assist the Nomination Committee in performing its duties but have no voting rights. The Chairman of the Board may be a member of the Nomination Committee only as a co-opted member. In accordance with the Code, the Nomination Committee should be chaired by an owner representative. The instruction for the Nomination Committee adopted by the AGM also states that the Nomination Committee's tasks are to submit proposals on the election of the Board Chairman and other members of the Nobia AB Board, Directors' fees and any remuneration for Committee work, election and remuneration of the auditor, election of the Chairman of the AGM and election of members of the Nomination Committee. The Nomination Committee has established procedures and processes for assessing the independence of Board members. In performing its other duties, the Nomination Committee shall fulfil the requirements incumbent on the Committee in accordance with the Code. The Nomination Committee applied rule 4.1 of the Code to its work as its diversity policy. In accordance with the resolution adopted at the 2023 AGM, the Nomination Committee comprised the following members prior to the 2024 AGM:

Nomination Committee ahead of the 2024 AGM

Name/representing	Share of votes, 31 Dec 2023
Peter Hofvenstam (Chairman) repr. Nordstjenan	24.9%
Ricard Wennerklint repr. If Skadeförsäkring	10.7%
Lovisa Runge repr. 4th Swedish National Pension Fund	9.3%
Total	44.9%

The members of the Nomination Committee represent nearly 45% of the shares and votes in Nobia AB. No remuneration is paid to its members. The Committee held five minuted meetings prior to the 2024 AGM. All members were present at these meetings. The Committee's proposals prior to the 2024 AGM will be incorporated in the notice of the AGM. Shareholders may contact the Nomination Committee and submit proposals by post to: Nobia AB, Nomination Committee, Blekholmsterassen 30 E7, SE-111 64 Stockholm, Sweden.

Work of the Nomination Committee

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

- Preparation and recommendations to the election of the Chairman of the AGM, the Board Chairman and other members of the company's Board.
- Preparation and recommendations of Directors' fees specified between the Chairman and other Board members, and any remuneration for Committee work.
- Considered and recommended re-election of PricewaterhouseCoopers AB as auditor based on the Audit Committee recommendation, including fees.
- Election of members of the company's Nomination Committee for the period after the Meeting.
- Election of members of the company's Nomination Committee for the period after the end of the AGM until a new Nomination Committee is appointed.
- Interviewed the Board Chairman, Board members and the CEO about the work of the Board.
- Reviewed the composition of the Board to ensure maintenance of an appropriate balance of skills and diversity of experience to support the Group's strategy.
- Reviewed the continued independence of Board members.
- Assessed the hours of work required of each Board member to manage their duties to Nobia AB and concluded that the Board members continued to devote appropriate time to their Board activities.
- The Nomination Committee evaluates its instructions every year and presents proposals to the AGM when necessary. No such changes are proposed to the 2024 AGM.
- Ensured that the majority of the proposed members elected by the general meeting are independent in relation to Nobia AB and company management and in relation to Nobia AB's largest shareholders and other stakeholders.

③ Auditors

The AGM elects the auditor who examines Nobia AB's Annual Report, consolidated financial statements and the administration of the Board and President, and also submits an audit report. As part of the audit, the auditors receive and update their understanding of the control environment, including relevant control activities. In addition, the auditors perform a review of the third quarter interim report. Audit firm PricewaterhouseCoopers AB (PwC) was re-elected as the company's auditor at the 2023 AGM for a mandate period of one year until the conclusion of the 2024 AGM. The Auditor-in-Charge is Authorised Public Accountant Anna Rosendal. The Nomination Committee's proposal to the 2024 Annual General Meeting is the re-election of audit firm PwC. The Group's purchases of services from PwC, in addition to audit assignments, are described in Note 6.

④ Board of Directors

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

In accordance with Nobia AB's Articles of Association, the Board is to comprise not fewer than three and not more than nine members, with not more than three deputy members. A maximum of one Board member elected by the AGM may work in company management or in the management of the company's subsidiaries. Furthermore, a majority of the Board members elected by the AGM are to be independent in relation to the company and company management. The Board has ensured that internal guidelines are in place, such as policies and procedures for preventing and handling conflicts of interest.

The objective is for the Board to have an appropriate composition with respect to the Group's operations, stage of development and other circumstances, and be characterised by diversity and breadth in terms of the skills, experience and background of the Board members elected by the general meeting, and aim for a gender balance. The 2023 AGM resolved that the elected Board was to comprise six members with no deputy members. The Board also includes members elected by the employees' organisations in accordance with the Swedish Board Representation (Private Sector Employees) Act. Information about Board members is available on pages 27–28. Other executives in the company participate at Board meetings to make presentations. The Group's CFO served as the Board's secretary. The Board held 13 meetings during the year; attendance is shown on page 28. The annual evaluation of the Board of Directors' work was conducted by the Chairman. The Board's working procedures, competence and composition, including the background, experience and diversity was

Work of the Board

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

Targets and strategies

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

Financial development

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

Performance of operations

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

Organisation & risk management

- Evaluated the organisation and organisational changes.
- Studied the reports from the Remuneration Committee.
- Decided on guidelines for remuneration of senior executives for recommendation to the AGM.
- Reviewed and approved the Group's overall policies.
- Received regular risk reports from management.

Board evaluation

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

evaluated and the results presented to the Nomination Committee. The Board continuously evaluate the performance of the President and annually meets without management being present, in order to evaluate the performance.

⑤ Remuneration Committee
The Board has established a Remuneration Committee to address remuneration-related matters for which the Board is responsible. The Committee's work is governed by the instructions prepared by the Board. The Committee's main task is to prepare proposals to the Board relating to the remuneration and employment terms for the President. The Committee also has the task of making decisions on the President's proposals regarding remuneration and other employment terms for the managers who report to the President. Furthermore, the Committee submits proposals to the AGM regarding principles for remuneration and other employment terms for senior executives and monitors the implementation of the AGM's resolutions, for example, on evaluations and monitoring of schemes for variable remuneration. From the 2023 AGM until the 2024 AGM, the Committee will comprise Jan Svensson (Chairman) and Carsten Rasmussen (member). During the year, the Committee held three meetings, each with full attendance. The President and EVP People & Culture also participated in certain parts of these meetings. Minutes are taken at the meetings and these minutes are made available to the entire Board and the auditors.

⑥ Audit Committee
The Board has established an Audit Committee to monitor the financial reporting and control. The Committee's work is governed by instructions prepared by the Board. The main task is to monitor the financial reporting, the auditor's observations and management's implementation of these recommendations, and to ensure that the Group has an appropriate internal control and risk management framework. The Committee also evaluates the auditors and provides recommendations on the election of auditors to the Nomination Committee. To ensure the independence of the auditors, the Audit Committee has prepared guidelines regulating the engagement of auditors for non-audit-related services. The auditors must also ensure that the non-audit-related services they offer do not affect their independence.

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

Work of the Remuneration Committee

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

General principles of remuneration

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

Remuneration of senior executives

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

Variable remuneration

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

Work of the Audit Committee

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

Financial reporting

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

External audit matters

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

Internal control, risk management & internal guidelines

- Approval of the annual plan for internal control, and received reports of performed reviews.
- Reviewed the units' own assessments of internal control compliance and discussed action plans.
- Assessed the auditor's examination of internal controls and recommendations and the Group's correction of previously identified shortcomings.
- At regular intervals, performed a detailed analysis of selected units' risk management.
- Assessed reports of deviations from the Group's Code of Conduct, including via the Group's anonymous whistle-blower function Speak-Up.

Group's internal control guidelines and the reporting of this to the Audit Committee is deemed to be transparent.

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

⑦ President and Executive Committee

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

The Executive Committee comprised eight individuals at the end of 2023, for further information refer to page 29. The Executive Committee holds regular meetings according to a fixed schedule. These meetings monitor strategic and operational progress, major change programmes, investments, risks and opportunities and other strategic issues of greater significance for the Group. In addition, the President and the CFO meet the management team of each business unit several times per year at local management team meetings.

Climate & sustainability governance

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

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

From 2022, sustainability strategy is included in the overall strategy process. Risks and opportunities related to the climate and sustainability have been identified, targets clearly defined and a strategy prepared and adopted by the Board. Nobia's engagement and commitment has been implemented in frameworks and work processes. Climate and sustainability efforts are to feature throughout the Group's operations and all of our employees have a responsibility for sustainability. For further information, see the targets and outcomes on page 16 and the sustainability report on page 90.

Internal control over financial reporting

The Board's responsibility for internal governance and control is regulated in the Swedish Companies Act, the Annual Accounts Act and the Code. The internal control process for financial reporting has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies. The process is based on Integrated framework (2013) issued by COSO. The five components of this framework are control environment, risk assessment, control activities, monitoring activities, and information and communication.

Control environment

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

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

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

Risk assessment

Internal control is most effective when aware of what the material risks are. Accordingly, the Group has introduced an Enterprise Risk Management system that includes risks associated with the financial reporting.

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

Control activities

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

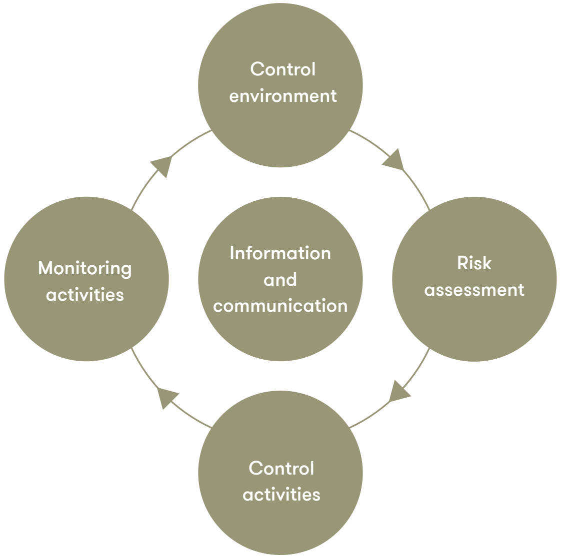
Monitoring activities

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

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

Information and communication

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



Board of Directors

Jan Svensson
Chairman of the Board

Year elected 2020

Born 1956

Nationality Swedish

Education
MBA from Stockholm School of Economics.

Other assignments
Chairman of Fagerhult, Billerud and Securitas. Board member of Herenco.

Work experience
CEO and Board Member of Investment AB Latour 2003–2019.

Fredrik Ahlin
Board member

Year elected 2023

Born 1977

Nationality Swedish

Education
MSc Business Administration and Economics, Stockholm University and CFA®charterholder, CFA Institute.

Board assignments
Member of election committees for Svedbergs i Dalstorp AB (publ), Nederman Holding AB (publ), Husqvarna AB (publ) and Clas Ohlson AB (publ).

Other assignments
Senior Investment Manager at If Skadeförsäkring AB since 2014.

Work experience
If Skadeförsäkring AB, Investment Manager 2007–2014. Riksbankens Jubileumsfond 2004–2007.

Tony Buffin
Board member

Year elected 2022

Born 1971

Nationality British

Education
University of Cambridge

Other assignments
Chairman of Highbourne Group and non-executive Director of Dyson Shareholder Board.

Work experience
Board member of Kingfisher plc. CEO of Holland & Barret, Group COO and CEO of Plumbing & Heating Toolstation international businesses and Group CFO of Travis Perkins plc, CFO of Wesfarmers.

Marlene Forsell
Board member

Year elected 2019

Born 1976

Nationality Swedish

Education
MBA from Stockholm School of Economics.

Other assignments
Board member of Lime Technologies, AddSecure and Index Pharmaceutials.

Work experience
CFO of Swedish Match 2013–2018 and before that several leading positions in finance at the same company.

David Haydon
Board member

Year elected 2022

Born 1970

Nationality British

Education
MBA, The University of Edinburgh and Bachelor of Commerce, The University of Queensland.

Other assignments
COO of Wolseley UK.

Work experience
CCO of Ferguson plc, COO of Wesfarmers Group, COO of Office Works and International Commercial Director at Kingfisher plc.

Carsten Rasmussen
Board member

Year elected 2020

Born 1972

Nationality Danish

Education
Master of Logistics from Aarhus University

Other assignments
Chairman of LEGO System A/S.

Work experience
COO of LEGO Group since 2017, where he has been employed since 2001. Previous experience including positions at Scan Choco A/S 1997–2001.

Nora Førisdal Larssen
Board member

Year elected 2011

Born 1965

Nationality Norwegian

Education
B.Sc. Economics, MBA

Other assignments
Senior advisor Nordstjernan. Chairman of Etac and Emma S. Board member Attendo.

Work experience
Product line manager at Electrolux and Partner at McKinsey & Co.

Per Bergström
Employee representative

Year elected 2000

Born 1960

Nationality Swedish

Education –

Other assignments
Board member of Tidaholms Energi, Elnät, Bredband Östra Skaraborg and Nobia Production Sweden.

Work experience
Various roles within production, Nobia Production Sweden.

Susanne Levinsson
Employee representative, deputy

Year elected 2023

Born 1973

Nationality Swedish

Education
High school diploma.

Other assignments –

Work experience
Various roles within production, Nobia Production Sweden.

Dennis Pettersson
Employee representative, deputy

Year elected 2021

Born 1966

Nationality Swedish

Education
–

Other assignments –

Work experience
Various roles within Nobia Production Sweden.

Bekke Söderhielm
Employee representative, deputy

Year elected 2021

Born 1979

Nationality Swedish

Education
Post-secondary higher vocational education, logistics developer with entrepreneurial experience.

Other assignments –

Work experience
Purchaser, Nobia. Strategic Buyer at Kinnarps.

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

Board of Directors 2023

Assignment	Independent[1]	Own and related parties' shareholdings	Shares in related companies	Board of Directors, 13 meetings	Audit Committee, 6 meetings	Remuneration Committee, 3 meetings	Remuneration 2023/24, SEK	Of which Board, SEK	Of which Committee, SEK
Jan Svensson, Chairman of the Board	Yes	67,000[2]	–	13/13	–	3	1,275,000	1,200,000	75,000
Nora Førisdal Larssen, Board member	No	5,000	–	13/13	–	–	410,000	410,000	–
Marlene Forsell, Board member	Yes	14,000	–	13/13	6	–	560,000	410,000	150,000
Tony Buffin, Board member	Yes	–	–	11/13	–	–	410,000	410,000[3]	–
David Haydon, Board member	Yes	8 8 19	–	13/13	–	–	410,000	410,000[3]	–
Carsten Rasmussen, Board member	Yes	–	–	13/13	–	3	460,000	410,000	50,000
Fredrik Ahlin, Board member (from April)	No	24,950	–	11/11	6	–	535,000	410,000	125,000
Per Bergström, Employee representative	–	–	–	13/13	–	–	–	–	–
Dennis Pettersson, Employee representative, deputy	–	–	–	13/13	–	–	–	–	–
Bekke Söderhielm, Employee representative	–	–	–	13/13	–	–	–	–	–
Mats Karlsson, Employee representative (until April)	–	–	–	3/3	–	–	–	–	–
Susanna Leivinsson, Employee representative, deputy (from April)	–	–	–	9/10	–	–	–	–	–

[1] Independent in relation to management, the company and largest shareholders. [2] Jan Svensson also has 300,000 call options in Nobia AB. [3] Members living outside the Nordic region have the right to receive an extra SEK 20,000 per meeting.

Executive Committee

Jon Sintorn
President and CEO[1]

Born 1966

Employed 2019

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

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

Holding in Nobia 1,791,120 call options. 106,769 shares.

Kristoffer Ljungfelt
EVP Commercial Region West (UK)[1]

Born 1977

Employed 2013

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

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

Samuel Dalén
EVP Supply Chain

Born 1980

Employed 2022

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

Holding in Nobia 1,000 shares.

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

Born 1975

Employed 2020

Previous positions Chief People Officer and HR Director Northern Europe, Transcom. Various management positions at Skandia and Telia.

Holding in Nobia 24,775 shares.

Henrik Skogsfors
Chief Financial Officer (CFO)

Born 1971

Employed 2019

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

Holding in Nobia 30,000 shares.

Philip Sköld
EVP Strategy & Transformation and Portfolio Business Units

Born 1971

Employed 2020

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

Holding in Nobia 30,465 shares.

Ole Dalsbø
EVP Commercial Region North (Nordic region)

Born 1966

Employed 2004

Previous positions Leading positions at Nobia Norway, Norema and Sigdal Kjøkken.

Holding in Nobia 42,122 shares.

Sara Björk
Chief Information Officer (CIO)

Born 1973

Employed 2020

Previous positions Head of IT for H&M Group's IT division for design, sourcing and production. Various management positions within Indiska and Accenture.

Holding in Nobia 10,675 shares.

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[1] Jon Sintorn announced his resignation in December 2023. In February 2024, the board appointed Kristoffer Ljungfelt as the new CEO, to take office latest by July 1, 2024.

Board of Directors' Report

The Board of Directors and President of Nobia AB (publ), Corporate Registration Number 556528-2752, hereby present the Annual Report and consolidated financial statements for the 2023 fiscal year.

Operations

Nobia is a leading European kitchen specialist with 16 strong brands. The operation covers the entire value chain, from development, sourcing, manufacturing and installation to sales and distribution, primarily of kitchens, as well as associated service. Sales to consumers and builders are conducted through own and franchise stores and through a network of retailers, including builders' merchants, furniture stores and independent kitchen specialists.

Nordic region	2021	2022	2023
Net sales, SEK m	7,396	8,030	6,855
Organic change in sales, %	10	5	–17
Gross margin[1], %	38.3	33.6	32.4
Operating margin[1], %	13.7	8.5	5.0
Operating profit[1], SEK m	1,016	686	345

UK region	2021	2022	2023
Net sales, SEK m	4,530	5,001	4,502
Organic change in sales, %	–12	5	–15
Gross margin[1], %	40.9	42.0	43.2
Operating margin[1], %	0.9	–1.4	–1.3
Operating profit[1], SEK m	41	–69	–59

Portfolio Business Units	2021	2022	2023
Net sales, SEK m	1,794	1,899	2,017
Organic change in sales, %	–10	–2	–1
Gross margin[1], %	29.3	27.3	29.0
Operating margin[1], %	7.7	4.0	4.7
Operating profit[1], SEK m	139	76	94

1) Excl. items affecting comparability.

The statutory Annual Report consists of the Board of Directors' Report and the Financial statements on pages 20–85 and 90–116. Nobia AB's external auditors have audited the statutory annual report, with the exception of the statutory Sustainability Report according to the statement on page 86. The statutory Corporate Governance Report is found on pages 20–29 and the statutory Sustainability Report is found on pages 90–116. The Corporate Governance Report and the Sustainability Report form part of the Board of Directors' Report.

Sales to professional customers, such as construction companies and property developers, sometimes take place through project sales directly to major customers, or via own stores, franchise stores and other retailers. Nobia reports its operations based on two geographic regions: Nordic and the UK, as well as Portfolio Business Units that consist of four more independent operations: the London-based operations in Commodore and CIE, Bribus in the Netherlands, ewe in Austria and Superfront in Sweden.

Financial targets

Nobia has four financial targets.

Growth: Average organic growth is targeted to be 3–5% per year. Growth in 2023 according to the target definition was −14%.

Profitability: The operating margin (excluding items affecting comparability) is targeted to be greater than 10% over a business cycle. The operating margin was 1.6% (3.3) in 2023.

Capital structure: Leverage, defined as net debt (excl. IFRS 16 Leases and pension liabilities)/EBITDA, shall be below 2.5 times. Net debt/EBITDA amounted to 7.6 times (2.4) as of 31 December 2023.

Dividend policy: Dividends shall comprise at least 40% of net profit after tax. No dividends are proposed for 2023 (no dividend was paid in 2022). When decisions about the amount of the dividend are made, the company's capital structure is to be taken under consideration.

Strategy

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

The Group's debt/equity ratio has increased due to Nobia's temporarily high investments in the strategically important Jönköping factory coinciding with a challenging macroeconomic environment resulting in lower sales, earnings and cash flow. Therefore, Nobia prioritised a number of steps during the year to strengthen its financial position. These measures were completed shortly after the 2023 accounts were closed and are described under "Events after the end of the year" on page 34.

Furthermore, Nobia is prioritising three strategic initiatives: maximising cost efficiency, for example with the cost reduction programme launched in 2023, realising the full potential of the Nordic region, which includes completion of the new factory in Jönköping, and continuing to execute the transformation programme to significantly improve the financial performance of the UK region.

2023 was marked by macroeconomic uncertainty and a significantly weaker kitchen market

The inflation that began in 2022 in the wake of the pandemic and Russia's invasion of Ukraine continued in 2023. The war in Ukraine triggered significant market uncertainty including huge rises in energy prices, higher interest rates and increased inflation since certain materials experienced supply disruptions. Nobia and other suppliers in the kitchen market raised their prices on several occasions in 2022 and the beginning of 2023 to counteract the sharp increase in costs. Inflationary pressure eased at the end of 2023 and market interest rates stabilised at a higher level. Demand for kitchens weakened significantly during the year. Consumer purchasing power and confidence in the future declined, which negatively impacted demand for discretionary products such as kitchens. The amount of housing constructed fell significantly at the same time as the number of ongoing construction projects declined in line with projects being completed, which negatively impacted demand in the project segment.

The Group's total sales declined −10% in 2023, of which −14% was organic growth and 4% was currency effects, compared with an organic increase of 4% in 2022. Sales for the Group amounted to SEK 13,373m (14,929). Organic sales declined −17% in the Nordic region, −15% in the UK and −1% in the Portfolio Business Units.

Operating loss for the Group amounted to SEK −99 million (profit: 191) and the operating margin to −0.7% (1.3). Excluding items affecting comparability, the operating margin was 1.6% (3.3) and operating profit totalled SEK 218m (497).

Significant events

Cost reduction programme

In January 2023, a cost reduction programme was announced that aims to generate annual savings of just under SEK 350m, with a noticeable impact from the second quarter of 2023 and reaching full effect from the second quarter of 2024. The programme involves the repositioning of the UK operations, including consolidating the manufacturing footprint whereby the factories in Dewsbury and Grays were closed, and exiting certain parts of project operations that are not deemed to be sufficiently profitable. In addition, the central UK organisation was flattened and certain functions in the Nordics and at Group level were reduced. The first quarter of 2023 included costs of SEK 298m related to the programme, recognised as items affecting comparability. In total, around 500 employees were affected by the programme. Approximately SEK 85m of the items affecting comparability were non-cash items. The programme is proceeding according to plan and about SEK 280m savings were realised as a result of the programme in 2023.

Investing in the new production facility

The construction of the new highly automated production plant in Jönköping is continuing. The installation, commissioning and testing of production machines, including sawing, banding, assembly and painting machines, continued according to plan during the year.

Manufacturing of the first kitchen cabinet components for assembly in other production units, and kitchen cabinets in flat packs for sale to customers, has commenced. The installation of certain remaining machinery will continue in 2024.

The ambition is for the factory to be able to manage orders of complete kitchens toward the end of 2024. The total investment in the factory until it is completed will be approximately SEK 3.5 billion (excluding project-related costs), of which manufacturing equipment accounts for approximately SEK 2 billion and the factory building SEK 1.5 billion. By the end of 2023, a total of approximately SEK 2.9 billion in capex had been invested in the new factory. The estimated remaining cash outflow until completion of the factory is approximately SEK 1 billion (including both additional capex and payment of accounts payable related to previous capex).

The sale of the factory building was completed in a sale and leaseback transaction on 9 February 2024. Read more under "Events after the end of the year – Sale and leaseback of factory property in Jönköping."

President Jon Sintorn to leave Nobia

Jon Sintorn announced his resignation in December and he will leave his current role for a position as President of another company.

In February 2024, the Board of Directors appointed Kristoffer Ljungfelt, EVP Region UK, as the new President and CEO of Nobia. Kristoffer will take up his new role latest by 1 July, 2024. Read more on page 35.

Changes to Executive Committee

Henrik Skogsfors, who had acted as Head of Group Accounting, Business Control & Treasury of Nobia since 2019 and Acting CFO of Nobia since 2022, was appointed as Nobia's CFO in July 2023.

2023 Annual General Meeting

The Annual General Meeting (AGM) was held in Stockholm on 27 April. The AGM set the number of Board members at seven and re-elected members Jan Svensson, Tony Buffin, Marlene Forsell, David Haydon, Nora F. Larssen and Carsten Rasmussen. Fredrik Ahlin was elected as a new member of the Board. Jan Svensson was re-elected as Board Chairman. PricewaterhouseCoopers AB was re-elected as auditor until the conclusion of the next AGM, with Authorised Public Accountant Anna Rosendal as Auditor-in-Charge. The AGM resolved that no dividend be paid for the 2022 fiscal year.

The AGM appointed Peter Hofvenstam representing Nordstjernan, Ricard Wennerklint representing If Skadeförsäkring, and Lovisa Runge representing the Fourth Swedish National Pension Fund as members of the Nomination Committee until the conclusion of the 2024 AGM. The AGM elected Peter Hofvenstam as the Chairman of the Nomination Committee.

Assets held for sale

In line with the decision to divest the factory property in Jönköping in a sale and leaseback transaction, related net assets were classified on 31 December 2023 as assets held for sale and liabilities attributable to assets held for sale. The assets and liabilities were measured at fair value less selling expenses in the balance sheet, resulting in an impairment of SEK -100m charged to operating profit for 2023. The impairment is included in items affecting comparability.

Items affecting comparability

Nobia recognises items affecting comparability separately to distinguish the performance of the underlying operations. Items affecting comparability refer to items that affect comparisons in so far as they do not recur with the same regularity as other items. In 2023, these items mainly related to costs to implement the cost reduction programme, capital gains on property sales, the net of revaluation and write-down of properties and costs to transition production from the factory in Tidaholm to the new factory in Jönköping.

The full-year 2023 includes total items affecting comparability of SEK –317m. These relate to restructuring costs of SEK –233m (–131), factory transition costs of SEK –82m (–72), a capital gain of SEK 112m (0), reversal of write-down of SEK 57m (0) and impairment and write-down of SEK 171m (–103). See page 120 "Reconciliation of alternative performance measures" for further details on items affeting comparbility.

Items affecting comparability

Operating profit per region, SEK m	2022	2023
Nordic region:	–91	–214
UK	–115	–65
Portfolio Business Units	0	–37
Group-wide and eliminations	–100	–1
Group	**–306**	**–317**

2024 Annual General Meeting and dividend proposal

The Annual General Meeting (AGM) will be held in Stockholm on May 14, 2024. The notice will be available onwww.nobia.com latest by four weeks prior to the AGM.

Proposed appropriation of profits

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

Share premium reserve	52,225,486
Unappropriated profit brought forward	1,751,787,080
Net profit for the year	–299,074,227
Total SEK	**1,504,317,681**

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

To be carried forward	1,504,317,681
Total SEK	**1,504,317,681**

In the Board's opinion, no dividend is to be paid for 2023, taking into consideration the requirements that the nature, scope and risks of the business place on the amount of equity, as well as the company's funding needs, liquidity and financial position in general.

The Group's financial performance

Net sales

Net sales for 2023 amounted to SEK 13,373m (14,929), distributed as follows: Nordic region, SEK 6,855m (8,030); UK region, SEK 4,502m (5,001); and Portfolio Business Units, SEK 2,017m (1,899).

The Group's organic growth, meaning the change in net sales for comparable units and adjusted for currency effects, totalled –14% (4). Organic growth in the Nordic region was –17% (5). Organic growth in the UK region was –15% (5) and organic growth in Portfolio Business Units was –1% (–2).

Earnings

The Group's gross margin fell to 34.7% (35.9). Excluding items affecting comparability, the operating margin was unchanged at 36.1% (36.1). The operating margin declined to –0.7% (1.3). Excluding items affecting comparability, the operating margin was 1.6% (3.3). The margins were positively impacted by price hikes and cost reductions, which offset the lower volumes, unfavourable mix trend and higher prices of materials. The cost saving programme resulted in cost reductions of about

SEK 280m. Exchange-rate fluctuations negatively impacted operating profit by about SEK –100m.

In the Nordic region, operating profit totalled SEK 131m (595). Excluding items affecting comparability, operating profit totalled SEK 345m (686). Higher average sales values, mainly driven by price increases, and cost reductions, driven by the cost reduction programme, had a positive impact. The volume effect was significantly negative. In addition, the mix trend and material-cost trends had a negative impact. Items affecting comparability amounted to SEK –214m (91) related to the net of write-ups and write-downs of properties, the cost reduction programme and transition costs related to the relocation of production from Tidaholm to Jönköping. The operating margin was 5.0% (8.5) excluding items affecting comparability. Exchange-rate fluctuations negatively impacted operating profit by about SEK –70m.

In the UK region, the gross margin amounted to 41.8% (42.0). Excluding items affecting comparability, the gross margin increased to 43.2% (42.1). Operating loss amounted to SEK –124m (–184). Excluding items affecting comparability, operating loss totalled SEK –59m (–69), corresponding to a margin of –1.3% (–1.4). The earnings effect of the lower volume and mix trend had a negative impact on earnings, while price increases and lower costs driven by the cost reduction programme were the main positive contributing factors. Items affecting comparability amounted to SEK –65m (–115) and related to costs for the restructuring programme and capital gains from the divestment of a factory. Exchange-rate fluctuations negatively impacted operating profit by about SEK –35.

Operating profit in Portfolio Business Units amounted to SEK 57m (76). Excluding items affecting comparability related to restructuring costs, operating profit was SEK 94m (76). Price increases made a positive contribution, but were offset by cost increases driven by the inflationary environment including for materials as well as the negative volume effects due to lower manufacturing volumes.

Group-wide items and eliminations amounted to an operating loss of SEK –163m (–296). The previous year included items affecting comparability of SEK –100m. Excluding items affecting comparability, operating loss amounted to SEK –162m (–196).

Net financial items for 2023 amounted to SEK –274m (–161), of which net returns on pension funds and interest expense on pension liabilities amounted to SEK –26m (–21), interest on leases was SEK –53m (–37) and other interest expense amounted to SEK –195m (–103).

Loss after financial items amounted to SEK –373 (30). Tax expense was positive as a result of capitalised tax loss carryforwards and amounted to SEK 26m (–32). Loss after tax amounted to SEK –347m (–2). Earnings per share for the year after dilution totalled SEK –2.07 (–0.01).

Investments, cash flow and financial position

The Group's operating cash flow amounted to SEK–810m (–746). The investment level remained temporarily high during the year, which explains the negative operating cash flow. Investments in the new factory in Jönköping amounted to SEK 1,238m during the year (1,150), and thus constituted a large part of the total investments in intangible and tangible fixed assets of SEK 1,717m (–1,684).

Cash flow from operating activities fell to SEK 890m (919) mainly due to lower earnings. Cash flow was positively impacted by changes in working capital but negatively impacted by the operating loss.

The Group's operating capital increased to SEK 9,711m (8,695). Net debt, including IFRS 16 lease liabilities of SEK 1,569m (1,757) and pension provisions of SEK 350m (384), amounted to SEK 5,383m (3,980). Net debt excluding IFRS 16 lease liabilities and pension provisions amounted to SEK 3,464m (–1,839).

The debt/equity ratio excluding IFRS 16 lease liabilities and pension provisions amounted to 80% (39). Leverage (Net debt divided by EBITDA, excluding IFRS 16 leases, pensions and items affecting comparability for the rolling 12 months), was 7.6 times (2.4).

Analysis of net debt

	Group	
SEK m	2022	2023
Opening balance	2,014	3,980
New leases /Leases terminated in advance, net	353	275
Acquisitions	59	–
Translation differences	47	30
Operating cash flow	746	810
Of which investments in new factory in Jönköping	*1 170*	*1,298*
Interest	121	248
Remeasurements of defined-benefit pension plans	187	12
Change in pension liabilities	32	28
Treasury shares, reissued	0	–
Dividends	421	–
Closing balance	**3,980**	**5,383**

Financing

Nobia has taken a number of steps to strengthen its financial position, with impact to be recognised post closing of the 2023 financial statements. Temporarily high investment in the strategically important Jönköping factory coinciding with a challenging macro economic environment has resulted in an increased leverage during 2023. In order to better describe Nobia's financial position, this section covers both the financial position per 31 December 2023, as well as the strengthening of the financial position post the reporting date. Refer to "Events after the end of the year" on page 34 for more detailed information on the specific transactions.

Financing 2023

Nobia's long-term financing consists of two revolving credit facilities in several currencies totalling SEK 5 billion. One SEK 2 billion facility and one SEK 3 billion facility, both with maturity in December 2025. At end of 2023, SEK 3,900m (2,200) of the facilities had been utilised. Group cash and cash equivalents at the same date amounted to SEK 412m (340).

Net debt, excluding IFRS 16 lease liabilities and pensions, amounted to SEK 3,464m (1,839). IFRS 16 lease liabilities amounted to SEK 1,569m (1,757) and pension provisions amounted to SEK 350m (384). The net debt/equity ratio, excluding IFRS 16 lease liabilities and pensions, was 80% (39). Leverage, (net debt/EBITDA, excluding IFRS 16 leases, pensions and items affecting comparability on a 12 months rolling basis) was 7.6 times (2.4).

Net financial items in 2023 amounted to SEK –274m (–161), of which net of returns on pension assets and interest expense on pension liabilities was SEK –26m (–21), interest on leases was SEK –53m (–37) and other net interest expense was SEK –195m (–103).

Strengthening of the financial position

The information below is described under "Events after the end of the year" on page 34.

Nobia has undertaken a number of steps to strengthen the financial position including divesting the Jönköping factory in a sale and lease back transaction, divesting the non core assets Bribus and Ewe and announcing a rights issue. While the capex level will continue to be high in 2024 as the Jönköping factory is being finalised, these transactions will have a significant favourable impact on net debt, excluding IFRS16, during 2024 with the impact sequenced in accordance with closing and other terms of the transactions.

In addition, Nobia has agreed an amendment and extension of the credit facilities with the lenders. New financial terms and conditions (covenants) will apply to the facilities. The new covenants include minimum liquidity and absolute adjusted consolidated EBITDA excluding IFRS 16. The company will at a later date undertake to meet other covenants, such as leverage and interest coverage ratio, under the facilities arrangement.

Personnel

In 2023, the average number of employees was 5,571 (6,244). The number of employees at year-end was 5,315 (6,123).

Environment and sustainability

Nobia conducts activities that require a permit under the Swedish Environmental Code through Nobia Production Sweden AB, which includes Nobia's Swedish operations in production and logistics. The environmental impact of the production facility mainly pertains to the operation of the facilities themselves, including the surface treatment of wooden items and transportation to the customer. The County Administrative Board of Västra Götaland is the regulatory authority and decision-making body regarding permit applications. Nobia Production Sweden AB is certified to the ISO 14001 environmental management standard. All of Nobia's 14 production units, located in seven European countries, satisfy the environmental requirements determined by each country and, to date, 13 of these have been awarded ISO 14001 certification. See page 103 for a list of other sustainability management system certifications per production unit.

Nobia works conscientiously with sustainability topics through its Group-wide sustainability strategy. Nobia's statutory sustainability report is found on pages 90–116.

Task Force on Climate-related Financial Disclosures (TCFD)

Nobia supports the TCFD's recommendations, which are intended to provide investors and other stakeholders with information on the risks companies are exposed to through climate change. In line with the TCFD's recommendations, Nobia provides information on its governance and risk management in relation to such issues. See pages 38–43.

EU taxonomy for sustainable investments

The EU Taxonomy Regulation applies to Nobia as a listed company with more than 500 employees. Nobia's taxonomy report is prepared in accordance with the EU regulatory framework for taxonomy. The purpose of these regulations is to direct investments towards sustainable projects and activities in line with the EU action plan on sustainable finance. Read more in the Taxonomy report on page 113.

Events after the end of the year

In January and February 2024, Nobia took several steps to strengthen the balance sheet and to enable an increased focus on the core business in the Nordic region and the UK: the sale and leaseback transaction of the Jönköping factory property, the sale of operations in the Netherlands (Bribus) and in Austria (ewe), and finally a proposal for a rights issue and amendment and extensions of credit facilities.

Sale and leaseback of factory property in Jönköping

On 19 January 2024, Nobia entered into a binding agreement with Hines regarding the sale of the kitchen factory property under construction in Jönköping. The sale was completed on 9 February. The agreed property value amounted to SEK 1,350m. The cash proceeds of the sale are estimated to amount to SEK 1,090m. Out of the cash proceeds, approximately SEK 330m is withheld by the buyer and will be paid to Nobia according to certain conditions up until the final completion of the property. In addition, the buyer will assume expenditures for completing the remaining construction work. The sale will result in an impairment of the property book value of approximately SEK 100m, which was charged to operating profit for the fourth quarter of 2023. Nobia also entered into a 20-year rental agreement for the property with the buyer, with an option for Nobia to extend the rental agreement for another 20 years. The rental agreement will be recognised in Nobia's balance sheet according to IFRS 16.

Sales of Bribus

Nobia has entered into an agreement to divest Bribus in the Netherlands. The transaction is expected to be completed during March and is subject to customary conditions and approvals by authorities. The agreed purchase price amounts to approximately EUR 62.5m (~SEK 710m), subject to certain customary closing adjustments. The transaction is partly financed by a three year vendor loan by Nobia of EUR 5m (~SEK 56m). The buyer receives the net cash in Bribus at the time of completion of the transaction, which is estimated to amount to EUR 14m (~SEK 155m) The transaction will result in a negative non-cash effect of approximately SEK –120m, primarily related to goodwill, recorded as "discontinued operations" in Nobia's interim report for the first quarter of 2024.

Sale of ewe

Nobia has entered into an agreement to divest its subsidiary ewe in Austria. The purchase price amounts to EUR 24m (~SEK 275m). In addition, there are two earn-out payments of up to

EUR 2.5m in total (~SEK 29m), conditional upon ewe's performance in 2024 and 2025. The sale includes ewe's net cash at the time of completion, which was EUR 2.4m as of 30 September 2023. The transaction is expected to be completed during March 2024 and is subject to customary regulatory approvals by authorities and closing procedures. The transaction will result in a negative non-cash effect of approximately SEK –40m, primarily related to goodwill, recorded as "discontinued operations" in Nobia's interim report for the first quarter of 2024.

Proposed rights issue and extension of credit facilities

On 20 February, Nobia's Board resolved on a fully guaranteed rights issue of new shares of approximately but not less than SEK 1,250m with preferential rights for existing shareholders and announced that Nobia had reached an agreement with its lenders regarding an amendment and extension of the company's revolving credit facilities. The purpose of the Rights Issue is to finance remaining investments for the Jönköping factory and to strengthen the balance sheet allowing for operational and financial flexibility.

Kristoffer Ljungfelt appointed new CEO

On 27 February, Nobia's Board of Directors appointed Kristoffer Ljungfelt as the new President and CEO of Nobia. Kristoffer Ljungfelt is currently Nobia's Executive Vice President for the UK. The transition to the CEO role will be completed no later than 1 July 2024. Kristoffer succeeds Jon Sintorn, who will leave Nobia to assume a CEO position in another company.

Parent Company

The Parent Company, Nobia AB, has operations comprising Group-wide functions and the ownership of subsidiaries. The limited liability company is domiciled in Sweden and the head office is located in Stockholm. The Parent Company's loss after financial items totalled SEK –109m (891).

The share and ownership structure

The Nobia share has been listed on Nasdaq Stockholm since 2002. Nobia's share capital amounted to SEK 56,763,597 (56,763,597) as of 31 December 2023, divided among 170,293,458 shares (170,293,458) with a quotient value of SEK 0.33. Nobia has only one class of share. Each share, with the exception of any bought-back treasury shares, entitles the holder to one vote, and carries the same entitlement to the company's capital and profits.

The 2023 AGM authorised the Board to decide on the buyback of up to 10% of the outstanding shares and, for the period until the 2024 AGM, to decide on the transfer of treasury shares. The purpose is to use the shares within the framework of existing Performance Share Plans or to enable the financing of acquisitions through payment with treasury shares. At the end of 2023, the number of bought-back treasury shares was 2,040,637 (2,040,637), corresponding to 1.2% of the total number of shares. No buy-backs took place in 2023.

At year-end, the ten largest owners held about 49% of the shares. The largest shareholder, Nordstjernan, held 24.9% of the shares, followed by If Skadeförsäkring, which held 10.7% of the shares and the Fourth Swedish National Pension Fund that held 9.3%.

Nobia's lenders have the option of terminating all loans if the control of the company were to be significantly altered. If any one party, or jointly with other parties (under formal or informal forms) gains control of the company, the lenders are entitled to terminate all outstanding loans for payment. The term "control of the company" pertains to control of more than half of the total number of votes or capital, or the acquisition of direct and decisive influence over the appointment of the Board of Directors or members of the Executive Committee. Control of the company is also deemed to arise if a party, alone or jointly with other parties, can exercise direct and decisive influence over the company's financial and strategic position. If such a situation were to arise whereby the control of the company were to be significantly altered, the lender and Nobia shall begin negotiations that shall last for a maximum of 30 days. The aim of these negotiations is to reach an agreement between the lenders and Nobia. If an agreement is not reached, the lender is entitled to terminate all outstanding loans for immediate payment.

More information on the share and shareholders is presented on pages 117–118.

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

The remuneration guidelines cover total remuneration for the Executive Committee, including the President and other senior executives. The guidelines will be applied to remunerations that are agreed on, and changes to remunerations previously agreed on, after the guidelines are adopted by the 2022 AGM and until new guidelines are adopted by an AGM (and for four years at the longest). The guidelines do not cover remuneration resolved decided by Annual General Meeting.

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

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

- Focus on increasing profitability
- Increasing efficiency
- Long-term value creation through continual sustainability initiatives

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

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

The Board of Directors has inaugurated a Remuneration Committee consisting of two Board members elected by the general meeting of shareholders. The Committee's task is, inter alia, to prepare proposals to the Board of Directors relating to the remuneration for senior executives. The Board shall prepare proposals for new remuneration guidelines if material changes are needed or at least every fourth year and present the guidelines for the General Meeting to resolve upon. These guidelines are to be applicable from the time of the (2022) General Meeting's approval of them, until new guidelines have been resolved (and four years at most). The Remuneration Committee may seek approval of new guidelines at an earlier point in time if circumstances affecting the purpose of the guidelines arise.

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

Taking into account salary and employment terms for employees

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

Forms of remuneration

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

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

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

Fixed cash salary

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

Guidelines for remuneration

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

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

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

Variable cash salary

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

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

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

Pension benefits

The President and other senior executives employed in Sweden are entitled to pensions under the ITP system or equivalent. Furthermore, the current President has a pension premium including health insurance for 30% of a fixed annual salary. Pension and pension benefits are to be defined-contribution, which means that a determined percentage of the individual's annual basic salary is paid as a pension premium. For senior executives, pension benefits may not exceed 35% of the fixed cash salary. The members of the Executive Committee who have employment contracts under the terms of another country have pension solutions that are in agreement with local practice; in doing so, the principles in these guidelines will be complied with as far as possible.

Other benefits

Other benefits can include, inter alia, life insurance, health care insurance and company car. For the President and members of the Executive Committee, other benefits may not exceed 10% of the fixed cash salary. The President and other senior executives are further entitled to benefits that could be offered to other employees at any given moment.

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

With regard to employment conditions governed by other rules than Swedish, as far as pension benefits and other benefits are concerned, appropriate adjustments may be carried out to comply with compulsory laws or local practice, whereupon the guidelines' overall purposes are to be satisfied to the extent possible.

Termination of employment

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

Disclosures regarding share-related remuneration schemes

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

Remuneration to the Board

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

Deviation from the guidelines

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

Risks, risk management and opportunities

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

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

Internal controls for financial risks can be found in the corporate governance statement on page 26.

Business risks including sustainability and climate-related risks

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

TCFD scenario analysis

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

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

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

Two scenarios were investigated and illustrated:

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

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

Continued work

In 2023, the Group analysed the work performed in 2021 and concluded that the assessments have not materially changed. From the 2024 Annual Report, TCFD will be integrated with the reporting in accordance with the European Sustainability Reporting Standards (ESRS) to comply with the Corporate Sustainability Reporting Directive (CSRD). For defined targets and metrics, refer to pages 90–96.

Task Force on Climate-related Financial Disclosures (TCFD)

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

TCFD Recommended disclosures

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The Group's principal risks

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

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

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

Operational risks
Risks that may affect or jeopardize business operations or affect society.

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

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

Nobia's risk management process

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

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

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

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

Monitoring Business risks including sustainability and climate-related risks are monitored at the Group and operational levels. Specific sustainability and climate metrics can be found on pages 96-98. The Audit Committee performs an annual review of the risk management policy and plan.

Strategic & emerging risks

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

↑ = *Higher risk level than last year*

↔ = *Unchanged risk level than last year*

↓ = *Lower risk level than last year*

Operational risks

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

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

Financial risks

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

Risk area	Description	Management
Non payment of accounts receivable ↔	Credit risk pertains to losses owing due to Nobia's customers or counterparties in financial contracts failing to fulfil their payment obligations.	Nobia's financial policy for managing financial risks forms a framework of guidelines and rules in the form of risk mandates and limits for the finance operations. Credit risk in accounts receivable is managed through credit checks. A Group-wide credit risk policy sets the limits for any given customer. The credit limit is set and regularly monitored. For further information concerning accounts receivable and recognition of expected credit losses, see Note 2 Financial risks.
Financing and currency risks ↑	Transaction exposure occurs when sales and costs take place in different currencies, for example sourcing is done in EUR while sales are made in GBP. Exchange rate fluctuations may have an impact on the Group's earnings and valuation of assets. Translation exposure is the risk to which Nobia is exposed when translating foreign subsidiaries' balance sheets and income statements to SEK. Nobia has a syndicated loan facility with two banks amounting to SEK 5,000m of which SEK 3,880m was utilised by 31 December 2023. The bank syndicated loan facility agreement requires Nobia to meet customary leverage (Net Debt/EBITDA) and interest coverage (EBITDA/net interest expense) covenants. For further information concerning financial risks, interest rate and liquidity risks, see Note 2.	Nobia's overall strategy is to reduce exchange-rate exposure by using derivative instruments in the form of currency forward contracts. During the year, primarily accounts receivable and payable, as well as future payments for non-current assets were continuously hedged. Derivative instruments are held only for hedging purposes and not for speculative transactions. Translation exposure in the income statements of foreign subsidiaries is not currency hedged. For further information concerning financial risks, interest rate and liquidity risks, see Note 2. Nobia closely monitors its cash flows to ensure it can meet its financial obligations. For more information on the financing situation and the measures that have been implemented, see page 34 "Events after the end of the year".

Legal & regulatory risks

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

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

Climate-related risks and opportunities and their financial impact

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

Assessment of time horizon

	Definition	
Short	0–3 years	🟩
Medium	3–5 years	🟨
Long	5–15 years	🟫

Identified climate-related risks

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

Identified climate-related opportunities

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

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

Financial statements

Consolidated income statement

SEK m	Note	2022	2023
Net sales	3	14,929	13,373
Cost of goods sold	4, 7, 10, 25	–9,566	–8,729
Gross profit		**5,363**	**4,644**
Selling expenses	4, 7, 10, 25	–4,162	–4,040
Administrative expenses	4, 6, 7, 10, 25	–1,155	–989
Other operating income	8	733	664
Other operating expenses	9	–588	–378
Operating profit		**191**	**–99**
Financial income	11	267	28
Financial expenses	11	–428	–302
Profit after financial items		**30**	**–373**
Tax on net profit for the year	12, 26	–32	26
Net profit/loss for the year		**–2**	**–347**
Net profit for the year attributable to:			
Parent Company shareholders		–2	–347
Earnings per share before dilution, SEK	23	–0.01	–2.07
Earnings per share after dilution, SEK	23	–0.01	–2.07

Consolidated statement of comprehensive income

SEK m	Note	2022	2023
Net profit/loss for the year		–2	–347
Other comprehensive income Items that may be reclassified to profit or loss			
Exchange-rate differences attributable to translation of foreign operations	22	329	16
Cash-flow hedges before tax[1]	22	39	–57
Tax attributable to hedging reserve for the period[2]	22	–7	11
		361	**–30**
Items that will not be reclassified to profit or loss			
Remeasurements of defined-benefit pension plans	25	–187	–12
Tax attributable to remeasurements of defined-benefit pension plans		46	3
		–141	**–9**
Other comprehensive income for the year		**220**	**–39**
Total comprehensive income for the year		**218**	**–386**
Total comprehensive income for the year attributable to:			
Parent Company shareholders		218	–386

1) Reversal recognised in profit or loss of SEK 19m (4). New provision amounts to SEK –27m (25).
2) Reversal recognised in profit or loss of SEK –4m (–1). New provision amounts to SEK 5m (–5).

Consolidated balance sheet

SEK m	Note	31 Dec 2022	31 Dec 2023
ASSETS			
Intangible assets	13		
Goodwill		3,232	3,247
Other intangible assets		418	560
		3,650	**3,807**
Tangible fixed assets	14		
Land and buildings		602	591
Investments in progress and advance payments		1,837	1,715
Machinery and other technical equipment		429	583
Equipment, tools, fixtures and fittings		263	300
Right-of-use assets	15	1,826	1,627
		4,957	**4,816**
Interest-bearing long-term receivables (IB)	16	0	0
Other long-term receivables	16	86	79
Deferred tax assets	26	240	390
Total fixed assets		**8,933**	**9,092**
Inventories			
Raw materials and consumables		514	395
Products in progress		127	97
Finished products		715	620
Goods for resale		122	106
		1,478	**1,218**
Current receivables			
Current tax assets		25	98
Accounts receivable	2	1,495	1,160
Derivative instruments	2, 18	45	17
Interest-bearing current receivables (IB)		2	3
Other receivables	2	87	138
Prepaid expenses and accrued income	19	367	343
		2,021	**1,759**
Cash and cash equivalents (IB)	20	340	412
Assets held for sale	31	0	1,134
Total current assets		**3,839**	**4,523**
Total assets		**12,772**	**13,615**
Of which interest-bearing items (IB)		342	415

SEK m	Note	31 Dec 2022	31 Dec 2023
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to Parent Company shareholders			
Share capital	21	57	57
Other contributed capital		1,460	1,459
Reserves	22	347	317
Profit brought forward		2,851	2,495
Total shareholders' equity		**4,715**	**4,328**
Provisions for guarantees		11	11
Provisions for pensions (IB)	25	384	350
Lease liabilities (IB)	15	1,418	1,281
Deferred tax liabilities	26	60	55
Other provisions	27	29	18
Liabilities to credit institutions (IB)	2, 28	2,181	3,629
Other liabilities (IB)	2	0	0
Other liabilities, non-interest-bearing	2	4	0
Total long-term liabilities		**4,087**	**5,344**
Liabilities to credit institutions (IB)	2, 28	0	250
Advance payments from customers		147	158
Accounts payable	2	2,038	1,722
Provisions	27	43	76
Current tax liabilities		0	84
Lease liabilities (IB)	15	339	288
Derivative instruments	2, 18	14	35
Other liabilities	2	332	343
Accrued expenses and deferred income	29	1,057	897
Liabilities that have a direct connection with assets held for sale	31	0	90
Total current liabilities		**3,970**	**3,943**
Total shareholders' equity and liabilities		**12,772**	**13,615**
Of which interest-bearing items (IB)		4,322	5,798

Information on consolidated pledged assets and contingent liabilities is provided in Note 33.

Change in consolidated shareholders' equity

	Attributable to Parent Company shareholders					
SEK m	Share capital	Other contributed capital	Exchange-rate differences attributable to translation of foreign operations	Cash-flow hedges after tax	Profit brought forward	Total shareholders' equity
Opening balance, 1 January 2022	**57**	**1,465**	**-10**	**-4**	**3,415**	**4,923**
Net profit/loss for the year	–	–	–	–	–2	–2
Other comprehensive income for the year	–	–	329	32	–141	220
Total comprehensive income for the year	**–**	**–**	**329**	**32**	**-143**	**218**
Dividend[1]	–	–	–	–	–421	–421
Allocation of performance share plan	–	–5	–	–	–	–5
Closing balance, 31 December 2022	**57**	**1,460**	**319**	**28**	**2,851**	**4,715**
Opening balance, 1 January 2023	**57**	**1,460**	**319**	**28**	**2,851**	**4,715**
Net profit/loss for the year	–	–	–	–	–347	–347
Other comprehensive income for the year	–	–	16	–46	–9	–39
Total comprehensive income for the year	**–**	**–**	**16**	**-46**	**-356**	**-386**
Allocation of performance share plan	–	–1	–	–	–	–1
Closing balance, 31 December 2023	**57**	**1,459**	**335**	**-18**	**2,495**	**4,328**

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

Consolidated cash-flow statement

SEK m	Note	2022	2023
Operating activities			
Operating profit		191	–99
Depreciation/amortisation/impairment	13, 14, 15	899	870
Other adjustments for non-cash items		48	23
Income tax paid		–208	–84
Change in inventories		–232	233
Change in operating receivables		–139	306
Change in operating liabilities		360	–359
Cash flow from operating activities		**919**	**890**
Investing activities			
Investments in tangible fixed assets		–1,487	–1,517
Investments in intangible assets		–197	–200
Sale of tangible fixed assets		12	10
Interest received		4	24
Increase/decrease in interest-bearing assets		0	–1
Other items in investing activities		7	7
Acquisition of businesses		–59	0
Cash flow from investing activities		**–1,720**	**–1,677**
Operating cash flow before acquisitions/divestments of subsidiaries, interest, increase/decrease in interest-bearing assets		**–746**	**–810**
Operating cash flow after acquisitions/divestments of subsidiaries, interest, increase/decrease in interest-bearing assets		**–801**	**–787**

SEK m	Note	2022	2023
Financing activities			
Interest paid		–125	–272
Change in interest-bearing liabilities		1,712[1]	1,621[2]
Change in lease liabilities		–508	–481
Treasury shares, bought-back		–	–
Dividends		–421	–
Cash flow from financing activities		**658**	**868**
Cash flow for the year excluding exchange-rate differences in cash and cash equivalents		**–143**	**81**
Cash and cash equivalents at the beginning of the year		422	340
Cash flow for the year		**–143**	**81**
Exchange-rate differences in cash and cash equivalents		61	–9
Cash and cash equivalents at year-end		**340**	**412**

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

2) Raising and repayment of loans comprising a net SEK 1,700m. The remaining change primarily comprises pension payments and repayment of current interest-bearing liabilities.

Parent Company

Parent Company income statement

SEK m	Note	2022	2023
Net sales		593	485
Administrative expenses	4, 6, 25	–694	–552
Other operating income	8	8	6
Other operating expenses	9	–6	–10
Operating profit		**–99**	**–71**
Profit from participations in Group companies	11	699	–91
Financial income	11	310	162
Financial expenses	11	–19	–109
Profit after financial items		**891**	**–109**
Group contributions received		1	–
Group contributions paid		–102	–258
Tax on net profit for the year	12	41	68
Net profit/loss for the year		**831**	**–299**

Parent Company statement of comprehensive income

SEK m	Note	2022	2023
Net profit/loss for the year		831	–299
Other comprehensive income for the year		–	–
Total comprehensive income for the year		**831**	**–299**

Parent Company cash-flow statement

SEK m	Note	2022	2023
Operating activities			
Operating profit		–99	–71
Adjustments for non-cash items		34	–65
Dividends received	11	699	0
Group contributions received		171	1
Group contributions paid		–	–11
Interest received	11	310	162
Interest paid	11	–19	–109
Tax paid		–6	–11
Cash flow from operating activities before changes in working capital		**1,090**	**–104**
Change in liabilities		588	–60
Change in receivables		–1,122	357
Cash flow from operating activities		**556**	**193**
Investing activities			
Tangible fixed assets		–4	0
Intangible fixed assets		–180	–163
Cash flow from investing activities		**–184**	**–163**
Financing activities			
Change in interest-bearing liabilities		5	–4
Dividends		–421	0
Cash flow from financing activities		**–416**	**–4**
Cash flow for the year		**–44**	**26**
Cash and cash equivalents at the beginning of the year		261	217
Cash flow for the year		**–44**	**26**
Cash and cash equivalents at year-end		**217**	**243**

Parent Company balance sheet

SEK m	Note	31 Dec 2022	31 Dec 2023
ASSETS			
Fixed assets			
Tangible fixed assets	14	4	3
Intangible fixed assets	13	321	467
Shares and participations in Group companies	16, 17	1,378	1,286
Deferred tax assets	26	57	116
Total fixed assets		**1,760**	**1,872**
Current assets			
Receivables from Group companies		4,189	3,859
Other receivables	18	53	16
Prepaid expenses and accrued income	19	35	45
Cash and cash equivalents	20	217	243
Total current assets		**4,494**	**4,163**
Total assets		**6,254**	**6,035**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital[1]	21	57	57
Statutory reserve		1,671	1,671
Development expenditure fund		52	60
		1,780	**1,788**
Non-restricted shareholders' equity			
Share premium reserve		52	52
Buy-back of shares		–125	–125
Profit brought forward		994	1,816
Net profit/loss for the year		831	–299
		1,752	**1,444**
Total shareholders' equity		**3,532**	**3,232**
Long-term liabilities			
Provisions for pensions	25	42	50
Deferred tax liabilities	26	8	0
Total long-term liabilities		**50**	**50**
Current liabilities			
Other interest-bearing liabilities		4	0
Accounts payable		61	41
Liabilities to Group companies		2,516	2,652
Other liabilities	18	46	5
Accrued expenses and deferred income	29	45	55
Total current liabilities		**2,672**	**2,753**
Total shareholders' equity, provisions and liabilities		**6,254**	**6,035**

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

Parent Company change in shareholders' equity

SEK m	Share capital	Statutory reserve[1]	Development expenditure fund	Share premium reserve	Buy-back of shares	Profit brought forward	Total shareholders' equity
Opening balance, 1 January 2022	**57**	**1,671**	**37**	**52**	**–125**	**1,435**	**3,128**
Net profit/loss for the year						831	831
Comprehensive income for the year						**831**	**831**
Provisions for development expenditure fund			36			–36	0
Dissolution due to amortisation of development expenditure for the year			–21			21	0
Dividends						–421	–421
Allocation of performance share plan						–6	–6
Shareholders' equity, 31 December 2022	**57**	**1,671**	**52**	**52**	**–125**	**1,824**	**3,532**
Opening balance, 1 January 2023	**57**	**1,671**	**52**	**52**	**–125**	**1,824**	**3,532**
Net profit/loss for the year						–299	–299
Comprehensive income for the year						**–299**	**–299**
Provisions for development expenditure fund			25			–25	0
Dissolution due to amortisation of development expenditure for the year			–17			17	0
Dividends							0
Allocation of performance share plan							0
Shareholders' equity, 31 December 2023	**57**	**1,671**	**60**	**52**	**–125**	**1,517**	**3,232**

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

Note 1 Significant accounting policies

Compliance with standards and legislation

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

The Parent Company applies the same accounting policies as the Group except in the cases described below under the section entitled "Parent Company accounting policies." The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors and President on 28 mars 2024.

Principles applied in the preparation of the financial statements

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

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

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

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

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

Deferred taxes

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

Impairment of assets and useful lives

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

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

Post-employment benefits

Nobia provides both defined-contribution and defined-benefit pension plans for employees within the Group. The calculation of the cost of pensions, for the defined-benefit pension plans, is based on assumptions about discount rates, mortality and future pension and salary increases. Changes in assumptions have a direct impact on the present value of the defined benefit obligation, current service costs, interest expense and interest income. The Group's pension liability amounted to SEK 350m (384) as of 31 December 2023.

Restructuring costs

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

Amended IFRSs and interpretations

The changed accounting policies and interpretations applied by the Group from 1 January 2023.

International Financial Reporting Standards (IFRS/IAS)	Effective date – year-end
Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies)	1 January 2023
Amendments to IAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	
Amendments to IAS 8 (Definition of Accounting Estimates)	
The OECD Pillar Two Model Rules and IAS 12 Income Taxes (International legislation on minimum income tax rules in each jurisdiction where the Group operates. Temporary exemption in IAS 12 to recognise deferred tax arising from this legislation, but increased disclosure requirements effective from 2023 instead)	1 January 2024, but with information requirements from December 2023

None of the changes applied from 1 January 2023 have had any material effect on the consolidated financial statements.

IFRSs and interpretations approved but not come into effect

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) has issued new standards and interpretations with effective dates after the date of these financial statements.

International Financial Reporting Standards (IFRS/IAS)	Effective date – year-end
Amendments to IAS 1 (Non-current Liabilities with Covenants)	1 January 2024
Amendments to IFRS 16 (Specify how to recognise, measure, present and provide disclosures on leases)	
Amendments to IFRS 4 (Extension of the Temporary Exemption from Applying IFRS 9).	
The OECD Pillar Two Model Rules and IAS 12 Income Taxes (International legislation on minimum income tax rules in each jurisdiction where the Group operates with the consequence that any top-up tax may need to be paid and recognised by the Group)	

The Group does not expect that the adoption of these standards and interpretations that apply to the year ending 31 December 2024 or after will have any material effect on its financial statements.

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

Classification

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

Consolidation principles and business combinations

Subsidiaries

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

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

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

Translation of foreign subsidiaries

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

Segment reporting

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

Revenue recognition

The Group sells kitchen solutions and other products through a number of sales channels such as own stores, franchise stores, builders' merchants, DIY stores and other retailers. Accordingly, sales take place both directly to end customers but also via retailers. The Group's revenue derives from the following activities:

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

Revenue is measured based on the remuneration specified in contracts with customers, meaning net after VAT, discounts and returns.

Sales of finished goods

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

Revenue for installation services for kitchen products and other products sold

Revenue for installation services is deemed to be a distinct service and is thus handled as a separate performance obligation. Regardless of whether installation is included in the sales price of kitchen products and other products sold or if it is priced as a separate service, the portion of the transaction price that refers to installation will be recognised separately from revenue linked to the sale of kitchen and other products. If the installation service is included in the sales prices, a share of the total sales price will be allocated to the installation performance obligation. Such allocation will be based on the market price of such services. Revenue for installation services is recognised separately, and recognised over time as the installation is performed. Given that this normally involves a relative short period of time, such revenue is recognised straight-line during the period in which installation is performed.

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

Government assistance

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

Financial income and expenses

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

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

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

Tax

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

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

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

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

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

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

Tangible fixed assets

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

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

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

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

Land is not depreciated.

Fixed assets/disposal groups held for sale and discontinued operations

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

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

Intangible assets

The recognition of business combinations requires that the surplus consideration from the acquisition exceeding the recognised net amount of identifiable assets acquired be allocated to the assets and liabilities of the acquired entity. The Group makes assessments and estimates in relation to the distribution of the fair value of the consideration. Goodwill is recognised at cost with deductions for accumulated impairment. The useful life of goodwill is deemed to be indefinite. Goodwill is allocated to cash-generating units (CGUs) or groups of CGUs that are expected to benefit from synergies of the combination and are tested annually for impairment or more often if there are indications of impairment. When a subsidiary or joint venture is divested, the amount attributable to goodwill is included in determining the profit or loss recognised in the consolidated income statement. A description of the method and assumptions used in impairment testing can be found in Note 13 Intangible assets.

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

Impairment

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

Impairment testing of tangible and intangible assets, and participations in subsidiaries
If there is an indication of an impairment requirement, the recoverable amount of the asset is tested in accordance with IAS 36 (see below). For goodwill, the recoverable amount is calculated annually. When testing for impairment requirements, if it is not possible to establish essentially independent cash flows for an individual asset, the assets must be grouped at the lowest level at which it is possible to identify essentially independent cash flows, known as cash-generating units. Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit (group of units) exceeds the recover-

able amount. Impairment losses are charged against profit or loss. Impairment losses related to assets attributable to a cash-generating unit are primarily allocated to goodwill. Subsequently, a proportional impairment of other assets included in the unit (group of units) is effected. The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discounting factor that takes into account the risk-free interest rate and the risk associated with the specific asset or cash-generating unit (group of units).

Research and product development

Product development

Costs for product development are expensed immediately as and when they arise. Product development within the Group is mainly in the form of design development and is conducted continuously to adapt to current style trends. The Group does not carry out research and development in the true sense of such work, or to any significant extent.

Software

Nobia invests continuously in its IT environment and capitalises development expenditure, acquired software licences and development costs based on the acquisition and implementation costs. The Parent Company has a development expenditure fund of SEK 60m (52). Such intangible assets that have not yet been taken into use are tested for impairment every year.

Cloud-based arrangements

Cloud-based arrangements, or Software as a service (SaaS) solutions, take place within Nobia. This means that Nobia gains access to software that is cloud-based for which access can take place through the internet but with the supplier maintaining control over the software. Costs for obtaining access to the software are recognised as continuous costs over the period when Nobia has access to the software. If the cost is the result of adaptations or configurations of the software that the supplier has control over, the cost is recognised at the time when the service is performed provided the service is distinct. Development costs may arise for enabling interaction between existing software (where Nobia has control) and the cloud-based software (that the supplier has control over). In these cases, the development cost of existing software can be capitalised if the requirements for an intangible asset are met.

Leases

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

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

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

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

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

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

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

Inventories

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

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

Financial instruments

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

Recognition and measurement of financial instruments

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

Financial assets

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

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

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

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

Instruments are classified at:

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

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

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

Financial liabilities

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

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

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

Fair value measurements

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

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

Financial derivative instruments and other hedge measures

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

Hedge accounting

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

Hedging future commercial cash flows in foreign currencies

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

Loans defined as net investments

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

Impairment of financial assets

Financial assets, apart from those measured at fair value through profit or loss, are subject to impairment for expected credit losses. In addition, impairment also includes contract assets, loan commitments and financial guarantees that are not measured at fair value through profit or loss. Impairment of credit losses under IFRS 9 is prospective and a loss allowance is established when there is an exposure to credit risk, usually in connection with initial recognition of an asset or receivable. Expected credit losses reflect the present value of all deficits in cash flows attributable to default either for the next 12 months or for the full expected lifetime of the financial instruments, depending on the class of asset and credit deterioration since initial recognition. Expected credit losses reflect an unbiased and probability-weighted outcome that is determined by evaluating the range of possible outcomes based on reasonable and supportable forecasts. The simplified model is applied to accounts receivable, lease receivables, contract assets and certain other financial receivables. A loss allowance is recognised for the expected full lifetime of the receivable or asset. A three-stage impairment model is applied to other items subject to expected credit losses. Initially, and on every closing date, a loss allowance is recognised for the next 12 months, or for a shorter period of time depending on the expected life (stage 1). If the credit risk has increased significantly since initial recognition, lifetime expected credit losses are recognised for the asset (stage 2). For assets that are considered to be credit-impaired, lifetime expected credit losses continue to be recognised (stage 3). For credit-impaired assets and receivables, the calculation of interest income is based on the carrying amount of the asset, the net loss allowance, as opposed to the gross amount in the preceding stages. The measurement of expected credit losses is based on different methods for different credit risk exposures for each model. The method for accounts receivable, contract assets and certain other financial receivables is based on past credit loss level combined with prospective factors. Lease receivables, certain other financial receivables and cash and cash equivalents are impaired according to a rating-based method. Expected credit losses are measured at the total of probability of default, loss given default and exposure on default. Both external credit ratings and internally developed rating methods are used. The measurement of expected credit losses also considers any collateral and other credit enhancement in the form of guarantees. The financial assets are recognised in the balance sheet at amortised cost, meaning the net of gross amount and the loss allowance. Changes in the loss allowance are recognised in profit or loss as credit losses. The Group's credit exposure is stated in Notes 2 and 28.

Cash and cash equivalents

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

Provisions

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

Restructuring

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

Guarantees

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

Contingent liabilities

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

Shareholders' equity

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

Earnings per share

The calculation of earnings per share is based on consolidated net profit attributable to the Parent Company shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share after dilution, the average number of shares outstanding is adjusted to take into account the dilutive effects of potential ordinary shares. During the recognised periods, potential ordinary shares comprise share rights (matching and performance share rights). Matching share rights held by employees on the reporting date are considered dilutive. Performance share rights are dilutive to the extent that profit targets have been fulfilled on the reporting date. To calculate the dilutive effect, an exercise price for the share rights is applied that corresponds to the value of future services per outstanding share right calculated as remaining cost to recognise in accordance with IFRS 2.

Employee benefits

Pensions

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

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

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

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

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

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

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

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

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

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

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

Share-based remuneration schemes

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

Short-term remuneration

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

Payments in connection with employment termination

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

Parent Company accounting policies

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

Changed accounting policies

Changes to accounting policies applied from 2023 did not have any effect on the Parent Company's financial statements.

Leased assets

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

Classification and presentation form

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

Employee benefits

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

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

Development expenditure fund

The Parent Company recognises the Development expenditure fund in accordance with the Annual Accounts Act (1995:1554). When capitalised amounts are amortised/disposed of, the corresponding amount is transferred from the Development expenditure fund to non-restricted shareholders' equity. An amount equal to the sum of the period's expenditure on internally generated intangible assets has been transferred from non-restricted shareholders' equity to the Development expenditure fund in restricted shareholders' equity.

Group contributions

The Parent Company applies the alternative rule to Group contributions paid and received and recognises these as appropriations in profit or loss.

Anticipated dividends

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

Note 2 Financial risks

Foreign exchange risk

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

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

Nobia's policy is to hedge approximately 80% of the forecast flows, 0–3 months in the future, 60% 4–6 months in the future, 40% 7–9 months in the future and 100% of contracted projects. The principal currency combinations were the EUR against the GBP, the NOK against the DKK and the SEK against the NOK. Total exposure in 2023, expressed in SEK and after offsetting counteracting flows, amounted to SEK 2,728m (3,114), of which SEK 1,729m (2,621) was hedged. At year-end 2023, the hedged volume amounted to SEK 1,262m (1,682). Unrealised gains and losses recognised as cash-flow hedges in shareholders' equity will be transferred to the income statement at various points in time within 12 months.

Translation exposure

The Group's policy is not to hedge translation exposure in foreign currencies. A 10% strengthening of the SEK compared with other currencies on 31 December 2023 would entail a decrease in shareholders' equity of SEK –485m (–467) and a decrease in profit of SEK –13m (–26). The sensitivity analysis is based on the assumption that all other factors (for example, interest) are unchanged. The same conditions were applied to 2022.

Credit risk

Nobia is active in many markets and in several distribution channels. Depending on the type of distribution channel, the customer base comprises both professional customers and consumers. For these reasons, credit management and payment terms must be adapted to each business unit's business logic and distribution channels within the framework of the credit policy established by the Group. The credit policy stipulates that credit ratings are to be based on at least one credit report from a reputable credit rating institute. Credit assessments are continuously performed on customers who make regular purchases. Credit insurance is utilised for certain markets and customer categories. Collateral is often required when credit is granted to customers with low buying frequencies. Counterparty risk pertaining to banks is deemed to be very minor. The total credit risk amounted to SEK 1,808m (2,010). The credit quality of financial assets that have neither fallen due for payment nor are subject to impairment is high.

Financial exposure

Nobia's policy for financing foreign assets involves financing capital employed with external borrowings in the corresponding currency in order to minimise the impact of exchange-rate fluctuations on the debt/ equity ratio. Group loans are handled by Nobia's head office. The head office supplies the subsidiaries with funds through an internal bank. These loans are raised in local currencies. Matched external borrowing or currency contracts minimise the effects of exchange-rate fluctuations on earnings. Given the current debt/equity ratio and currency distribution of capital employed, approximately 26% of foreign capital employed must be financed through borrowing in local currencies. In combination with this policy, other forms of capitalisation may be utilised in each country to optimise the capital structure or tax situation. Nobia's financial exposure policy does not involve hedging shareholders' equity.

	2022		2023	
SEK m	Capital employed per currency	Interest-bearing loans and lease liabilities	Capital employed per currency	Interest-bearing loans and lease liabilities
SEK	2,423	2,359	3,560	4,058
EUR	1,506	244	1,562	200
GBP	3,622	956	3,357	918
DKK	1,275	741	1,444	585
NOK	210	23	205	37
Total	**9,037**	**4,323**	**10,128**	**5,798**

Interest-rate risk

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

Fixed-interest terms – borrowing

	2022			2023		
Group, SEK m	0–3 months	2 years	3 years	0–3 months	2 years	3 years
SEK	2,181	–	–	3,879	–	–

Refinancing risk

Nobia applies a centralised approach to the Group's financing, which means that all financing takes place in Nobia AB or Nobia NBI AB. In December 2020, the Group also raised a syndicated loan facility totalling SEK 5,000m with two banks, which replaced the previous facility of SEK 2,000m. SEK 5,000m falls due in 2025. The loans have three covenants: debt/equity ratio (net debt divided by EBITDA), interest coverage (EBITDA divided by net interest expense) and minimum liquidity (credit facility less utilised portion plus cash). Nobia's policy is to obtain long-term lines of credit that are compatible with Nobia's long-term strategy, while simultaneously balancing the needs for low credit costs. In addition to these loans, Nobia has access to local cash advances. The table below shows the maturity of all of Nobia's loans:

	2022	2022	2023	2023
Year of maturity	**2025**	**2025**	**2025**	**2025**
Loans and lines of credit, SEK m	2,000	3,000	2,000	3,000
Of which utilised, SEK m	2,000	181	2,000	1,900

Capital management

Dividends are, on average, to at least 40% of net profit after tax. For 2022 and 2023, the outcome was SEK 0.00 per share, a total of SEK 0m. The debt/equity ratio at year-end amounted to 124% (84). Nobia considers recognised shareholders' equity of SEK 4,328m (4,715) to be capital.

Liquidity risk

Daily liquidity is tracked with the help of carefully prepared liquidity forecasts. Liquidity is controlled centrally with the aim of using available liquidity effectively, at the same time as necessary reserves are available. Available liquidity including unutilised overdraft facilities comprised SEK 1,512m (3,159).

Commercial exposure

	2022					2023				
	USD	EUR	NOK	SEK	DKK	USD	EUR	NOK	SEK	DKK
Currency contracts on closing date										
Local currency		96	–200	–53	49		42	–219	18	28
Total, SEK m[1]		1,074	–190	–53	73		461	–222	18	42
Fair value, SEK m	0	26	4	4	3	0	–16	–10	–3	–2
Net flow calendar year										
Net flow, local currency	–7	–127[4]	542	–102	–155	–4	–110[4]	525	–128	–141
Net flow, SEK m[2]	–70	–1,355[4]	570	–102	–222	–45	–1,267[4]	528	–128	–217
Hedged volume, SEK m[2]	0	–1,755	211	–53	–175	0	–712	220	18	–44

1) Flows restated at closing-date rate, SEK.
2) Restated at average rate in 2022, 2023.
3) In addition, EUR 66m pertains to flows against DKK, corresponding to SEK 707m.
4) In addition, EUR 45m pertains to flows against DKK, corresponding to SEK 514m.

Sensitivity analysis

	2022			2023		
Currencies[1] and interest rates[2]	Change	Impact on profit before tax, SEK m	Impact on shareholders' equity[3], SEK m	Change	Impact on profit before tax, SEK m	Impact on shareholders' equity[3], SEK m
EUR/SEK	5%	20.0	15.9		9.7	7.7
SEK/NOK	5%	6.8	5.3		10.1	7.9
EUR/GBP	5%	20.4	17		23.7	17.8
NOK/DKK	5%	13.8	10.8		11.1	8.7
SEK/DKK	5%	11.7	9.1		10.8	8.4
Interest-rate level	100 points	21.8	17.3	100 points	39.0	31.0

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

Analysis of maturity for financial liabilities including accounts payable

		2022						2023					
Group, SEK m	Currency	Total	Within 1 month	1–3 months	3 months –1 year	1–5 years	5 years or longer	Total	Within 1 month	1–3 months	3 months –1 year	1–5 years	5 years or longer
Bank loans (IB)													
Bank loans	SEK	2,284	0	24	71	2,189	–	4,599	–	871	921	2,807	–
Other liabilities													
Forward agreements[1]	SEK	2	0	1	1	–	–	6	1	3	2	–	–
Forward agreements[1]	EUR	0	0	0	0	–	–	17	4	5	8	–	–
Forward agreements[1]	NOK	1	1	0	0	–	–	9	2	2	5	–	–
Forward agreements[1]	DKK	0	0	0	0	–	–	2	0	1	1	–	–
Forward agreements[1]	USD	0	0	0	0	–	–	0	0	0	0	–	–
Currency swaps[2]		–	–	–	–	–	–	0	0	0	0	–	–
Other liabilities (IB)	DKK	–	–	–	–	–	–	–	–	–	–	–	–
Other liabilities (IB)	NOK	–	–	–	–	–	–	–	–	–	–	–	–
Accounts payable and other liabilities	SEK	1,964	992	258	706	7	–	2,065	1,295	474	292	4	–
Total		**1,967**	**993**	**283**	**778**	**2,196**	–	**6,698**	**1,302**	**1,356**	**1,229**	**2,811**	0
Interest-bearing liabilities (IB)		2,181						3,879					

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

[2] Recognised under other liabilities.

[3] Amortization in accordance with events after the balance sheet date and differs from the balance sheet in terms of timing where a smaller part is classified as short-term debt than what is reported as amortization above.

Age analysis, accounts receivable and other receivables

	2022			2023		
SEK m	Gross	Of which expected credit losses	Of which impairment	Gross	Of which expected credit losses	Of which impairment
Non-due accounts receivable	1,219	4	0	1,025	6	0
Past due accounts receivable 0–30 days	175	1	0	141	1	0
Past due accounts receivable >30 days–90 days	130	–	9	81	–	3
Past due accounts receivable >90 days–180 days	61	–	12	48	–	12
Past due accounts receivable >180 days–360 days	29	–	6	56	–	22
Past due accounts receivable >360 days	35	–	22	45	–	40
Receivables outstanding	**1,649**	**5**	**50**	**1,396**	**7**	**77**

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

SEK m	2022	2023
Opening balance	**56**	**77**
Expected credit losses	–	–
Reversal of previously recognised impairment losses	2	–7
Changed assessment of expected credit losses	–	–
Impairment for the year	24	40
Confirmed losses	–17	–26
Translation differences	3	–1
Acquisition of businesses	–	–
Closing balance	**67**	**82**

Credit quality is essentially deemed to be high for outstanding accounts receivable. There was no significant concentration of credit exposure on the closing date. The maximum exposure for credit risk is seen in the carrying amount in the statement of financial position for each financial asset. From 2018, Nobia bases any impairment on a model for expected credit losses and impairment is no longer based solely on past events. However, impairment of accounts receivable may continue if unforeseen events have occurred. Such impairment is initially recognised for each individual receivable, but may also be made collectively for a group of receivables of similar credit characteristics. When calculating expected credit losses, Nobia takes into consideration historical bad debt losses, an analysis of the respective customer segments, and observed macroeconomic effects on customers' conditions such as the impact of Brexit on the local market. In the table above, SEK 7m (5) refers to expected credit losses and SEK 77m (50) to reserved receivables.

Offsetting of financial instruments

Nobia has binding framework agreements for derivatives trading, which entails that financial liabilities can be offset – or "netted" – in the event of insolvency or a similar situation. The tables below show the amounts encompassed by netting agreements on 31 December 2023 and 31 December 2022.

Offset agreements

2023 SEK m	Financial assets	Financial liabilities
Recognised amounts in statement of financial position	17	–35
Amounts encompassed by netting	–13	0
Amounts after netting	**4**	**–35**

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

Note 3 Operating segments and Net sales

The Group's business activities are divided into operating segments based on a management approach, meaning the parts of the operations monitored by the company's chief operating decision-maker. The Group's operations are organised such that the Executive Committee monitors the earnings, returns and cash flow generated by the Group's regions. These regions comprise the Group's operating segments since the Executive Committee monitors the operations' earnings and decides on the allocation of resources based on the regions. Accordingly, the Group's internal reporting is structured so that the Executive Committee can monitor the performance and earnings of all of the regions. The following operating segments were identified: Nordic region, UK region and Portfolio Business Units. As of the first quarter of 2022, the Commodore and CIE operations were transferred from the UK region to the Portfolio Business Units region and the comparative figures have thus been recalculated.

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

Net sales and profit by region

	Nordic region		UK region		Portfolio Business Units		Group-wide and eliminations		Group	
SEK m	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Net sales from external customers	8,030	6,855	5,000	4,501	1,899	2,017	–	–	14,929	13,373
Net sales from other regions	0	0	1	1	–	–	–1	–1	–	–
Total net sales	**8,030**	**6,855**	**5,001**	**4,502**	**1,899**	**2,017**	**–1**	**–1**	**14,929**	**13,373**
Gross profit	2,697	2,122	2,102	1,884	518	564	46	74	5,363	4,644
Gross profit excluding items affecting comparability	2,719	2,223	2,106	1,943	518	585	51	74	5,394	4,825
Gross margin, %	33.6	31.0	42.0	41.8	27.3	28.0	–	–	35.9	34.7
Gross profit excluding items affecting comparability, %	33.9	32.4	42.1	43.2	27.3	29.0	–	–	36.1	36.1
Depreciation/amortisation	–293	–312	–372	–362	–85	–91	–54	–31	–804	–796
Operating profit	595	131	–184	–124	76	57	–296	–163	191	–99
Operating profit excluding items affecting comparability	686	345	–69	–59	76	94	–196	–162	497	218
Operating margin, %	7.4	1.9	–3.7	–2.8	4.0	2.8	–	–	1.3	–0.7
Operating margin excl. items affecting comparability, %	8.5	5.0	–1.4	–1.3	4.0	4.7	–	–	3.3	1.6
Financial income									267	28
Financial expenses									–428	–302
Profit before tax									30	–373
Impairment	–3	–96	–33	–19	–	–16	–59	–	–95	–131
Reversal of impairments	–	57	–	–	–	–	–	–	–	57

Total liabilities and assets per region

	Nordic region		UK region		Portfolio Business Units		Group-wide and eliminations		Group	
SEK m	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Total operating assets	**3,463**	**5,860**	**3,559**	**3,558**	**967**	**814**	**4,441**[1]	**2,967**	**12,430**	**13,199**
Total operating assets include:										
Investments in fixed assets	125	1,356	195	157	50	41	1,314	163	1,684	1,717
Total operating liabilities	**2,051**	**2,237**	**995**	**896**	**324**	**278**	**365**[2]	**77**	**3,735**	**3,488**

1) Primarily comprises goodwill of SEK 2,230m (2,223), consolidated surplus values on fixed assets of SEK 73m (77) and fixed assets in the Parent Company of SEK 470m (328). Elimination of internal receivables amounted to SEK –68m (–45).

2) Elimination of internal liabilities amounted to SEK –68m (–45).

Geographic areas, Group

	Income from external customers[1]		Fixed assets[2]		Right-of-use assets	
SEK m	2022	2023	2022	2023	2022	2023
Sweden (domicile)	2,041	1,648	2,233	2,498	33	36
Denmark	3,371	2,934	751	701	749	595
Norway	1,575	1,376	162	153	28	42
Finland	1,027	855	136	147	56	31
UK	5,302	4,786	2,501	2,508	823	803
Germany	71	68	–	1	–	–
Netherlands	842	1,033	596	588	124	108
Austria	597	558	402	400	13	12
Iceland	38	52	–	–	–	–
Other countries	65	63	0	0	–	–
Total	**14,929**	**13,373**	**6,781**	**6,996**	**1,826**	**1,627**

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

Comparative data per product group

Net sales per product group, %	Nordic region		UK region		Portfolio Business Units		Group	
	2022	2023	2022	2023	2022	2023	2022	2023
Kitchen furnishings	71	73	65	66	61	59	68	68
Installation services	5	4	4	4	9	10	5	5
Other products	24	23	31	30	30	31	27	27
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Comparative data per customer segment

Net sales per customer segment, %	Nordic region		UK region		Portfolio Business Units		Group	
	2022	2023	2022	2023	2022	2023	2022	2023
Consumer	31	31	50	50	40	35	39	38
Trade	13	13	34	36	4	4	19	20
Project	56	56	16	14	56	61	42	42
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Comparative data per channel

Net sales per channel, %	Nordic region		UK region		Portfolio Business Units		Group	
	2022	2023	2022	2023	2022	2023	2022	2023
Kitchen specialists, own stores and franchises	68	69	82	79	–	–	64	62
Direct project sales	14	20	–	–	50	43	13	17
Builders' merchants / DIY chains	16	10	18	21	4	6	16	13
Other retailers	2	1	–	–	46	51	7	8
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Nobia recognises revenue when control of the goods has passed to the customer.

Revenue for kitchen products and other products is recognised at a point in time, while installations are recognised over time as the installation is performed. Installation services comprise about 5% of Nobia's total sales.

Nobia does not have any contract assets but contract liabilities exist in the form of advance payments from customers for the delivery of kitchen products or installation.

The term of advance payments is less than one year and the closing balance on 31 December 2023 amounted to SEK 158m (147).

Advance payments are recognised as revenue when Nobia has satisfied it obligation to the customer in the form of delivered kitchen products or completed installation.

The contract liabilities that existed in the balance sheet on 31 December 2022 were recognised as revenue in the 2023 fiscal year and the contract liabilities that existed in the balance sheet on 31 December 2021 were recognised as revenue in the 2022 fiscal year.

Note 4 Costs for employee benefits and remuneration to senior executives

	2022			2023		
SEK m	Salaries and other remuneration	Social security costs	Total	Salaries and other remuneration	Social security costs	Total
Total subsidiaries[1]	3,165	608	3,773	3,034	549	3,583
– of which pension costs	–	268	268	–	266	266
Parent Company[1]	134	84	218	127	79	206
– of which pension costs	–	41	41	–	38	38
Group[1]	3,299	692	3,991	3,161	628	3,789
– of which pension costs	–	309	309	–	304	304

1) Excludes costs for share-based remuneration.

Total costs for employee benefits

SEK m	2022	2023
Salaries and other remuneration	3,299	3,161
Social security costs	383	324
Pension costs – defined-contribution plans	262	259
Pension costs – defined-benefit plans	28	30
Costs for special employer's contributions and tax on returns from pension	19	15
Costs for the Performance Share Plan		
2021–2024	–	–
2022–2025	–	–
Total costs for employees	**3,991**	**3,789**

Salaries and other remuneration for the Parent Company

SEK m	2022	2023
Senior executives[1]	20	22
Other employees	114	105
Total Parent Company[2]	**134**	**127**

1) In 2023, the number of individuals was 6 (9).
2) Excludes costs for share-based remuneration.

Salaries and other remuneration for subsidiaries

SEK m	2022	2023
Presidents of subsidiaries[1]	6	8
Other employees of subsidiaries	3,159	3,026
Total subsidiaries[2]	**3,165**	**3,034**

1) In 2023, the number of individuals was 3 (3).
2) Excludes costs for share-based remuneration.

Remuneration and other benefits, 2023	Basic salary, Directors' fees	Variable remuneration	Other benefits	Pension costs	Share-based remuneration	Other remuneration	Total	Pension commitments
Chairman of the Board								
Jan Svensson (member of Remuneration Committee)	1.28	–	–	–	–	–	1.28	–
Board member								
Nora Førisdal Larssen, (member of the Audit Committee until May 2023)	0.45	–	–	–	–	–	0.45	–
Marlene Forsell (Chairman of Audit Committee)	0.56	–	–	–	–	–	0.56	–
Carsten Rasmussen, (member of the Remuneration Committee)	0.46	–	–	–	–	–	0.46	–
David Haydon	0.51	–	–	–	–	–	0.51	–
Tony Buffin	0.51	–	–	–	–	–	0.51	–
Fredrik Ahlin, (member of the Audit Committee from May 2023)	0.36						0.36	
President								
Jon Sintorn	8.00	0.00	0.28	2.42	–	–	10.70	–
Other members of Executive Committee[1]	20.08	0.80	1.64	6.29	–	1.59	30.40	–
– of whom, from subsidiaries[2]	6.76	0.22	0.64	1.74	–	1.59	10.96	–
Total	**32.21**	**0.80**	**1.92**	**8.71**	**–**	**1.59**	**45.23**	**–**

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

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

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

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

Remuneration to senior executives

– Board and Chairman of the Board

Remuneration to the Chairman and members of the Board is determined by resolutions taken at the Annual General Meeting. Board members who are employed by Nobia do not receive a separate Directors' fee. Board members elected by the Annual General Meeting receive a fixed fee of SEK 410,000 per member and the Chairman receives SEK 1,200,000. In addition, the Chairman of the Audit Committee received SEK 150,000 and Committee members SEK 125,000. A fixed fee of SEK 75,000 is paid to the Chairman of the Remuneration Committee and a fee of SEK 50,000 is paid to the members of the Remuneration Committee. For every physical Board meeting held in the Nordic region, a meeting fee of SEK 20,000 is paid to each Board member who lives in Europe but outside the Nordic region. The Board received a total of SEK 4,123,333. Employee representatives receive a study and preparation fee of SEK 26,000 per person per year.

– President

In the 2023 fiscal year, President Jon Sintorn received SEK 8,277,500 in salary and benefits, plus a variable salary portion related to the results for 2023 of SEK 0. In addition to the normal pension in accordance with the Swedish National Insurance Act (ATP and AFP), the President has pension benefits corresponding to 30% of pensionable salary. Pensionable salary means fixed annual salary. For 2023, the premium cost for the President was SEK 2,417,881. The age of retirement is 65. The President has the right to 12 months' notice if employment is terminated by Nobia. If employment is terminated by the President, six months' notice must be given.

– Other members of the Executive Committee

The Executive Committee, which comprised nine individuals (nine) at the end of 2023, of whom six (six) are employed in the Parent Company, received salaries and benefits including pensions during the fiscal year amounting to SEK 29,606,870 plus variable salary portions based on the results for 2023 of SEK 799,236. Members of the Executive Committee employed in Sweden are entitled to pensions under the ITP system or equivalent. Pension and pension benefits are to be defined-contribution, which means that a determined percentage of the individual's annual basic salary is paid as a pension premium. For senior executives, pension benefits may not exceed 35% of the fixed cash salary. The Executive Committee's members who have employment contracts under the terms of another country have pension solutions that are in agreement with local practice; in doing so, the principles in these guidelines will be complied with as far as possible.

– Variable salary portion

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

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

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

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

– Performance Share Plan 2021
A resolution was made at the 2021 Annual General Meeting in accordance with the Board's proposal to establish a remuneration scheme in the form of a Performance Share Plan. The 2021 Performance Share Plan comprises approximately 80 employees consisting of senior executives and senior managers within the Nobia Group. The 2021 Performance Share Plan requires an employee's private investment in Nobia shares.

At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled. The allotment of shares requires that the performance targets related to average operating profit (EBIT) have been achieved. The share rights are allocated free of charge and to be entitled to receive shares under the share rights, it is required, with certain exemptions, that the participant remains employed within the Nobia Group. The number of share rights carrying entitlement to allotment depends on fulfilment of the performance target. The Board has set a minimum level and a maximum level for each performance target that requires that the target level is achieved for the average EBIT in the 2021–2023 fiscal years. If the set minimum level for the performance target is achieved, the share rights entitle the holder to receive an allotment of 25%. If the minimum level in the range is not achieved, the share rights will not give entitlement to any allotment. If the maximum level in the performance range is achieved, each share right gives entitlement to four to six shares depending on type of position. Allotment between the minimum and maximum levels takes place straight-line based on the intermediate amounts between the two levels.

When share rights are vested and shares allotted, social security contributions are paid in certain countries for the value of the employee's benefits. An expense and a provision are recognised, allocated over the vesting period, for these social security contributions. The provision for social security contributions is based on the number of share rights that are expected to be vested and the fair value of the share rights on each reporting date and finally, for the allotment of shares.

– Performance Share Plan 2022
A resolution was made at the 2022 Annual General Meeting in accordance with the Board's proposal to establish a remuneration scheme in the form of a Performance Share Plan. The 2022 Performance Share Plan comprises approximately 80 employees consisting of senior executives and senior managers within the Nobia Group. The 2022 Performance Share Plan requires an employee's private investment in Nobia shares.

At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled. In order to be entitled to allotment of shares, the participant is required to remain employed at the Nobia Group during the vesting period and the full investment in Nobia shares must have been maintained for the same period. The number of shares carrying entitlement to allotment depends on fulfilment of the performance target. The Board has set a minimum level and a maximum level for each performance target that requires that the target level is achieved for the average EBIT in the 2022-2024 fiscal years. If the set minimum level for the performance target is achieved, the share rights entitle the holder to receive an allotment of 25%. If the minimum level in the range is not achieved, the share rights will not give entitlement to any allotment. If the maximum level in the performance range is achieved, each share right gives entitlement to four to six shares depending on type of position. Allotment between the minimum and maximum levels takes place straight-line based on the intermediate amounts between the two levels.

When shares are allotted, social security contributions are paid in certain countries for the value of the employee's benefits. An expense and a provision are recognised, allocated over the vesting period, for these social security contributions. The provision for social security contributions is based on the number of share rights that are expected to be vested and the fair value of the shares on each reporting date and finally, for the allotment of shares. According to the proposal to the AGM, it was 80.

– Performance Share Plan 2023
No remuneration scheme in the form of a Performance Share Plan was launched in 2023.

	Performance Share Plans 2021–2024
Vesting period	June 2021–April/May 2024
Performance targets	Average perating profit/loss (EBIT) 2021–2023
Fair value per share right	73.25 kr

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

The fair value is calculated as the share price on the plan's date of the allotment, in May at the start of the vesting period, reduced by the present value of expected dividends during the vesting period.

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

	Accumulated costs			2022			2023		
Plan	IFRS 2 cost	Social security contributions	Total cost	IFRS 2 cost	Social security contributions	Total cost	IFRS 2 cost	Social security contributions	Total cost
2019–2022	1	0	1	0	0	0	–	–	–
2021–2024	3	1	4	–	–	–	–	–	–
2022–2025	–	–	–	–	–	–	–	–	–
	4	**1**	**5**	**0**	**0**	**0**	**0**	**0**	**0**

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

Number of share rights 2019 plan	2022	2023
As per 1 January	329,581	0
Allotted	–	–
Forfeited	–329,581	0
As per 31 December	**0**	**0**

Number of share rights 2021 plan	2022	2023
As per 1 January	951,182	951,182
Allotted	–	–
Forfeited	–	–
As per 31 December	**951,182**	**951,182**

Number of share rights 2022 plan	2022	2023
As per 1 January	–	940,386
Allotted 16 June 2022	940,386	–
Forfeited	–	–
As per 31 December	**940,386**	**940,386**

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

	No. of share rights	
Expiry date	2022	2023
April/May 2024	951,182	951,182
April/May 2025	940,386	940,386
	1,891,568	**1,891,568**

Note 5 Average number of employees

	2022		2023	
Subsidiaries in:	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Sweden	821	610	754	543
Denmark	1,373	1,028	1,168	872
Norway	215	92	207	76
Finland	338	231	344	234
Lithuania	6	3	47	20
Austria	332	262	315	248
UK	2,689	1,883	2,278	1,598
Netherlands	338	256	343	256
Total subsidiaries	**6,112**	**4,365**	**5,456**	**3,847**
Parent Company	132	76	115	63
Group	**6,244**	**4,441**	**5,571**	**3,910**

	2022		2023	
	Number on closing date	Of whom, men, %	Number on closing date	Of whom, men, %
Board members	70	73	72	68
Presidents and other senior executives	124	73	101	74
Group	197	73	173	72

	2022		2023	
	Number on closing date	Of whom, men, %	Number on closing date	Of whom, men, %
Board members	8	75	8	75
Presidents and other senior executives	7	71	7	71
Parent Company	15	73	15	73

Note 6 Remuneration to auditors

Specification by type of cost

	Group		Parent Company	
SEK m	2022	2023	2022	2023
PwC				
Audit assignment	9	13	2	2
Audit activities other than audit assignment	0	0	0	0
Tax advice	0	0	0	0
Other assignments	0	0	0	0

Audit assignment refers to the statutory audit of the annual and consolidated financial statements and accounting, the administration of the Board and the President and other examinations performed by agreement or contract. This includes other duties that fall upon the company's auditor to perform and providing advisory services or other assistance due to observations made during such an audit or while performing other such duties.

Note 7 Depreciation/amortisation and impairment by activity

	Depreciation/ amortisation		Impairment	
Group, SEK m	2022	2023	2022	2023
Cost of goods sold	–234	–236	–3	–39
– *of which, right-of-use assets*	–77	–84	–	–
Selling expenses	–480	–494	–	–35
– *of which, right-of-use assets*	–381	–392	–	–
Administrative expenses	–90	–66	–92	–
– *of which, right-of-use assets*	–28	–27	–	–
Total depreciation/amortisation and impairment	**–804**	**–796**	**–95**	**–74**
– of which, right-of-use assets	**–486**	**–503**	**–**	**–**

Note 8 Other operating income

	Group		Parent Company	
SEK m	2022	2023	2022	2023
Gains on sale of fixed assets	12	17	–	–
Gains on sale of production facility	–	112	–	–
Exchange-rate gains from operating receivables/ liabilities	581	407	8	6
Rental income	82	61	–	–
Exit lease	–	20	–	–
Insurance income	32	0	–	–
Government assistance	9	13	–	–
Other	17	34	–	–
Total other operating income	**733**	**664**	**8**	**6**

Note 9 Other operating expenses

	Group		Parent Company	
SEK m	2022	2023	2022	2023
Exchange-rate losses from operating receivables/ liabilities	–569	–362	–6	–9
Loss attributable to sale of fixed assets	–9	–1	–	–
Other	–10	–15	–	–1
Total other operating expenses	**–588**	**–378**	**–6**	**–10**

Note 10 Specification by type of cost

SEK m	2022	2023
Costs for goods and materials	–6,128	–5,435
Costs for remuneration of employees	–3,970	–3,764
Depreciation/amortisation and impairment (Note 7)	–899	–870
Freight costs	–963	–849
Other operating expenses	–3,511	–3,218
Total operating expenses	**–15,471**	**–14,136**

Note 11 Financial income and expenses

	Group		Parent Company	
SEK m	2022	2023	2022	2023
Profit from participations in Group companies				
Dividends	–	–	699	0
Impairment of subsidiary shares	–	–	–	–92
Financial income				
Interest income, current	4	24	49	162
Exchange-rate differences	263	4	261	0
Financial expenses				
Interest expense[1]	–55	–222	–19	–67
Interest expense for leases	–37	–53	0	0
Interest expense pertaining to pension liabilities	–21	–25	0	0
Exchange-rate differences	–315	–2	0	–41
Total	**–161**	**–274**	**990**	**–38**

[1] The Group's interest expenses for the year were reduced by SEK 42m (19) as a result of the capitalisation of borrowing costs in accordance with IAS 23.

Note 12 Tax on net profit for the year

	Group		Parent Company	
SEK m	2022	2023	2022	2023
Current tax expenses for the period	–134	–135	0	0
Deferred tax	102	161	41	68
Tax on net profit for the year	**–32**	**26**	**41**	**68**

Reconciliation of effective tax, Parent Company, %	2022	2023
Tax in accordance with tax rate in the Parent Company	–163	76
Taxes attributable to earlier periods	–	–
Non-tax deductible income	205	12
Non-deductible costs	–1	–20
Non-capitalised loss carryforwards	-	-
Recognised effective tax	**41**	**68**

Reconciliation of effective tax Group, %	2022	2023
Tax in accordance with tax rate in Sweden 20.6%	–6	77
Different local tax rates	–37	–4
Taxes attributable to earlier periods	8	–1
Non-tax deductible income	–8	7
Non-deductible costs	–15	–50
Loss carryforwards	-	–7
Utilisation of previously unrecognised loss carry forwards	26	–
Adjustment to tax rates	11	–
Other	–12	4
Recognised effective tax	**–32**	**26**

Tax expense on net profit for the year for the Group comprised 6.9% of profit before tax. In 2022, tax expense accounted for –106.9% of profit before tax for continuing operations. The difference between recognised tax (6.9%) and anticipated tax in consolidated profit before tax calculated using the local tax rate for Sweden (20.6%) is explained in the table above. The difference between the nominal and effective tax rates for the Parent Company primarily pertains to interest transfers and non-deductible dividends from subsidiaries.

The Group is subject to the OECD Pillar Two Model Rules. Pillar Two legislation has been adopted in Sweden, where Nobia AB is domiciled, and enters force in 2024. Since Pillar Two legislation had not entered into force at the closing date, the Group has no related current tax exposure. The Group applies the exemption to recognise and disclose information concerning deferred tax assets and liabilities related to income taxes from Pillar Two, as set out in the amendments to IAS 12 issued in May 2023.

The legislation requires the Group to pay an additional tax on the difference between the effective tax rate calculated according to the GloBE rules of each jurisdiction and the minimum tax rate of 15%. The Group does not expect any top-up tax.

The Group has assessed its exposure to Pillar Two legislation when it comes into force. This evaluation indicates that the average effective tax rate based on recognised profit is at least 15% for the fiscal year in all tax jurisdictions ending 31 December 2023, or that Pillar Two safe harbour provisions may be applied.

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

Note 13 Intangible assets

	Group	
Goodwill, SEK m	2022	2023
Opening carrying amount	3,014	3,232
Acquisition of businesses	60	–
Translation differences	158	15
Closing carrying amount	**3,232**	**3,247**

Impairment testing of goodwill

At the end of 2023, recognised goodwill amounted to SEK 3,247m (3,232). The carrying amount of goodwill is specified by cash-generating units as follows:

	Group	
SEK m	2022	2023
Nordic region	642	633
UK region	1,508	1530
Portfolio Business Units	1082	1084
Total	**3,232**	**3,247**

Key assumptions and methods

The Group tests goodwill for impairment every year or more often if there are indications that goodwill may need to be written down. The recoverable amount for CGUs is determined by calculating the value in use. The recoverable amount is calculated as the expected cash flow discounted by a weighted average cost of capital (WACC) after tax for each CGU, which forms the basis for deriving the discount rate before tax. The recoverable amount calculated in conjunction with this is compared with the carrying amount, including goodwill, for each CGU.

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

- Cash-flow forecasts derived from the most recent two-year plan presented to the Board for the year ending 31 December 2023. The cash flows used are based on forecast sales volumes and product mix, expected fluctuations in prices and input costs and known changes and expectations of current market conditions, taking into account the cyclical nature of the business.
- The assumptions on sales volumes and price that form the basis of the cash-flow forecasts are management's estimates of probably future changes based on past trends and the current economic outlook for the economies in which the Group operates, including various strategic decisions. The operating margin has been forecast to exceed the average for the most recent business cycle in five years as a result of completed cost savings combined with the investment of new production capacity. In order to extrapolate the cash flows outside the first five years, a growth rate of 2% (2) is applied to all CGUs. Other important assumptions that have been applied are:
- The forecast for personnel costs is based on expected inflation, a certain increase in real wages and planned efficiencies in the company's production (according to the established strategic plan).
- Cash-flow forecasts for investments are based on previous experience and encompass the replacement investments required for generating the final cash flows combined with planned new investments.

Average cost of capital

The weighted average cost of capital is calculated on the average debt/equity ratio for large companies in similar industries and costs for borrowed and shareholders' equity. The cost of shareholders' equity is determined on the basis of the assumption that all investors require at least the same level of return as for risk-free government bonds, with an additional risk premium for the estimated risks assumed when they invest in cash-generating units. The risk premium has been established based on the long-term historical return on the stock market for large companies in similar industries by taking into consideration the risk profile of each business unit. The required return on debt-financed capital is also calculated on the return on risk-free government bonds and by applying a borrowing margin based on an estimated company-specific risk. The required return and tax rate for each CGU is influenced by the interest and tax rates in different countries.

In 2023, the Group's weighted cost of capital before tax amounted to 10.0% (9.4) and after tax to 9.7% (9.2). In total, the utilised cost of capital after tax for 2023 is within the interval of 9.2–9.9% (8.9–9.9).

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

Sensitivity analysis

The CGUs identified above represent the lowest level at which goodwill is monitored for impairment indications and internal management purposes and matches the operating segments. The impairment test for the three cash-generating units has not identified any impairment requirement as of December 31, 2023, but the cash generating unit UK is sensitive to changes. Management and the Board of Directors have analyzed challenges, short-term measures and future strategy for CGU Nordic and PBU and believe that reasonable changes in the important assumptions/variables will not result in the recoverable amount being lower than the carrying amount of the respective cash-generating unit. Sensitivity analyses have been carried out by increasing the discount rate by 1.0 percentage point and by reducing the forecasted growth rate for the period 2025–2028 by 1.5 percentage points, where no need for impairment arises. If the discount rate after tax used in the calculation of value in use were to be increased by 1 percentage point in CGU UK (10.9 per cent instead of 9.9 per cent), an impairment loss of circa SEK 240 million would arise and the break-even point corresponds to an upward adjustment of the discount rate 0.4 per cent after tax. The sensitivity analysis of CGU UK with respect to reduction of the projected growth rate for the period 2025–2028 of 1.5%, does not mean that the recoverable amount is below the carrying amount of the cash-generating unit. Other sensitive parameters for region west are terminal growth and margin assumptions where a change in terminal growth of –1 percentages points leads to an impairment amounting to approximately SEK 140 million and the break point corresponds to a decrease of approximately –0.5%.

	Group	
Discount rate before tax, %	2022	2023
UK region	10.1	10.2
Nordic region	9.1	10.0
PBU	9.2	9.6

	Group		Parent Company	
Other intangible assets, SEK m	2022	2023	2022	2023
Opening acquisition value	823	886	163	343
Investments for the year	197	200	180	162
Sales and scrapping	–178	–22	–	–
Acquisition of businesses	16	–	–	–
Reclassification	7	1	–	–
Reclassification to assets held for sale	–	–10	–	–
Translation differences	21	–1	–	–
Closing accumulated acquisition value	**886**	**1,054**	**343**	**505**
Opening amortisation	469	468	–	22
Sales and scrapping	–174	–22	–	–
Amortisation for the year	63	33	12	16
Impairment for the year	92	16	10	–
Translation differences	18	–1	–	–
Closing accumulated amortisation	**468**	**494**	**22**	**38**
Closing carrying amount	**418**	**560**	**321**	**467**
Of which:				
Software	372	518	321	467
Brands	1	11	–	–
Licences	4	5	–	–
Other	41	26	–	–
Closing carrying amount	**418**	**560**	**321**	**467**

Note 14 Tangible fixed assets

	Group	
Buildings, SEK m	**2022**	**2023**
Opening acquisition value	1,586	1,710
Investments for the year	42	135
Sales and scrapping	–7	–3
Acquisition of businesses	1	–
Reclassification	11	614
Reclassification to assets held for sale	–	–585
Translation differences	77	6
Closing acquisition value including written-up amount	**1,710**	**1,877**
Opening depreciation and impairment	1,176	1,285
Sales and scrapping	–7	–2
Reclassification	0	–1
Depreciation for the year	58	63
Impairment for the year	–	39
Translation differences	58	3
Closing depreciation and impairment	**1,285**	**1,387**
Closing carrying amount	**425**	**490**
Closing accumulated depreciation	**1,239**	**1,300**

	Group	
Land and land improvements, SEK m	**2022**	**2023**
Opening acquisition value	218	213
Investments for the year	0	–14
Sales and scrapping	0	–
Reclassification	–12	182
Reclassification to assets held for sale	–	–245
Translation differences	7	1
Closing acquisition value including written-up amount	**213**	**137**
Opening depreciation and impairment	34	36
Depreciation for the year	1	1
Translation differences	1	–1
Closing depreciation and impairment	**36**	**36**
Closing carrying amount	**177**	**101**
Closing accumulated depreciation	**26**	**26**

	Group	
Investments in progress, SEK m	**2022**	**2023**
Opening balance	427	1,572
Investments initiated during the year	1,174	1,331
Investments completed during the year[1]	–37	–993
Reclassification to assets held for sale	–	–312
Translation differences	8	5
Closing carrying amount	**1,572**	**1,603**

[1] Assets reclassified as other tangible fixed assets.

	Group	
Machinery and other technical equipment, SEK m	**2022**	**2023**
Opening acquisition value	2,338	2,475
Investments for the year	74	77
Sales and scrapping	–80	–88
Reclassification	20	192
Translation differences	123	–3
Closing acquisition value including written-up amount	**2,475**	**2,653**
Opening depreciation and impairment	1,919	2,046
Sales and scrapping	–75	–89
Reclassification	–1	–1
Depreciation for the year	100	99
Impairment for the year	3	16
Translation differences	100	–1
Closing depreciation and impairment	**2,046**	**2,070**
Closing carrying amount	**429**	**583**
Closing accumulated depreciation	**1,992**	**2,016**

	Group		Parent Company	
Equipment, tools, fixtures and fittings, SEK m	**2022**	**2023**	**2022**	**2023**
Opening acquisition value	1,367	1,495	18	4
Investments for the year	85	130	4	–
Sales and scrapping	–51	–33	–	–
Acquisition of businesses	1	–	–	–
Reclassification	13	13	–18	–
Translation differences	80	–11	–	–
Closing acquisition value	**1,495**	**1,594**	**4**	**4**
Opening depreciation and impairment	1,116	1,232	8	0
Sales and scrapping	–44	–30	–	–
Reclassification	–1	0	–8	–
Depreciation for the year	96	97	0	1
Impairment for the year	–	3	–	–
Translation differences	65	–8	–	–
Closing depreciation and impairment	**1,232**	**1,294**	**0**	**1**
Closing carrying amount	**263**	**300**	**4**	**3**
Closing accumulated depreciation	**1,222**	**1,287**	**0**	**1**

	Group	
Advance payments for tangible fixed assets, SEK m	**2022**	**2023**
Opening balance	156	265
Expenses during the year	112	–142
Reclassification	–4	–11
Translation differences	1	0
Closing carrying amount	**265**	**112**

Impairment of tangible fixed assets for the year amounted to SEK 58m (3). Reclassifications were made during the year between classes of fixed assets and to Assets held for sale. Of investments in buildings for the year, SEK 42m refer to capitalisation of borrowing costs under IAS 23, calculated with current, for the Group, average loan interest rate for 2023.

Note 15 Right-of-use assets

Land and buildings, SEK m	Group 2022	2023
Opening acquisition value	2,624	2,797
New leases	370	468
Terminated leases	–348	–680
Translation differences	151	18
Closing acquisition value	**2,797**	**2,603**
Opening depreciation and impairment	948	1,152
Depreciation for the year	394	411
Terminated leases	–232	–424
Translation differences	42	5
Closing depreciation and impairment	**1,152**	**1,144**
Closing carrying amount	**1,645**	**1,459**

Vehicles, SEK m	Group 2022	2023
Opening acquisition value	269	295
New leases	106	79
Terminated leases	–92	–121
Translation differences	12	5
Closing acquisition value	**295**	**258**
Opening depreciation and impairment	120	133
Depreciation for the year	72	77
Terminated leases	–64	–108
Translation differences	5	1
Closing depreciation and impairment	**133**	**103**
Closing carrying amount	**162**	**155**

Other, SEK m	Group 2022	2023
Opening acquisition value	43	42
New leases	15	9
Terminated leases	–19	–20
Translation differences	3	1
Closing acquisition value including written-up amount	**42**	**32**
Opening depreciation and impairment	20	23
Depreciation for the year	20	15
Terminated leases	–19	–18
Translation differences	2	–1
Closing depreciation and impairment	**23**	**19**
Closing carrying amount	**19**	**13**

For depreciation of right-of-use assets by activity, refer to Note 7 Depreciation/amortisation and impairment by activity. For income from sub-leasing of leases, refer to Note 8 Other operating income. For cash outflows for leases, refer to Note 35 Specifications for statement of cash flows.

Analysis of terms for leases

Nominal amount 2023		within 6 months	7 months–1 year	1–2 years	2–5 years	more than 5 years
Financial lease liabilities (IB)	DKK	23	64	103	261	229
Financial lease liabilities (IB)	GBP	42	129	170	341	225
Financial lease liabilities (IB)	EUR	17	26	42	68	–
Financial lease liabilities (IB)	SEK	2	9	11	6	–
Financial lease liabilities (IB)	NOK	1	8	8	15	21
Total		**85**	**236**	**334**	**691**	**475**

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

The Group deems the value of both low-value leases and short-term leases to be insignificant, which is why information on expenses for these leases is not presented. Similarly, expenses attributable to variable lease payments, not including the lease liability, are deemed to be insignificant. Interest expenses for leases amounted to SEK 53m (37) for the year.

Note 16 Financial fixed assets

	Group	
Other long-term receivables, SEK m	2022	2023
Deposits	31	29
Long-term loans to retailers[1]	25	22
Long-term receivables from customers	29	27
Other	1	1
Total	**86**	**79**

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

	Parent Company	
Shares and participations in Group companies, SEK m	2022	2023
Opening acquisition value	1,379	1,378
Divestment	–	–
Shareholders' contribution	–	–
Impairment of subsidiary shares	–	–92
Other changes	–1	–
Closing acquisition value	**1,378**	**1,286**

Note 17 Shares and participations in subsidiaries

					Carrying amount	
Nobia AB's holdings of shares and participations in operating Group companies, %.	Corp. Reg. No.	Domicile	Share of equity, %	No. of shares	2022	2023
Nobia NBI AB	556060-1006	Stockholm	100	100	1,256	1,256
Nobia Sweden AB	559240-7414	Stockholm	100			
Nobia Fastighets Holding AB	559236-0043	Stockholm	100			
Nobia Fastighets AB	559247-1725	Stockholm	100			
Tidaholm Träcenter AB	559346-7862	Tidaholm	100			
Nobia Norway AS		Trollåsen	100			
Nobia Production Sweden AB	556038-0072	Tidaholm	100			
Nobia Denmark A/S		Ølgod	100			
HTH Kök Svenska AB	556187-3190	Helsingborg	100			
Nobia Denmark Retail A/S		Ølgod	100			
Invita Retail A/S		Ølgod	100			
Novart OY		Nastola	100			
Nobia Holding (UK) Limited		Darlington	100			
Nobia UK Trustee's Ltd		Darlington	100			
Nobia UAB		Vilinus	100			
Magnet Ltd		Darlington	100			
Magnet (Isle of Man) Limited		Isle of Man	100			
Magnet Group Trustees Ltd		Darlington	100			
Magnet Group Ltd[1]		Darlington	100			
Magnet Distribution Ltd[1]		Darlington	100			
Magnet & Southerns Ltd[1]		Darlington	100			
Magnet Furniture Ltd[1]		Darlington	100			
Magnet Joinery Ltd[1]		Darlington	100			
Magnet Manufacturing Ltd[1]		Darlington	100			
Magnet Retail Ltd[1]		Darlington	100			
Magnet Supplies Ltd[1]		Darlington	100			
Magnet Industries Ltd[1]		Darlington	100			
Magnet Kitchens Ltd[1]		Darlington	100			
Gower Group Ltd		Halifax	100			
Gower Furniture Ltd		Halifax	100			
Charco Ninety-Nine Ltd		Halifax	100			
Rollfold Holdings Ltd		Dewsbury	100			
Rollfold Group Ltd		Dewsbury	100			
Rixonway Kitchens Ltd		Dewsbury	100			
Commodore Kitchens Ltd		Grays	100			
CIE UK (Holdings) Ltd		Ingatestone	100			
CIE PLC		Grays	100			
Essenza Interiors Ltd[1]		Grays	100			

Nobia AB's holdings of shares and participations in operating Group companies, %.	Corp. Reg. No.	Domicile	Share of equity, %	No. of shares	Carrying amount	
					2022	2023
Lovene Dörr AB[1]	556038-1724	Stockholm	100			
HTH Küchen GmbH		Harrislee	100			
Swedoor Bauelementevertrieb Gmbh[1]		Herford	100			
Nobia Svenska Kök AB	556048-3256	Tidaholm	100	30,000	92	0
ewe Küchen GmbH		Wels	100		3	3
Bribus Holding B.V.		Amsterdam	100			
Bribus B.V.		Dinxperlo	100			
Bribus Extra B.V.		Dinxperlo	100			
Aannemings- en Onderhoudsbedrijf D. de Jong B.V.		Rotterdam	100			
Superfront AB	556911-0892	Stockholm	100			
Other					27	27
Total					**1,378**	**1,286**

[1] The company is dormant.

Note 18 Derivative instruments

	Group				Parent Company			
SEK m	Carrying amount 2022	Fair value 2022	Carrying amount 2023	Fair value 2023	Carrying amount 2022	Fair value 2022	Carrying amount 2023	Fair value 2023
Forward agreements, transaction exposure – assets	45	45	17	17	41	41	0	0
Forward agreements, transaction exposure – liabilities	–14	–14	–35	–35	–41	–41	0	0
Total	**31**	**31**	**–18**	**–18**	**0**	**0**	**0**	**0**

Unrealised gains and losses totalling a net gain of SEK –22m in shareholders' equity as per 31 December 2023 will be recognised in profit or loss at different times within 12 months of the closing date. For information about forward agreements, see Note 2 Financial risks. The preceding year's unrealised gains and losses totalling a net SEK 20m were reversed in profit or loss in their entirety in 2023.

Note 19 Prepaid expenses and accrued income

	Group		Parent Company	
SEK m	2022	2023	2022	2023
Bonus from suppliers	134	119	–	–
Accrued customer income	151	53	–	–
Insurance policies	6	6	1	–
Other	76	165	34	45
Total	**367**	**343**	**35**	**45**

Note 20 Cash and cash equivalents

	Group		Parent Company	
SEK m	2022	2023	2022	2023
Cash and bank balances	340	412	217	243

Unutilised overdraft facilities, which are not included in cash and cash equivalents, totalled SEK 224m (363) in the Group, and SEK 124m (263) in the Parent Company at year-end. In addition to the overdraft facilities, the company has unutilised credit commitments of SEK 1,100m (2,800).

Note 21 Share capital

	No. of registered shares	No. of shares outstanding
As per 1 January 2022	170,293,458	168,252,821
As per 31 December 2022	170,293,458	168,252,821
As per 31 December 2023	170,293,458	168,252,821

Bought-back own shares	2022	2023
Opening balance	2,040,637	2,040,637
Closing balance	**2,040,637**	**2,040,637**

The share capital amounts to SEK 56,763,597(56,763,597). The share's quotient value is SEK 0.34. All of the registered shares are fully paid. All shares are ordinary shares of the same type. Nobia owned 2,040,637 treasury shares (2,040,637) on 31 December 2023.

Bought-back shares are not reserved for issue according to the option agreement or other sale.

Note 22 Reserves in shareholders' equity

SEK m	Translation reserve	Hedging reserve	Total
Opening balance, 1 January 2022	–10	–4	–14
Exchange-rate differences attributable to translation of foreign operations	329	–	329
Cash-flow hedges before tax[1]	–	39	39
Tax attributable to change in hedging reserve for the year[2]	–	–7	–7
Closing balance, 31 December 2022	**319**	**28**	**347**
Opening balance, 1 January 2023	319	28	347
Exchange-rate differences attributable to translation of foreign operations	16	–	16
Cash-flow hedges before tax[1]	–	–57	–57
Tax attributable to change in hedging reserve for the year[2]	–	11	11
Closing balance, 31 December 2023	**335**	**–18**	**317**

1) Reversal recognised in profit or loss of SEK 19m (4). New provision amounts to SEK –27m (25).

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

Translation reserve

The translation reserve includes all exchange-rate differences arising in conjunction with the translation of financial statements from foreign operations that have prepared their financial statements in a different currency to the currency in which the consolidated financial statements are prepared. The Parent Company and Group present their financial statements in SEK.

Hedging reserve

The hedging reserve includes the effective portion of the accumulated net change in fair value of a cash-flow hedging and interest-rate hedging instrument attributable to hedging transactions that have not yet occurred.

Note 23 Earnings per share

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing profit attributable to Parent Company shareholders by a weighted average number of outstanding ordinary shares for the period.

	2022	2023
Profit attributable to Parent Company shareholders, SEK m	–2	–347
Weighted average number of outstanding ordinary shares before dilution	168,252,821	168,252,821
Earnings per share before dilution, SEK	–0.01	–2.07

Earnings per share after dilution

To calculate earnings per share after dilution, the weighted average number of outstanding ordinary shares is adjusted for the dilutive effect of all potential ordinary shares. These potential ordinary shares are attributable to the Performance Share Plans that were introduced in 2021 and 2022. Refer also to Notes 4 and 21. Various circumstances may entail that the share rights do not lead to any dilution. If net profit for the year from continuing operations is negative, the share rights are not considered dilutive. Share rights are also not dilutive if the value of remaining future services to report during the vesting period correspond to an exercise price that exceeds the average share price for the period. Furthermore, the performance share rights do not lead to dilution if the achieved earnings per share are insufficient to entitle shares at the end of the vesting period.

	2022	2023
Weighted average number of outstanding ordinary shares	168,252,821	168,252,821
Performance Share Plan 2021	–	337,867
Performance Share Plan 2022	217,768	–
Weighted average number of outstanding ordinary shares after dilution	168,379,852	168,590,688
Earnings per share after dilution, SEK	–0.01	–2.07

Note 24 Appropriation of company's profit or loss

Proposed appropriation of company's profit or loss

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

Share premium reserve	52,225,486
Unappropriated profit brought forward	1,690,742,842
Net profit for the year	–299,074,227
Total SEK	**1,443,894,101**

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

To be carried forward	1,443,894,101
Total SEK	**1,443,894,101**

Note 25 Provisions for pensions

Defined-benefit pension plans, Group

	Group	
Provisions for pensions, SEK m	2022	2023
Defined-benefit pension plans	384	350

There are several defined-benefit pension plans within the Group, whereby the employee's right to remuneration after termination of employment is based upon final salary and period of service. These plans are found in the UK, Sweden and Austria. The plan in the UK has already been concluded and no new benefits can be earned. These pension plans have been replaced by defined-contribution plans.

Commitments for old-age pensions and family pensions for salaried employees in Sweden are secured on the basis of the FPG/PRI system and insurance, primarily with Alecta. According to statement UFR 3 from the Swedish Financial Reporting Board, the insurance with Alecta is a multi-employer defined-benefit plan. Since the Group did not have access to information in the 2023 fiscal year that would make it possible to recognise this plan as a defined-benefit plan, ITP pension plans secured on the basis of insurance with Alecta have been recognised as defined-contribution plans. Fees for pension insurance with Alecta for the year amounted to SEK 1.9m (2.9). On 31 December 2023, Alecta's surplus, which can be distributed between the policy holder and/or the persons insured in the form of the collective consolidation rate, amounted to 178% (172% on 31 December 2022). The collective consolidation rate comprises the market value of Alecta's assets as a percentage of the insurance commitments produced in accordance with Alecta's actuarial calculation assumptions, which are not in agreement with IAS 19.

The amounts recognised in the consolidated balance sheet have been calculated as follows:

	Group	
SEK m	2022	2023
Present value of funded obligations[1]	2,270	2,325
Fair value of plan assets[2]	–2,091	–2,179
	179	**146**
Present value of unfunded obligations	205	204
Net debt in provisions for pensions	**384**	**350**

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

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

The net debt for defined-benefit plans amounting to SEK 350m (384) is recognised in the "Provisions for pensions" item in the consolidated balance sheet. The net debt at year-end was as follows: UK 42%, Sweden 43% and Austria 15%.

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

	Defined-benefit obligation		Plan assets		Net debt	
SEK m	2022	2023	2022	2023	2022	2023
At beginning of the year	**3,627**	**2,475**	**–3,404**	**–2,091**	**223**	**384**
Recognised in profit or loss						
Costs for service during current year	7	5	–	–	7	5
Pension adjustment for defined-benefit plans in UK	–	–	–	–	–	–
Interest expense (+)/income (–)	83	124	–62	–99	21	25
	90	**129**	**–62**	**–99**	**28**	**30**
Recognised in other comprehensive income						
Remeasurement						
Actuarial gains/losses due to						
– demographic assumptions	*–62*	*–61*	–	–	*–62*	*–61*
– financial assumptions	*–1,245*	*54*	–	–	*–1,245*	*54*
– experience-based adjustments	*212*	*22*	–	–	*212*	*22*
Return on plan assets excluding interest income	–	–	*1,282*	*–3*	*1,282*	*–3*
Exchange-rate differences	88	32	–99	–29	–11	3
	–1,007	**47**	**1,183**	**–32**	**176**	**15**
Other						
Employer contributions	–	–	–55	–69	–55	–69
Benefits paid	–235	–122	247	112	12	–10
	–235	**–122**	**192**	**43**	**–43**	**–79**
At year-end	**2,475**	**2,529**	**–2,091**	**–2,179**	**384**	**350**

	Group	
SEK m	2022	2023
Cost of goods sold	1	0
Selling expenses	1	0
Administrative expenses	5	5
Net financial items	21	25
Total pension costs	**28**	**30**

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

SEK m	2022	2023
Interest income	62	99
Return on pension assets excluding interest income	–1,282	3
Total actual return on plan assets	**–1,220**	**102**

Note 25 Provisions for pensions, cont.

Principal actuarial assumptions:

%	Group 2022	Group 2023
Discount rate:		
UK	5.00	4.80
Austria	3.70	4.10
Sweden	3.70	3.90
Future annual salary increases:		
UK	–	–
Austria	2.80	2.80
Sweden	2.50	2.10
Future annual pension increases:		
UK	2.85	2.80
Austria	–	–
Sweden	2.50	2.10

Life expectancy

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

	Group 2022	Group 2023
On closing date		
Men	20,7–21,8	20,9–21,8
Women	23,6–23,9	23,7–23,9
20 years after closing date		
Men	22,5–23,6	22,5–23,8
Women	25,5–26,0	25,2–25,7

Plan assets comprise the following:

Group SEK m	2022 Listed price on an active market	2022 Unlisted price	2023 Listed price on an active market	2023 Unlisted price
Cash and cash equivalents	46	–	113	–
High-quality corporate bonds	765	–	1,550	–
Mutual funds, global	279	–	254	–
Fixed-income funds, term 7–20 years	1,001	–	262	–
Total	**2,091**	**–**	**2,179**	**–**

Contributions to post-employment remuneration plans are expected to amount to SEK 83m (70) for the 2024 fiscal year.

Sensitivity analysis:

The table below presents the possible changes in actuarial assumptions at year-end, all other assumptions being unchanged, and how they would affect the defined-benefit commitments.

Group, SEK m	2023 Increase	2023 Decrease
Discount rate (1% change)	–22	28
Expected mortality (1 year change)	5	–5
Future salary increase (1% change)	4	–3
Future increase in pension (1% change)	26	–21

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

Pension costs, SEK m	Group 2022	Group 2023
Total costs for defined-benefit plans	28	30
Total costs for defined-contribution plans	262	259
Costs for special employer's contributions and tax on returns from pension	19	15
Total pension costs	**309**	**304**

Defined-benefit pension plans, Parent Company:

Provisions for pensions, SEK m	Parent Company 2022	Parent Company 2023
Provisions in accordance with Pension Obligations Vesting Act, FPG/PRI pensions[1]	44	45

[1] According to IAS 19.

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

Defined-benefit plans, SEK m	Parent Company 2022	Parent Company 2023
Administrative expenses	4	3

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

Pension costs, SEK m	Parent Company 2022	Parent Company 2023
Total costs for defined-benefit plans	5	5
Total costs for defined-contribution plans	25	24
Costs for special employer's contributions and tax on returns from pension	9	6
Total pension costs	**39**	**35**

Parent Company pension liabilities are calculated at a discount rate of 3.9% (3.7).

The assumptions are calculated on the basis of the salary levels applicable on the closing date. SEK 713,000 (661,000), pertaining to defined-benefit pension plans in the Parent Company, is expected to be paid in 2024.

Not 26 Deferred tax

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

	2022			2023		
SEK m	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Opening balance	**61**	**31**	**30**	**240**	**60**	**180**
Recognised in profit or loss	117	15	102	156	–5	161
Remeasurements of defined-benefit pension plans	59	13	46	4	1	3
Changes in forward agreements	0	7	–7	12	1	11
Recognised directly against shareholders' equity	3	–6	9	–1	2	–3
Offset/Reclassification	–	–	–	–21	–4	–17
Translation differences	–	–	–	–	–	–
Closing balance	**240**	**60**	**180**	**390**	**55**	**335**

The change in deferred tax assets/tax liabilities for the year

Deferred tax assets	Defined-benefit pension plans	Other temporary differences	Loss carryforwards, Leasing, etc.	Total
As per 1 January 2022	**15**	**38**	**8**	**61**
Recognised in profit or loss	0	–	117	117
Recognised in other comprehensive income	59	–	–	59
Recognised directly against shareholders' equity	–	3	–	3
As per 31 December 2022	**74**	**41**	**125**	**240**
As per 1 January 2023	**74**	**41**	**125**	**240**
Recognised in profit or loss	0	–10	166	156
Recognised in other comprehensive income	4	12	–	16
Recognised directly against shareholders' equity	–	–1	–	–1
Reclassification[1]		–21		–21
As per 31 December 2023	**78**	**21**	**291**	**390**

Deferred tax liabilities	Temporary differences in fixed assets	Other	Total
As per 1 January 2022	**33**	**–2**	**31**
Recognised in profit or loss	4	11	15
Recognised in other comprehensive income	–	14	14
As per 31 December 2022	**37**	**23**	**60**
As per 1 January 2023	**37**	**23**	**60**
Recognised in profit or loss	5	–10	–5
Recognised in other comprehensive income	–	2	2
Recognised directly against shareholders' equity	–	2	2
Reclassification[1]	–4	–	–4
As per 31 December 2023	**38**	**17**	**55**

[1] Reclassification to Assets held for sale and Liabilities directly attributable to assets held for sale, see Note 31.

Deferred tax assets on loss carryforwards at year-end amounted to SEK 305m (108) and were mainly attributable to Sweden and the UK. Uncapitalized loss deductions amounts to 0.

Nobia does not recognise any deferred tax attributable to temporary differences relating to investments in subsidiaries or associated companies. Any future effects (withholding tax and other deferred tax for profit taking within the Group) are recognised when Nobia is no longer able to govern the reversal of such differences or when, for other reasons, it is no longer improbable that reversals will be made in the foreseeable future. These possible future effects are not deemed to have any relation to the overall amount of the temporary differences.

Deferred tax on Right-of-use assets and Lease liabilities according to IFRS 16 Leases are recognised net in the balance sheet as Deferred tax assets of 12 MSEK (9). Gross, this amounts to a deferred tax asset of SEK 371m (366) and a deferred tax liability of SEK 359m (357).

The change in deferred tax assets/tax liabilities for the year, Parent Company

Deferred tax assets	Defined-benefit pension plans	Other temporary differences	Loss carry-forwards	Total
As per 1 January 2022	**7**	**4**	**–**	**11**
Recognised in profit or loss	0	5	41	46
As per 31 December 2022	**7**	**9**	**41**	**57**
As per 1 January 2023	**7**	**9**	**41**	**57**
Recognised in profit or loss	1	–9	67	59
As per 31 December 2023	**8**	**0**	**108**	**116**

Deferred tax liabilities	Other	Total
As per 1 January 2022	**4**	**4**
Recognised in profit or loss	4	4
As per 31 December 2022	**8**	**8**
As per 1 January 2023	**8**	**8**
Recognised in profit or loss	–8	–8
As per 31 December 2023	**0**	**0**

Note 27 Other provisions

SEK m	Unutilised tenancy rights	Dilapidations	Other long-term employee benefits	Restructuring costs	Other	Total
As per 1 January 2023	**6**	**7**	**5**	**53**	**1**	**72**
Expensed in consolidated income statement						
– Additional provisions	1	8	1	242		252
– Reversed unutilised amounts	–	–	–	–9	–	–9
Utilised during the year	–3	–4	–1	–212	–	–220
Reclassification	–	–	–	–	–	0
Translation differences	0	0	0	0	–1	–1
As per 31 December 2023	**4**	**11**	**5**	**74**	**0**	**94**

The provision for restructuring costs primarily refers to costs of approximately SEK 100m for closing stores in the UK and costs of approximately SEK 120m related to the cost reduction programme in the UK region and Nordic region. The provisions are expected to be utilised in their entirety between 2024 and 2025.

Note 28 Liabilities to credit institutions

	Group		Parent Company	
Maturity structure, SEK m	2022	2023	2022	2023
Within 1 year	–	250	–	–
Between 1 and 5 years	2,181	3,629	–	–
Longer than 5 years	–	–	–	–
Total	**2181**	**3,879**	**–**	**–**

Note 29 Accrued expenses and deferred income

	Group		Parent Company	
SEK m	2022	2023	2022	2023
Bonus to customers	214	169	–	–
Accrued salary-related costs	427	365	41	34
Accrued interest	20	19	0	0
Insurance policies	8	8	–	–
Rents	22	28	–	–
Other	366	308	4	21
Total	**1,057**	**897**	**45**	**55**

Note 30 Financial assets and liabilities

Group 2023, SEK m	Note	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss		Amortised cost			
		Derivatives used in hedge accounting	Non-hedge-accounting derivative instruments	Financial instruments initially identified at fair value	Interim items	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Financial assets								
Long-term interest-bearing receivables	16							0
Other long-term receivables	16					79		79
Accounts receivable	2					1,160		1,160
Current interest-bearing receivables						3		3
Other receivables	2, 18, 19	4	13		172	138		327
Total		**4**	**13**	**–**	**172**	**1,380**	**–**	**1,569**
Financial liabilities								
Long-term interest-bearing liabilities	28						3,630	3,630
Current interest-bearing liabilities	2						250	250
Lease liabilities							1,569	1,569
Accounts payable	2						1,722	1,722
Other liabilities	2, 18, 29	35	0		869		343	1247
Total		**35**	**0**	**0**	**869**	**–**	**7,514**	**8,418**

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

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

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

Note 30 Financial assets and liabilities, cont.

		Measured at fair value through other comprehensive income	Measured at fair value through profit or loss		Amortised cost			
Parent Company 2023, SEK m	Note	Derivatives used in hedge accounting	Non-hedge-accounting derivative instruments	Financial instruments initially identified at fair value	Interim items	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Financial assets								
Other long-term receivables		–	–	–	–	116	–	116
Accounts receivable		–	–	–	–	–	–	–
Other receivables	18, 19	–	–	–	–	3,874	–	3,874
Total		**–**	**–**	**–**	**–**	**3,990**	**–**	**3,990**
Financial liabilities								
Long-term interest-bearing liabilities		–	–	–	–	–	39	39
Long-term non-interest-bearing liabilities		–	–	–	–	–	11	11
Current interest-bearing liabilities		–	–	–	–	–	2,651	2,651
Accounts payable		–	–	–	–	–	41	41
Other liabilities	18, 29	–	–	–	55	–	4	59
Total		**–**	**–**	**–**	**55**	**–**	**2,746**	**2,801**

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

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

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

Determination of fair value of financial instruments

Level 1	according to prices listed in an active market for the same instrument.
Level 2	based directly or indirectly on observable market information not included in Level 1.
Level 3	based on input that is not observable in the market.

The measurement of derivative instruments is included in Level 2 and based on market listings or the counterparty's measurement. The Group's derivative instruments refer to currency forward contracts and currency swaps. The fair value of the instruments is determined as the present value of future cash flows based on the rates for currency forward contracts and currency swaps on the closing date. Derivative instruments amounted to SEK 17m (45) in assets and SEK 35m (14) in liabilities. In an estimate of fair value, the company's long-term loans are not deemed to significantly deviate from their carrying amounts.

Note 31 Assets held for sale

Before the end of 2023, a decision was made to sell the subsidiary Nobia Fastighets AB and the associated factory property under construction in Jönköping. The transaction was completed on 19 January 2024. In connection with the sale, a rental agreement was signed with the buyer to leaseback the property.

For this reason, the net assets in Nobia Fastighets AB were reclassified as Assets held for sale and Liabilities attributable to assets held for sale as per 31 December 2023. Measurement took place at the lower of the carrying amount and the fair value, less transaction costs, resulting in an impairment of SEK –100m, which is included in the income statement for 2023 and classified as an item affecting comparability.

	Group	
SEK m	2022	2023
Assets held for sale		
Land and buildings	–	775
Investments in progress and advance payments	–	312
Other intangible assets	–	10
Deferred tax assets	–	21
Other receivables	–	16
Total	**–**	**1,134**
Liabilities directly attributable to assets held for sale		
Deferred tax liabilities	–	4
Accounts payable	–	81
Current tax liabilities	–	5
Total	**–**	**90**

Note 32 Acquisition of businesses

Nobia acquired 100% of the share capital in Superfront on 14 January 2022, a Sweden-based direct-to-consumer business that designs and sells kitchen and storage such as frontals, handles and legs. The acquisition was recognised by applying the acquisition method and is included in the Portfolio Business Units region. Superfront has built significant brand awareness since it was introduced in 2013, mainly through digital and social media marketing, with a strong focus on design and sustainability. Products are sold almost entirely online across Europe. An earn-out comprising two components, which are condition on the performance of the business in the 2022, 2023 and 2024 fiscal years, can be paid in three annual portions, with the first payment scheduled for 2023. No earn-outs were paid for the 2022 or 2023 fiscal years and Nobia's assessment is that the remaining earn-outs of an estimated fair value of SEK 4m will not be paid.

Acquired net assets and goodwill, SEK m	2022	2023
Consideration	72	–
Earn-out	8	–
Fair value of acquired net assets	–20	–
Goodwill	**60**	**–**

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

Assets and liabilities included in the acquisition, SEK m	2022	2023
Cash and cash equivalents	13	–
Tangible fixed assets	1	–
Intangible fixed assets	16	–
Right-of-use assets IFRS 16	3	–
Inventories	4	–
Receivables	4	–
Non-interest-bearing liabilities	–14	–
Interest-bearing lease liabilities IFRS 16	–3	–
Current tax liabilities	–1	–
Deferred tax assets/liabilities, net	–3	–
Acquired net assets	**20**	**–**

SEK m	2022	2023
Cash-settled consideration	72	–
Cash and cash equivalents in acquired subsidiaries	13	–
Reduction of Group's cash and cash equivalents on acquisition	**59**	**–**

Note 33 Pledged assets, contingent liabilities and commitments

The Group and Parent Company have contingent liabilities pertaining to sub-contractor guarantees, pension liabilities, bank guarantees for loans and other guarantees, and other considerations that arise in normal commercial operations. No significant liabilities are expected to arise through these contingent liabilities.

	Group		Parent Company	
SEK m	2022	2023	2022	2023
Securities for pension commitments	3	3	31	34
Other contingent liabilities	275	277	2,402	4,222
Total	**278**	**280**	**2,433**	**4,256**

Note 34 Related-party transactions

A specification of subsidiaries is presented in Note 17.
Remuneration was paid to senior executives during the year, refer to Note 4.

Summary of related-party transactions

Parent Company	Year	Sale of goods/ services from related parties	Purchase of goods/services from related parties	Invoicing Group-wide services	Other (such as interest, dividend)	Receivables from related parties per 31 Dec	Liabilities to related parties per 31 Dec
Related parties							
Subsidiaries	2023	48	154	437	-258	3,859	2,652
Subsidiaries	2022	73	231	520	617	4,189	2,520

Note 35 Specifications for statement of cash flows

Cash and cash equivalents

	Group		Parent Company	
SEK m	2022	2023	2022	2023
Cash and bank balances	85	66	0	0
Balance of Group account with the Parent Company	255	346	217	243
Total according to balance sheet and total according to statement of cash flows	**340**	**412**	**217**	**243**

Short-term investments have been classified as cash and cash equivalents based on the following:

- They have an insignificant risk of changes in value.
- They can be easily converted to cash funds.
- They have a term of a maximum of three months from the acquisition date.

Interest paid and dividends received

	Group		Parent Company	
SEK m	2022	2023	2022	2023
Dividends received	–	–	699	–
Interest received	4	24	311	162
Interest paid	–125	–272	–19	–109
	–121	**–248**	**991**	**53**

Reconciliation of liabilities deriving from financing activities

	CB 2022	Cash flows	Changes that do not impact cash flow				CB 2023
Group, SEK m			Acquisition of operations	Divestment of operations	Changes in leases	Exchange-rate differences	
Interest-bearing liabilities	2,181	1,699	–	–	–	–	3,879
Lease liabilities	1,757	–481	–	–	275	18	1,569
Total liabilities deriving from financing activities	**3,938**	**1,218**	**–**	**–**	**275**	**18**	**5,449**

Reconciliation of liabilities deriving from financing activities

	CB 2022	Cash flows	Changes that do not impact cash flow				CB 2023
Parent Company, SEK m			Acquisition of operations	Divestment of operations	Changes in leases	Exchange-rate differences	
Interest-bearing liabilities	4	–4	–	–	–	–	0
Total liabilities deriving from financing activities	**4**	**–4**	**–**	**–**	**–**	**–**	**0**

Note 36 Events after the closing date

In January and February 2024, Nobia took several steps to strengthen the balance sheet and to enable an increased focus on the core business in the Nordic region and the UK: the sale and leaseback transaction of the Jönköping factory property, the sale of operations in the Netherlands (Bribus) and in Austria (ewe), and finally a proposal for a new share issue and amendment and extensions of credit facilities.

Sale of factory property in Jönköping

On 19 January 2024, Nobia entered into a binding agreement with Hines regarding the sale of the kitchen factory property under construction in Jönköping. The sale was completed on 9 February. The agreed property value amounted to SEK 1,350m. The cash proceeds of the sale are estimated to amount to SEK 1,090m. Out of the cash proceeds, approximately SEK 330m is withheld by the buyer and will be paid to Nobia according to certain conditions up until the final completion of the property. In addition, the buyer will assume expenditures for completing the remaining construction work. The sale will result in an impairment of the property book value of approximately SEK 100m, which was charged to operating profit for the fourth quarter of 2023. Nobia also entered into a 20-year rental agreement for the property with the buyer, with an option for Nobia to extend the rental agreement for another 20 years. The rental agreement will be recognised in Nobia's balance sheet according to IFRS 16.

Sale of the subsidiary Bribus in the Netherlands

Nobia has entered into an agreement to divest its subsidiary Bribus in the Netherlands. The transaction is expected to be completed during March and is subject to customary conditions and approvals by authorities. The agreed purchase price amounts to approximately EUR 62.5m (~SEK 710m), subject to certain customary closing adjustments. The transaction is partly financed by a three year vendor loan by Nobia of EUR 5m (~SEK 56m). The buyer receives the net cash in Bribus at the time of completion of the transaction, which is estimated to amount to EUR 14m (~SEK 155m) The transaction will result in a negative non-cash effect of approximately SEK -120m, primarily related to goodwill, recorded as "discontinued operations" in Nobia's interim report for the first quarter of 2024.

Sale of subsidiary ewe in Austria

Nobia has entered into an agreement to divest its subsidiary ewe in Austria. The purchase price amounts to EUR 24m (~SEK 275m). In addition, there are two earn-out payments of up to EUR 2.5m in total (~SEK 29m), conditional upon ewe's performance in 2024 and 2025. The sale includes ewe's net cash at the time of completion, which was EUR 2.5m as of 30 September 2023. The transaction is expected to be completed during March 2024 and is subject to customary regulatory approvals by authorities and closing procedures. The transaction will result in a negative non-cash effect of approximately SEK -40m, primarily related to goodwill, recorded as "discontinued operations" in Nobia's interim report for the first quarter of 2024.

Proposed rights issue and extension of credit facilities

On 20 February, Nobia's Board resolved on a fully guaranteed rights issue of new shares of approximately but not less than SEK 1,250m with preferential rights for existing shareholders and announced that Nobia had reached an agreement with its lenders regarding an amendment and extension of the company's revolving credit facilities. The purpose of the Rights Issue is to finance remaining investments for the Jönköping factory and to strengthen the balance sheet allowing for operational and financial flexibility. An extraordinary general meeting on March 26 approved the Board's decision on a new share issue with preferential rights for existing shareholders.

Nobia appoints Kristoffer Ljungfelt as new CEO

Nobia's board has appointed Kristoffer Ljungfelt as President and CEO of Nobia. Kristoffer Ljungfelt is currently Nobia's Executive Vice President for the UK region and will now begin the transition to the CEO role, with the full transition completed by July 1, 2024. Kristoffer's immediate focus will be to ensure the effective execution of the upcoming IPO and a orderly handover of leadership of the UK region to his successor. Kristoffer succeeds Jon Sintorn, who is leaving Nobia to become CEO of another company.

Board of Directors' assurance

The Board of Directors and the President declare that the Annual Report was prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Annual Report and the consolidated financial statements give a true and fair view of the position and earnings of the Parent Company and the Group. The Board of Directors' Report for the Parent Company and the Group gives a true and fair view of the developments of operations, position and earnings and describes significant risks and uncertainties facing the Parent Company and companies included in the Group. The consolidated accounts and balance sheet and the Parent Company income statement and balance sheet will be presented to the Annual General Meeting for adoption on 14 May 2024.

Stockholm, 28 March 2024

Jan Svensson
Chairman

Fredrik Ahlin
Board member

Tony Buffin
Board member

Marlene Forsell
Board member

David Haydon
Board member

Nora Førisdal Larssen
Board member

Carsten Rasmussen
Board member

Per Bergström
Employee representative

Bekke Söderhielm
Employee representative

Jon Sintorn
President and CEO

Our Auditors' Report was presented on the date of our digital signature

PricewaterhouseCoopers AB

Anna Rosendal
Authorised Public Accountant
Auditor-in-Charge

Eric Valfridsson
Authorised public accountant

Audit report

To the general meeting of the shareholders of Nobia AB (publ), corporate identity number 556528-2752

Unofficial translation

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Nobia AB (publ) for the year 2023 except for the corporate governance statement and the statutory sustainability report on pages 20–29 and 90–116 respectively. The annual accounts and consolidated accounts of the company are included on pages 20–85 and 90–116 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the Group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. Our opinions do not include the corporate governance statement and the statutory sustainability report and on pages 20–29 and 90–116 respectively.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

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

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

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

Our audit has been performed throughout the year. We have updated our understanding of the Group's business, how it is organized, important systems and processes and the overall control environment. For this purpose, we have held interviews with management at various levels of the Group and heads of Group functions and obtained and read management reports, policies, instructions and planning and steering documents.

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

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

Materiality

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

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the Key audit matter
Revenue recognition The Group's net sales amounted to SEK 13 bn 2023 and therefore constitutes a significant item in the consolidated income statement. The line item is characterized by a large number of transactions and contracts with customers where different contracts can contain various delivery terms to consider from a revenue recognition perspective. We have therefore considered revenue recognition as a key audit matter. The Group sells kitchen solutions and other products through a number of sales channels such as own stores, franchise stores, builders' merchants and DIY stores and other retailers. Accordingly, sales take place both directly to end customers but also via retailers. Revenue for kitchen products and other products are mostly recognized at a point in time when the goods are delivered to the agreed place, but there is also revenue for installation services where revenue is recognized over time as the installation is performed. Notes 1 and 3 provide more information about the Group's principles for revenue recognition.	Our audit included but was not limited to the following activities: • Mapped and gained an understanding of selected systems and processes for revenue recognition. • Evaluated whether the Group accounting principles for revenue recognition comply with IFRS. • Tested a sample of sales transactions and customer agreements for compliance with the Group's accounting principles. • Performed data analytical procedures to identify and evaluate a sample of manual and automatic journal entries. • Traced disclosure information to accounting records and other supporting documentation.
Impairment test of goodwill The Group reported goodwill of SEK 3 bn as of December 31, 2023. Goodwill is not subject to yearly depreciation but to impairment testing at least on an annual basis, or when there is an indication of impairment. During the impairment testing the recoverable amount is calculated based on discounted future cash flows and compared with the carrying value of the assets. This is done for each Cash Generating unit being the three regions in Nobia's case. To determine the recoverable amount is inherently associated with management's assessments and judgments concerning for instance forecasted sales, margins and the discount rate. The impairment test has not resulted in an impairment loss during the year. Notes 1 and 13 provide more information about the Group's impairment test of goodwill.	Our audit included but was not limited to the following activities: • Assessed the model used by the Group for impairment testing and evaluated the significant assumptions for establishing forecasted cash flows and discount interest rates used for calculating the value-in-use of the cash generating units. This has been done with the purpose of assessing whether the test has been made following generally accepted principles and methods. • In our evaluation, we have compared with the historic business performance and the Group's forecasts and strategic planning as well as with external data sources when possible and relevant. • Based on the impairment test, performed simulations and sensitivity calculations in order to assess how changes in parameters impact the values and a potential need for impairment. • Traced disclosure information to accounting records and other supporting documentation.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–19 and 90–124. This other information also contains the Remuneration report that we expect to receive after the release of the Auditors' report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Nobia AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

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

The auditor's examination of the ESEF report

Opinion
In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Nobia AB (publ) for the financial year 2023.

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

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

Basis for Opinion
We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Nobia AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

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

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

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

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 20–29 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

Auditor's report on the statutory sustainability report

It is the board of directors who is responsible for the statutory sustainability report on pages 90–116 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm was appointed auditor of Nobia AB (publ) by the general meeting of the shareholders on the 5 May 2023 and has been the company's auditor since the 5 May 2022.

Stockholm on the date of our digital signature

PricewaterhouseCoopers AB

Anna Rosendal
Authorized Public Accountant
Auditor in charge

Eric Valfridsson
Authorized Public Accountant

Sustainability notes

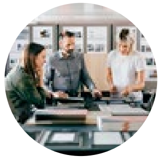
- With the aim of being an industry leader in sustainability, we adapted our strategy and sustainability agenda during the year to the market's rapidly growing demands for more product-specific data, in line with the European Platform on Life Cycle Assessment on environmental impact.
- The main focus of the year was the preparations for complying with the new EU Corporate Sustainability Reporting Directive (CSRD).
- We are continuing to reduce our climate impact in line with and partly exceeding our science-based climate targets.

A thorough materiality assessment identifies what the most material sustainability matters are for us, to act on to contribute to global sustainable development and ensure that our operations remain sustainable over time. We compile these matters in the focus areas that form the basis of our strategy and sustainability agenda.

INNOVATIONS FOR A SUSTAINABLE LIFESTYLE

CIRCULAR MATERIALS AND FLOWS

REDUCED CLIMATE IMPACT

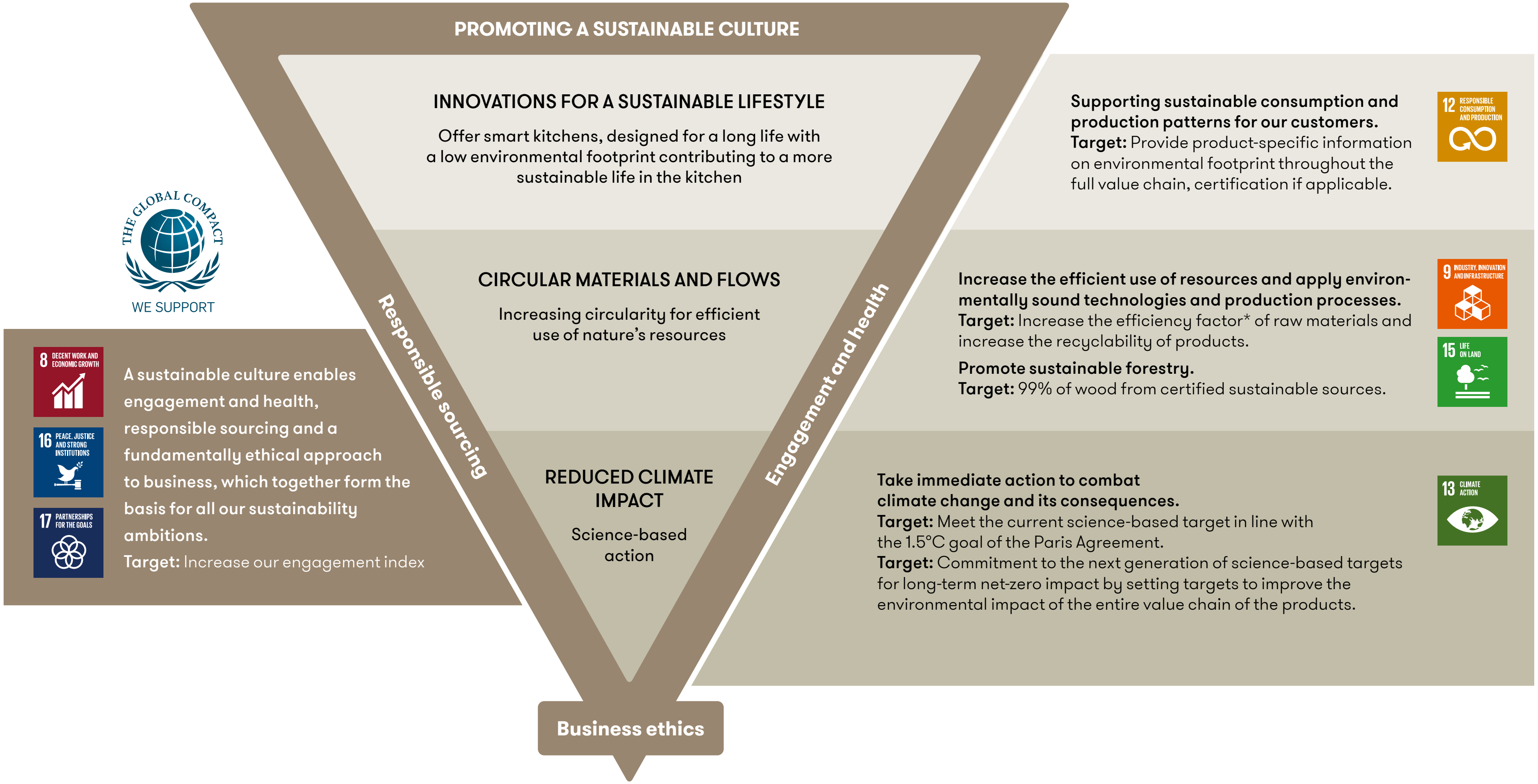


PROMOTING A SUSTAINABLE CULTURE

A sustainability strategy that contributes to the UN Sustainable Development Goals

and our sustainability agenda comprising Group targets by 2025

Sustainable development is central to our business strategy of "Tomorrow Together" and our ambition of being a an industry leader in design and sustainability. To achieve this, we have designed a sustainability strategy based on our most important matters that will also contribute to the UN Sustainable Development Goals. The strategy is accompained by our sustainability agenda comprising Group targets for 2025, which further specify what we have identified as critical in order to be an industry leader.



PROMOTING A SUSTAINABLE CULTURE

INNOVATIONS FOR A SUSTAINABLE LIFESTYLE

Offer smart kitchens, designed for a long life with a low environmental footprint contributing to a more sustainable life in the kitchen

Supporting sustainable consumption and production patterns for our customers.
Target: Provide product-specific information on environmental footprint throughout the full value chain, certification if applicable.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

CIRCULAR MATERIALS AND FLOWS

Increasing circularity for efficient use of nature's resources

Increase the efficient use of resources and apply environmentally sound technologies and production processes.
Target: Increase the efficiency factor* of raw materials and increase the recyclability of products.

Promote sustainable forestry.
Target: 99% of wood from certified sustainable sources.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

15 LIFE ON LAND

REDUCED CLIMATE IMPACT

Science-based action

Take immediate action to combat climate change and its consequences.
Target: Meet the current science-based target in line with the 1.5°C goal of the Paris Agreement.
Target: Commitment to the next generation of science-based targets for long-term net-zero impact by setting targets to improve the environmental impact of the entire value chain of the products.

13 CLIMATE ACTION

Responsible sourcing

Engagement and health

Business ethics

8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

A sustainable culture enables engagement and health, responsible sourcing and a fundamentally ethical approach to business, which together form the basis for all our sustainability ambitions.
Target: Increase our engagement index

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* Reduce the amount of input materials in relation to waste generated, increase the share of recycled input materials, increase the share of reused or recycled waste.

Strategic analysis 2023

Nobia falls into the category of companies that under the EU timetable is to report for 2024 in accordance with the European Sustainability Reporting Standard (ESRS) and to show how we meet the requirements of the new CSRD. At the time of publication of this Annual Report, it was still unclear when the CSRD will be implemented into Swedish law. Full preparations for reporting are ongoing. The scope of the CSRD is extensive and will eventually have a major impact at most levels and for most functions in a company. However, all the details and interpretations of the ESRS have not yet been fully defined. Accordingly, in this year's report we are continuing to follow the Global Reporting Initiative (GRI) standard, but have added some disclosures even now to provide more complete information to aid comparisons in the future when the ESRS are fully implemented.

Preparations ahead of more comprehensive reporting required in the future commenced in 2023. This process is based on a double materiality assessment, meaning both how Nobia's value chain affects people and the environment and how the various sustainability matters affect Nobia as a company. The methodology largely follows the GRI framework but makes a clearer distinction between our impact and how we could be impacted. For Nobia, this means that we can start from our existing priorities based on the degree of severity and likelihood of impacts, and by clearly distinguishing the risks and opportunities of the financial perspective. As part of the process of adapting to the requirements in the ESRS, we thus use previous mappings and models and add the sustainability matters listed in the ESRS to include all required aspects. The mapping was completed at the strategic level in 2023, and the full reporting data is scheduled to be completed at the start of 2024 once the details of all of the standards have been published.

Summary of the strategic assessment

The mapping shows that the materiality assessment behind Nobia's strategy and sustainability agenda remains relevant.

At the topic level, the main matters for the environment that are most material are climate change, biodiversity and ecosystems as well as resource use and circular economy. However, Nobia's ability to influence biodiversity is covered by its work on reducing climate impact and resource use by striving to increase resource efficiency throughout the value chain and only purchasing wood from sustainable forestry. The other topics, pollution and water and marine resources have lower materiality but are important for us at local level for control and complying with permits and is information of increasing relevance for some corporate customers.

Overall, the assessment strengthens the strategic decision to change data flows and processes to enhance our ability to perform life cycle assessments of the environmental impact of the products throughout the value chain. This is required for developing product-specific environmental product declarations and ensuring that formulating future scientific climate targets is clearly linked to the full environmental impact of the products.

In terms of social matters, the impact on our own staff and workers in the value chain are the top priorities in the double materiality assessment and are already a high priority in our strategy. For Nobia, our customers and everyone who uses our kitchens are naturally our most important stakeholders, but given the way that ESRS S4 Consumers and end-users is formulated, surprisingly few of the detailed disclosure requirements are relevant. The same applies to ESRS S3 Affected communities.

The entire standard on governance matters is highly material to us, but it is primarily the fundamental transparency requirements for governance related to all parts of the CSRD that will require increased documentation and traceability in general, which in the long term is likely to have the greatest impact on the way that most companies work.

Innovations for a sustainable lifestyle

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

Management approach and results

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

Focus on life cycle assessments

As a manufacturing kitchen company, achieving our ambitious sustainability targets at company level is simply not enough. It is also becoming increasingly important to provide our customers with data on the specific value chain of each product and the sustainability impact over its life cycle. This is needed in order to support customers in choosing and planning more sustainable kitchens, but also as a basis for corporate customers' sustainability reporting and monitoring legal requirements and their own targets.

Similarly, in our own systematic innovation activities, we need to take into account the environmental and climate impact of products regardless of where in the value chain the impact occurs. Standards for life cycle assessments at product level and the conditions for true comparability are continuing to be developed, particularly in the EU. For this reason, a life cycle assessment by product is a key focus area and a development area for us.

During the year, we carried out a project involving life cycle assessments of products from our Nordic production facilities and produced three environmental product declarations (EPDs) that are published on the EPDhub platform. These EPDs reflect an average for our Nordic range of painted fronts, cabinets and proprietary worktops.

Our Dutch brand, Bribus, also published an EPD during the year that summarises the life cycle assessment of the environmental footprint of a small typical kitchen comprising cabinets and fronts. The EPD was published on the MRPI platform. The life cycle assessment for the Dutch typical kitchen is part of a research project that Nobia is participating in to develop a circular kitchen, for more information refer to page 95.

Harmonisation focusing on best solution

We have now reached the final phase of our Nordic range programme – an extensive programme to harmonise our cabinets, fixtures and design elements in the Nordic market. These efforts will result in a strong, shared basic portfolio that will create a platform for more efficient product development with high innovative potential and a focus on sustainability. The programme brings together the best of past experience and know-how from across the operations, which results in resource-efficient design and component choices for our strict quality and sustainability requirements.

One example where harmonisation has generated sustainability advantages is the development of shared methods and a shift from MDF-based (Medium Density Fibreboard) details such as gables and skirting boards to MFC-based (Melamine Faced Chipboard) instead. MFC as a material has a significantly lower carbon footprint, weighs less and is easier to handle, which has positive sustainability effects in many respects. The shift from MDF to MFC is estimated to halve GHG emissions in the raw material alone, plus transportation, handling, etc.

Eco-labelled products

Products that are eco-labelled, i.e. verified and approved based on the strict requirements set by credible third parties, are valuable in helping our customers make good choices for the environment and for us to ensure continuous improvements and compliance with the precautionary approach.We launched our first Nordic Swan eco-labelled products back in 1996 through our Marbodal brand and we are continuously refining our eco-labelled range. This eco-label means that we can ensure a healthy indoor environment, environmentally sustainable choices of materials, including responsible wood procurement, and resource-efficient production.

To increase the supply of new Nordic swan eco-labelled products in our range, we have a target of at least 90% of frontals and laminated worktops launched in the Nordic region between 2021 and 2025 to be eco-labelled. Launches of new products were limited during the year due to the preparations for the new factory in Jönköping and harmonising the range through Nordic Range, but we expanded Nordic swan eco-labelled products to more brands in the Nordic region. 50% (93) of new launches of frontals and 100% of laminated worktops were Nordic swan eco-labelled. The reason for the lower share of new launches of Nordic swan eco-labelled frontals was that the number of new launches for the year was very limited and due to the exemption granted for frontals produced in Finland and Denmark. Future production at the new factory in Jönköping has been adapted from the very beginning to the strict requirements of the most recent version 5.0 of the Nordic swan eco-label. Production in Jönköping will therefore be entirely water based. A total of 79% of all frontals and 100% of all laminated worktops launched between 2021 and 2023 hold the Nordic Swan eco-label. In Sweden and Norway, where the largest share of our range is eco-labelled, 50% (50) of the sales value came from Nordic Swan eco-labelled products in 2023.

100%

of new launches of laminated worktops are Nordic Swan eco-labelled

For our market in the UK, where the Nordic Swan cannot be applied since it is an eco-label for the Nordic region, we are continuing to combine our own certified environmental management systems with having 100% sustainable wood certified cabinets and doors. For further explanation of FSC® and PEFC™ certification, see page 95.

No marketing incidents were reported during the year.

More energy-efficient appliances

Over the lifetime of a kitchen, it is mainly appliances that impact the climate through their energy consumption. Therefore, in cooperation with our suppliers, we have an ongoing shift of our product range towards even more energy efficient appliances in order to help our customers reduce their climate footprint.

The share of sales for the year in products with better energy classes for the product categories of refrigerators/freezers increased significantly to 45% (31). An EU-based update of the energy reading scale has led to a broader range of products in better energy classes, which is also reflected in our share of sales. A corresponding update in the stove/oven product categories has not yet taken place. Here, we have retained a 93% (93) in sales value in the better classes. For definitions, see page 104.

45%

of the sales value of refrigerators/freezers were in a better energy class.

Product safety

Product safety, ergonomics and quality are central to all our product development. Before a new product enters the production phase, systematic product risk assessments and tests are carried out both in-house and by accredited testing institutions in line with EU standards. In the UK, all our cabinets and doors are instead tested under the Furniture Industry Research Association's (FIRA) furniture requirements. During the year, Nobia had no product safety-related incidents that led to any legal proceedings.

SDGs

Through our work, we primarily contribute to fulfilling the following targets of the UN Sustainable Development Goals:

8.4 Improve resource efficiency in consumption and production.
12.2 Achieve the sustainable management and efficient use of natural resources.
12.4 Achieve the environmentally sound management of chemicals and all wastes.
12.8 Promote universal understanding of sustainable lifestyles.

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Target

- New target: By 2025, Nobia will provide customers with product-specific information about the environmental impact throughout the value chain, in line with the European standard (Product Environmental Footprint), to promote sustainable consumption.

Result

- Life cycle assessments carried out to publish three average Environmental Product Declarations (EPDs), for a cabinet, a painted frontal and a worktop produced in any of the Nordic production facilities, respective one Dutch example kitchen EPD.

- **Life Cycle Assessment (LCA):** A method for calculating the environmental footprint of a product or service throughout its value chain from extracting the raw material to waste management. The LCA takes into account all emissions and use of resources arising at various stages of the life cycle.

- **Product Environmental Footprint (PEF):** The EU has produced guidelines for measuring the environmental performance of a product or service based on an LCA, which is referred to as a PEF. The PEF aims to harmonise and standardise how environmental impacts are communicated and compared between different products and services in the European market.

- **Environmental Product Declaration (EPD):** An environmental product declaration that summarises and reports on the environmental footprint of a product or service according to an LCA. An EPD can be used to communicate environmental information to customers, suppliers and other stakeholders. An independent third party verifies that the EPD complies with the specified standard for calculations.

Circular materials and flows

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

Management approach and results

It is crucial for us to be able to use our resources as efficiently and sustainably as possible. By measuring and monitoring, we strive to use our materials efficiently without compromising on financial value or quality. We continuously endeavour to identify new solutions for how our materials and products can be used over and over.

Research into kitchens in a circular economy

During the year, our Dutch brand Bribus used technical solutions to develop a new kitchen product that makes it easy to assemble and disassemble the kitchen and easily transport it and reuse it at another location. The circular kitchen, a kitchen for life, is part of our project to establish principles and prototypes with the ambition of developing a kitchen that is as circular as possible both in terms of the choice of materials and use over time. The project is part of a multi-year collaboration with Chalmers University of Technology in Sweden. The best materials and design have been determined using life cycle studies in order to maximise the circularity in kitchens and the value chain. The project, which is scheduled for completion in 2024, also included new business models to stimulate sustainability and circularity.

Efficiency reduces waste

Our production entails an inflow of primarily wood and wood fibre board, but also cabinet details for installation, painting, packaging materials, etc. Production waste mainly arises in the form of residual wood from sawing and residual paint from surface treatment. We address various parts of the production process with our dedicated efficiency program at the same time as we work on cultural changes to retain the processes that have already led to reduced waste. For example, we adjusted the sawing pattern alignment at our production facility in Ølgod, Denmark, which resulted in increased material efficiency and savings during the year. A major project focusing on the production lines that currently generate the most waste will begin at Ølgod in early 2024.

Waste turned into new products

We also work with outside parties to circulate flows of resources from our own production waste into new products through reuse and recycling. We have made financial gains in our UK operations by selling wood waste directly back to industry as new materials rather than handling it as waste. 54% (60) of our total wood waste from production went into new products in 2023, while the remainder was used for energy recovery. The decrease from last year was mainly due to lower total volumes in the UK where the share of recycling is the highest.

Waste from other production materials can also be recycled. For example, waste from composite sinks was previously sent to landfill. This waste is now reused for new products under a partnership with a manufacturer of building materials.

We also aim to increase our own purchases of products that use recycled materials. An average of 46% of our incoming board material is recycled wood in the form of by-products and recycled material.

54%

of our wood waste was used in new products. The remainder went to energy recovery.

Extended product life

During the year, we continued to pursue our circular offering RE:NEW, which was introduced in 2021 and has to date been established in the Swedish, Danish and Norwegian markets. RE:NEW offers customers solutions to update their existing kitchens and give them new life, for example, with new doors and handles. Replacing cabinet doors rather than the entire cabinet framework saves both energy and materials, and customers have shown widespread interest. 21% of all meetings with customers in 2023 at our Norwegian brand Sigdal were meetings to discuss replacing cabinet doors. The corresponding figure for such meetings at our Swedish brand Marbodal was 12% and for our Danish brand Invita 11%.

In the RE:USE concept, Marbodal's collaboration with Blocket, a website for selling second-hand products, has performed well, from 15 to 44 adverts per month from 2022 to 2023. We also encourage existing customers to care for their current kitchen, for example, by painting over any scratches and cleaning surfaces to make them last longer.

In the UK, our project to increase the circularity of the make the value chain has continued under the Magnet Retail brand. Before buying a new Magnet kitchen, customers are offered a free valuation of their old kitchen and the option of selling it via our partnership with UK company Rehome. If the kitchen is too worn to be resold, the customer is instead offered the option of collection of the old kitchen and recycling of the materials. The project was launched last year and has now been expanded to ten stores.

46%

of our board material comprises recycled wood

More sustainable materials choices

Our most important raw material is wood, and it is critically important to us that the wood we use comes from sustainable sources. Most of the wood that we purchase has third-party certification from FSC® (Forest Stewardship Council®) FSC® -C100100 or PEFC™ (Programme for the Endorsement of Forest Certification™). The year's share of purchased third-party certified wood fell slightly, from 96% to 91%, as one of our suppliers went bankrupt and the equivalent wood was not available. We plan to regain our higher percentage next year. In order to ensure the traceability of the wood we purchase, we have a thorough purchase process and suppliers go through our review for responsible sourcing. Read more on page 101. Information from all of our suppliers of direct material relating to raw wood materials, wood products or products containing wood is collected and processed on an annual basis.

We are also taking action to increase circularity and reduce the climate impact from other materials such as plastic. At our UK operations, we initiated a collaboration between different internal functions such as manufacturing, R&D and marketing to increase the level of recycled plastic in packaging and phase out polystyrene. For certain product groups, the majority of plastic is already recycled, such as all plinth feet for our Magnet brand in the UK.

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

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

The choice of paint used for surface treatment also affects the chemical content of the products. For example, water-based paint results in significantly lower VOC emissions (Volatile Organic Compound) than acid-based paint. Our total emissions of VOC reduced from 265 tonnes to 189 tonnes during the year. We also reduced the VOC per 100 laquered details to 4,4 kg (4,9).

Environmental data

	2021	2022	2023
Wood consumption, thous. of m^3	382	331	273
Recycled wood in board material, %	40	39	46
Share of wood from certified sources 1), %	96	96	91
VOC emissions, tonnes	298	265	189

1) FSC® or PEFC™

Waste converted into new material, tonnes

	2021	2022	2023
Waste wood	25,634	23,644	17,355
Other	3,324	2,166	2,238
Total	**28,958**	**25,810**	**19,593**
Non-hazardous waste converted into new material			
for reuse	9,009	7,314	5,882
for recycling	19,730	18,414	13,633
Hazardous waste converted into new material			
for reuse	24	19	27
for recycling	196	63	52

Waste for disposal, tonnes

	2021	2022	2023
Waste wood	15,569	15,867	15,077
Other	2,305	2,821	2,500
Total	**17,874**	**18,688**	**17,578**
Non-hazardous waste for disposal			
for incineration with energy recovery, internally	2,057	2,260	2,110
for incineration with energy recovery	15,130	15,970	15,040
for landfill	140	36	18
Hazardous waste for disposal			
for incineration with energy recovery	547	421	409

Our new factory

The process of completing our new production factory in Jönköping. The factory is located in one of Jönköping's industrial estates. Some of the natural value of the land and the animal life in the immediate surroundings may be disrupted by the construction of the factory via more transportation, noise and lighting. No new IUCN Red List species, in relation to the 2022 Annual Report, were impacted during the year.

Together with Jönköping municipality, Nobia has prepared an ecological restoration plan for the loss of natural values, which includes planting replacement trees and restoring marshlands. The area is adjacent to a recreation area and we have made several active choices to cause as little visual impact as possible once construction is completed. In consultation with the municipality, we have created a green path running throughout the entire factory area that preserves old oak trees. The risk impact of the operations on the neighbouring area is deemed to be small based on the completed environmental impact description. No reporting to the authorities was requested during the year.

SDGs

Through our work, we primarily contribute to fulfilling the following targets of the UN Sustainable Development Goals:

8.4 Improve resource efficiency in consumption and production.
9.4 Increase the efficient use of resources and apply environmentally sound technologies and production processes.
12.5 Substantially reduce waste generation.
15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests.
17.17 Encourage effective partnerships.

Target

- At least 99% (based on volume) of all wood will originate from FSC® or PEFC™ certified sources, and the remainder from suppliers screened and approved for sustainability, by 2025.
- New target: Increase the efficiency factor (reduce the amount of input materials in relation to waste generated, increase the share of recycled input materials, increase the share of reused or recycled waste for raw materials) and the recyclability of the products.

Result

- 91% (96) of Nobia's total timber and wood materials originated from a certified source. The remaining wood, 9%, came from suppliers audited and approved for sustainability. The lower result for the year was due to the bankruptcy of an existing wood supplier that led to an unplanned change of supplier.

Reduced climate impact

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

Management approach and results

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

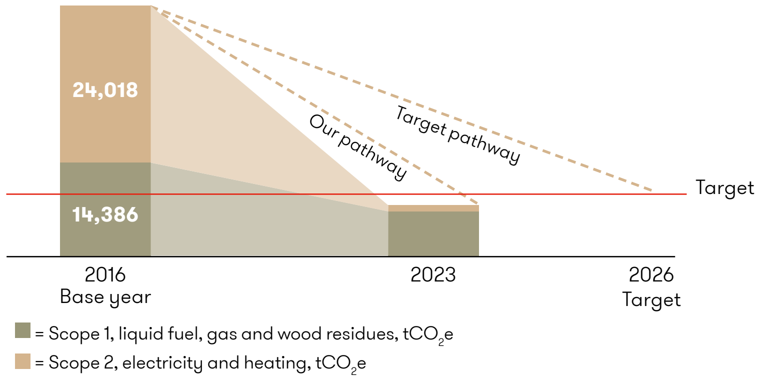
Science-based climate targets

Nobia has adopted science-based climate targets in line with the Paris Agreement, which are approved by the Science Based Targets initiative (SBTi). Our climate targets comprise both our own operations and our value chain. Our own consumption and emissions are followed up on a quarterly basis, and our production units have individual targets that jointly guide us towards our Group-wide climate targets. Since 2016, which is the base year for our climate target, we have reduced our energy consumption and transitioned to become more renewable. At the end of the year, we had reduced our Scope 1 and Scope 2 emissions by 79% (77), which continues to exceed our high target of 72% by 2026.

Our Scope 3 target for the value chain outside our direct control includes that 70% of our suppliers based on their GHG emissions are to have adopted science-based climate targets by 2025. In 2023, we achieved a total of 61% (59) of suppliers. We continued to engage in dialogue with several important suppliers about expanding climate

Science-based climate targets in line with the Paris Agreement – limiting global warming to 1.5°C

Scope 1 and 2



Target for Scope 1 and 2: 72%

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

Result 2023:

79%

Scope 3

Purchased goods and materials

Acquired capital goods

Transport and travel

Use of sold products

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

Target for Scope 3: 70%

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

Result 2023:

61%

efforts, with a focus on encouraging more companies to adopt science-based climate targets, thereby reducing their climate impact in the value chain. Of our 300 largest direct material suppliers, 27 said that they have set science-based climate targets (of these, 18 suppliers are included in our target fulfilment calculation). A further 25 suppliers said they have targets under development.

At the same time as we endeavour to maintain and achieve our current and partly exceeded targets, we are preparing our future commitments in order to continue to ensure that we are in line with the recommendations of the scientific community. We are preparing net zero targets and we want these targets to have a clear link to the environmental footprint of products throughout the value chain. In doing so, we can create strategic governance internally that includes both the direct and indirect impact and clearly report back to our customers how our efforts reduce the overall environmental footprint of the products they buy from us.

Transition to lower emissions

We have 100% renewable electricity in our production and in our own stores. Further initiatives were undertaken during the year to both continue the transition and enhance the efficiency of our energy consumption of electricity and heating at our production facilities. For example, we switched from fossil gas to air heating at one of our sites in Denmark.

At the end of the year, 77% (76) of our total heat consumption in production and in own stores was renewable. This corresponds to a total share of 90% (89) of renewable electricity and heat. Lower production volumes also contributed to reducing transportation of goods, both from the company and those outsourced.

Environmental focus in the value chain

The largest part of Nobia's total GHG emissions derives from our value chain (Scope 3) in the form of the extraction and manufacture of direct materials and products, transportation and the use of our products. GHG emissions in the value chain are complex and we use several different approaches to measure and reduce them, such as measuring the environmental footprint of our products. To evaluate fossil dependence in our supply chain, we also mapped the degree of use of fossil-based energy for manufacturing among our most important suppliers of direct materials. Of the suppliers included in the program, about two-thirds stated that they use at least 70% renewable energy for electricity and heating.

We have initiated a project to shift the offerings in our appliance portfolio to more energy efficient products as part of our effort to offer energy efficient sustainable kitchen solutions to our customers. Read more on page 94.

Climate-related risks and opportunities

We have linked our business and sustainability strategy to a comprehensive analysis of future global warming scenarios. The data from this analysis remains valid and forms the basis of our continuing strategic activities. Additional information is available on the TCFD page reference index on page 38.

GHG emissions, tCO_2e	2021	2022	2023
Scope 1	9,978	8,287	7,108
Scope 2, marked-based	780	640	816
Biogenic emissions	4,948	5,502	5,051
Scope 2, locally based	9,635	9,834	9,033
Scope 3, upstream	220,339	243,379	211,264
Scope 3, downstream	125,197	242,169	209,917

Intensity of climate impact, purchased energy, g/kWh	2021	2022	2023
CO_2e intensity, electricity	0	0	1[1]
CO_2e intensity, heating	71	54	51

1) Nobia has 100% renewable electricity in its own production plant and own stores. 0.52 g CO_2e/kWh electricity corresponds to the electricity used for externally charging our plug-in vehicles.

Target

- In line with our science-based climate target approved at the 1.5°C level, we will reduce our GHG emissions from our operations and own transportation (Scope 1 and 2) by 72% by 2026 (base year 2016).
- 70% of impact* from the suppliers with the highest climate impact are to be encompassed by the science-based climate target by 2025.

* based on life cycle data for supplier production and our customers' use of the products.

Result

- We exceeded our target and achieved a 79% reduction in Scope 1 and 2 compared with the 2016 base year.
- 61% of the climate impact of scope 3, categories 1 and 11, was covered during the year by the commitments on scencebased climate targets from our suppliers.

Intensity of climate impact, financial transition, kg/SEK m	2021	2022	2023
CO_2e intensity, Scope 1 & 2	784	598	592
CO_2e intensity, Scope 3	25,187	32,524	31,495

Energy consumption		2021	2022	2023
Total renewable[1]	**GWh**	**119**	**120**	**116**
Biogas	GWh	5	4	0
Wood	GWh	12	14	11
Electricity	GWh	73	75	72
District heating	GWh	29	27	34
Total non-renewable[1]	**GWh**	**44**	**37**	**33**
Natural gas	GWh	15	12	10
Oil	GWh	4	1	1
Diesel	GWh	20	17	13
Petrol	GWh	3	3	4
LPG	GWh	1	1	1
Electricity	GWh	0	0	0
District heating	GWh	2	1	2
Other renewables	%	73	77	78

1) Including electricity, heating and own transportation.

Relative energy consumption, MWh/SEK m	2021	2022	2023
Total energy per sales[1]	11.9	10.5	11.2

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

SDGs

Through our work we primarily contribute to fulfilling the following targets of the Sustainable Development Goals:

13.1 Strengthen resilience and adaptive capacity to climate-related disasters.

13.3 Build knowledge and capacity to meet climate change.

Promoting a sustainable culture: *Engagement and health*

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

Management approach and results

Leveraging the size of the Group to strengthen local competitiveness is a cornerstone of our Tomorrow Together strategy and can also be applied to People & Culture. For example, local HR issues and occupational health and safety matters are continuously handled in local management systems. Centrally, Group-wide initiatives and programs such as digital transformation, leadership and employee surveys help to ensure that we achieve our common strategy.

Embody our values

2023 was another turbulent year in the world in many ways and the uncertainty it has brought to our market has affected Nobia in terms of lower demand for our products. We have had to prioritise and adapt our organisation to such lower demand, which also meant that we unfortunately have had to make valuable colleagues redundant, which is highly regrettable. At the same time, these decisions were necessary to pursue our Tomorrow Together strategy and we can report good progress in all our major initiatives. In an uncertain world, we believe it is vital to uphold our strategy and to live according to our values of Care, Deliver and Inspire.

Shared ambition boosts employee performance

Ensuring that the company has skilled and constantly developing employees is a key objective for us, especially in such a transformative period that Nobia is currently experiencing. Therefore, we have continued to further develop our teams who are dedicated to the mission of strengthening the company's human capital across the entire business. The teams customise business-specific introduction and training modules and workshops based on the employee life cycle from job application and throughout the various phases of employment. Together they aim to integrate and create a sense of community through all parts of the organisation and promote the development of our people. The teams also play an important role in equipping our managers and leaders across the organisation with the necessary tools and methods required for promoting a culture that focuses on exceptional performance according to our values and frameworks.

Introduction of the People Review

We introduced a new Group-wide process call People Review in 2023, which represents an important component in ensuring Nobia's ability to meet its strategic objectives as described in the Tomorrow Together strategy and in our business targets. The Nobia People Review aims to map and ensure a high level of performance and continuous skills development for individuals, the team and departments at Nobia and to promote engagement care and motivation among employees. This takes place through constructive feedback and personal development plans and ensures business continuity by establishing a robust succession channel, identifying key people and roles that are critical to the success of the organisation. During the year, we also started to develop digital training courses in such areas as sustainability.

Another milestone in 2023 was the re-launch of our Nobia Leadership framework that received positive feedback from the business. Nobia Leadership stands for Authenticity and Articulation. It emphasises and is based on the four pillars of Proactive, Performance, People and Personal leadership, which drive agendas, deliver results, foster strong teams and demonstrate passion and trust.

You say, we hear,

together we act initiative based on employee survey in Nobia UK

Employee engagement and continuous improvement

Our employee survey continues to be an important tool for understanding and following up on as well as nurturing employee engagement across the organisation. These surveys are supplemented with our daily dialogue with teams and ensure regular focus on important topics. Group-wide actions based on input from our employees have been illustrated in various ways, such as the "You say, we hear, together we act" initiative in the UK, which was very popular and produced tangible results for the operations. The employee survey remains a cornerstone of our daily dialogue to promote a culture of openness, sensitivity and continuous improvement.

The engagement index for 2023 was 65 (65) on a scale from 0 to 100, with a response rate of 78% (75). The result is below benchmark and we see scope for improvement. It is not uncommon to have a lower score at a time when companies are going through major changes and transformations. We will retain out target of an engagement index of 75 for 2024. Action plans were initiated throughout the business during the year and for 2024, we aim to increase the number of agreed action plans that our teams create since a great deal of team development stems from the conversations and dialogues that take place. The highest scores in the employee survey were in the areas of non-discrimination, ability to prioritise, and matching our employees' roles to their strengths. Focus moving forward will be on continuous improvement, communication, cooperation and well-being.

During the year, we also used our employee survey tool for pulse measurements in parts of our organisation. These allow us to maintain even more relevant dialogues in our teams. Going forward, we plan to enable our teams to use the tool for their own situations and needs while maintaining a Group-wide standard that improves comparability over time.

Safer and more secure workplaces

Safety remains our top priority through daily incident monitoring and thorough investigations followed by decisive action. Regular meetings are held with central and local safety committees, which involve managers, engineers and safety managers, to focus on examining safety controls and incidents. The aim of such cooperation is to prevent accidents for being repeated. Monthly reviews by management using a production scorecard ensure a comprehensive picture of workplace accidents and preventive measures. This scorecard looks at various strategically important aspects, including safety in the workplace.

Risk assessments are an important part of our safety approach and are carried out annually with continuous employee training given to maintain high standards. Each unit undergoes detailed analyses and updates with central and local security committees. These committees play an important role in risk assessments and highlight relevant occupational health and safety issues. They also implement initiatives in line with the zero work-related accidents and injuries vision.

Analysis for prevention

We have a vision of zero work-related injuries and accidents. The work environment at all Nobia workplaces is governed by Group-wide HR policies and local occupational health and safety policies. Overall work environmental responsibility rests with the President, who then delegates responsibility to the line managers in accordance with procedures in each respective country. All employees have a personal responsibility to contribute to a safe workplace, to act in a safe manner and to react to deficiencies and risky behaviour. Both managers and employees are continually trained in health and safety. Occupational health care is offered to all employees at all units, but varies in scope between different countries. All production units have local management systems that encompass all of the employees with more detailed health and safety procedures.

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

During the year, preventive measures were implemented across our production sites such as documented safety training for forklifts, digitalised safety rounds, risk assessments for machines and forklifts, dust and chemical measurements, safe behaviour sessions and improved reporting of "near misses" for better analysis.

The local quality, health, safety and environment function focused on well-defined roles and responsibilities in the entire organisation. Strategic safety campaigns such as "safety first" have produced positive results. Concerted efforts and a continuous focus on reducing accidents at work have led to a two-thirds reduction at one of our sites over the past five years.

Work-related injuries	2021	2022	2023
No. of work-related injuries[1]	70	57	52
Frequency of occupational injuries[2]	12.9	10.6	12.0
No. of serious work-related injuries[3]	0	0	0
Thousands of hours worked	**5,421**	**5,402**	**4,340**

1) work-related injury with at least eight hours' sickness absence

2) per million hours worked

3) work-related injury resulting in death or in an injury from which the employee is unable to or not expected to recover completely to their pre-injury health status within six months

The new Jönköping factory and our people

Progress is continuing for our new, state-of-the-art production plant being built in Jönköping, which has gained additional employees during the year. The factory is considered to be business critical to our Tomorrow Together strategy and is a key strategic initiative for Nobia's future success. At the same time, it is still impacting our people and there are both advantages and disadvantages at the individual level. In parallel with the construction of the facility in Jönköping, we are planning the closure of our site in Tidaholm. This may mean that jobs will disappear for those who cannot or do not want to transfer to the Jönköping factory. Relocating a production plant is a huge undertaking and the reactions from our employees such as feelings of uncertainty about the future and stress are taken very seriously. We are making every effort to follow and meet our employees' needs for communication and continuous information. Even though we face challenges, we can nevertheless see many positive changes at the individual level, such a better working conditions, new exciting job opportunities, skills development and modernised equipment.

Business potential for increasing equality and diversity

Our commitment to fostering a workplace that is free from harassment and discrimination resulted in positive change during the year. In our engagement survey, the statement of "I work in an environment that is free from harassment and discrimination" topped the list of what is considered to be the strengths of the company and can be seen as proof of our commitment to this issue. Our aim is to integrate diversity, equity and inclusion considerations into our existing framework and training initiatives. For example, to increase inclusion we refined our onboarding processes.

The launch of a company-wide tone of voice highlights our endeavour to have one voice and increase the focus on more inclusive language both internally and externally. We have also recruited people with specialist skills and interest in these issues, which strategically ensures that we continue to develop and promote an inclusive and fair work environment at Nobia.

Gender distribution, % women/men	2021	2022	2023
Total	28/72	30/70	27/73
Board of Directors	60/40	33/67	29/71
Executive Committee	22/78	22/78	25/75
Managerial roles	33/67	25/75	35/65

SDGs

Through our work we primarily contribute to fulfilling the following targets of the Sustainable Development Goals:

8.8 Protect labour rights and promote safe working environments for all.

12.8 Promote universal understanding of sustainable lifestyles.

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our employees

On 31 December 2023, Nobia had 5,315 employees in eight countries. 54% of all employees work in administration and sales and 46% in production and logistics. Most are permanent employees. Only approximately 1% is temporary; they are located in Sweden, the Netherlands and the UK. Our employees are covered by collective agreements in each of these countries except the UK where labour terms are governed by law. All of the countries are represented on the European Work Council (EWC), a European information and consultation council.

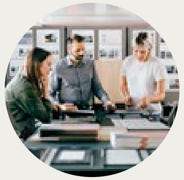
Target

- We will increase our engagement index to at least 75.

Result

- This year's index resulted in a score of 65, which cannot be seen to be unusual in a company with as much change as Nobia is currently experiencing. However, we are continuing to work to raise the index over the next few years.

Promoting a sustainable culture: *Responsible sourcing*



Much of our sustainability impact occurs indirectly in the value chain. By undertaking structured activities, we can help ensure that supply chains protect vulnerable employees and reduce environmental and financial risks. **Responsible sourcing** in order to minimise risks, promote a sustainable supply chain and form good relationships with our suppliers is crucial to our ability to develop and offer attractive products to our customers.

Management approach and results

98% of Nobia's direct material purchases originate from suppliers in Europe and the remainder come from Asia. To govern this complex environment, we have a framework of policies and processes that state how we are to work with and help our suppliers to develop in terms of sustainability, and thereby support our aim of upholding business ethics and respect for human rights and the environment. Through our Code of Conduct and our programme for responsible sourcing, we work to contribute to sustainable development in our value chain.

Compliance with our Supplier Code of Conduct

Our Supplier Code of Conduct is based on the principles of Nobia's Code of Conduct, including the principles of the UN Global Compact on human rights, labour, the environment and anti-corruption. The Supplier Code of Conduct is part of the sourcing process and our standard agreement template refers to the Code. The Code regulates and governs Nobia's expectations and requirements of its business partners, including labour, human rights, business ethics and the environment. The Code applies to our suppliers and their employees as well as to subcontractors, and Nobia expects the content of the Code to be communicated to all relevant parties in a language that they understand. Just as for Nobia's own employees, an anonymous communication channel is available for our suppliers' employees to report conduct that breaches the Code. The Supplier Code of Conduct is one of the requirements in our risk assessment of suppliers, which is a key part of the responsible sourcing programme, and any risks identified lead to additional monitoring of the supplier.

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

Programmes for responsible sourcing

To identify and manage risks in our supply chain, we have a programme that covers risk analysis, review and evaluation and contains an anonymous channel for reporting violations of our Supplier Code of Conduct. Nobia's risk assessment programme and follow-up cover approximately 300 significant suppliers, corresponding to 98% of our total cost for direct materials. The programme builds on such parameters as country of production, production process, product type and materials, as well as the supplier's preparedness, for example, in the form of applicable management system. Based on these factors risk is weighed against preparedness and we assess the risk of violations of legal frameworks and Nobia's Supplier Code of Conduct. The risk assessment is the basis for decisions on audits at the supplier. Physical supplier audits are intended to verify, manage and ameliorate any deviations and to identify areas for improvement. 13 new suppliers were added to the programme during the year, and all of them were approved based on an initial review.

During the year, we further developed our programme to obtain more details on the degree of development and maturity of our suppliers. Greater insight into the sustainability ambitions and driving forces of our suppliers enables us to design a selection system that benefits companies with high ethical standards.

98%

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

We focused on flows of materials, such as wood and stone, in these development activities, as well as the impact from suppliers related to transportation and the use of fossil and renewable energy. Read more on page 98.

Active environmental dialogues

In addition to preventive risk management, we work in continuous dialogue with our suppliers in order to reduce environmental impact in the supply chain. This also takes place as a natural consequence of Nobia requesting life cycle data from our purchases of materials and products. We also monitor those suppliers who have committed to or have already established a science-based climate target. Read more on page 98.

Programs for responsible sourcing, number	2021	2022	2023
Significant suppliers	288	289	288
Sustainability-screened suppliers	287	266	288
Suppliers approved after review	274	259	278
Suppliers with audit requirements	13	7	10
Suppliers approved after audit	8	6	0
Suppliers not approved after audit (in current programmes)	2	0	0
Suppliers awaiting audit (in current programmes)	3	1	10

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

SDGs

Through our work we primarily contribute to fulfilling the following targets of the Sustainable Development Goals:

8.8 Protect labour rights and promote safe working environments for all.
12.8 Promote universal understanding of sustainable lifestyles.
12.12 Achieve sustainable management and efficient use of natural resources.
17.16 Revitalize the global partnership for sustainable development.

8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

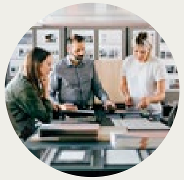
Target

- We will ensure that all our suppliers in our responsible sourcing programme are screened and approved according to the principles of the Nobia Supplier Code of Conduct.

Result

- At the end of the year, 278 out of 288 suppliers were approved after initial screening. The remaining 10 suppliers are part of our audit programme for the year ahead.

Promoting a sustainable culture: *Business ethics*



Good **business ethics** are essential to ensuring long-term relationships and to be a credible business partner. It is material for a company such as Nobia, with sales to both consumers and corporate customers, to safeguard its brand and to contribute to both the stable development of society and our own profitability over time by combating all forms of corruption. We achieve this by applying robust procedures for compliance with our Code of Conduct.

Management approach and results

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

Our Code of Conduct

Nobia's Code of Conduct for employees and partners serves as a framework that clarifies both the guidelines that Nobia employees must follow and our expectations concerning their judgement and sense of responsibility. It serves as a valuable resource to and assist employees and others to make informed and ethically sound decisions. The Code is based on due diligence, meaning a reasonable level of care for the individual in the choices they make. We encourage all of our internal and external stakeholders to report any suspected deviations from the Code either to us directly or via the anonymous whistle-blower system. The Code is available on our intranet and in all the languages spoken by employees of the Group, and also on our website for external stakeholders. Nobia's Board of Directors decides on the content of the Code of Conduct.

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

The Code is regularly revised to identify whether any updates are required. All employees, managers and consultants are to complete an online course so as to increase their awareness of important subjects such as how we protect our environment, how we interact with each other and how we increase our IT security. The course includes situations and opportunities for insight on workplace situations presented in text and film. At year-end, 69% of our employees had completed the course. It is vital to Nobia that all employees comply with the Code and thus have sufficient knowledge about it. Therefore, in 2024, we will strengthen the monitoring of training in order to reach our target of 100% of employees having received training.

Anti-corruption

Nobia stands against all forms of corruption. Our anti-corruption framework includes our Code of Conduct and Supplier Code of Conduct and is incorporated into our governing documents. Nobia performs self-evaluations every year in all business units. These evaluations include a number of questions on internal control including corruption risks assessments. When reviewing the 2023 evaluations, nothing has emerged that would indicate an increased risk of corruption, and no incidents occurred.

Anonymous whistle-blower channel

To ensure compliance with the Code of Conduct, employees are encouraged to report conduct that breaches our Code using internal channels or the anonymous communication channel "Speak Up." This channel is available to all employees via our intranet and to stakeholders on the website. 117 internal cases were reported during the year, of which seven related to alleged discrimination and harassment. 36 of these cases were reported via SpeakUp. The reported cases and other questions relating to the principles of the Code of Conduct were addressed and presented to the Board's Audit Committee.

Long-term value creation

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

Direct economic value generated and distributed, SEK m	2021	2022	2023
Net sales	13,719	14,929	13,373
Operating expenses	8,951	10,479	9,416
Employee wages and benefits	2,899	3,299	3,161
Social security contributions and pensions	604	692	628
Taxes to state and municipality	201	32	-26
Interest to lenders	41	51	198
Dividends to shareholders	338	421	0
Economic value retained	685	–45	–4

SDGs

Through our work we primarily contribute to fulfilling the following targets of the Sustainable Development Goals:

8.8 Protect labour rights and promote safe working environments for all.
16.5 Substantially reduce corruption and bribery in all their forms.
17.16 Revitalize the global partnership for sustainable development.

Target

- 100% of our employees are to have received training in Nobia's Code of Conduct.

Result

- At year-end, 69% of all employees had completed the course. We are continuing our training activities according to plan to achieve the target of 100% even though we are aware that staff turnover will result in this never perpertually being at 100%.

Governance and partnerships

Framework for sustainability topics

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

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

Governance and organisation

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

The President receives regular status reports from the Group Director Sustainability, and sustainability is a standing item on the Board's agenda.

Each production unit has employees who coordinate responsibility for environmental and sustainability management. The product development and sourcing units have specialist functions that drive efforts with, for example, product safety, eco-labelling and supplier audits.

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

Our commitments

Nobia's commitments and recognition of global initiatives and partnerships lay the foundation for our sustainability initiatives. These include: The UN Global Compact, OECD guidelines, the Paris Agreement and the UN Guiding Principles on Business and Human Rights. Our external commitments and recognitions support Nobia's sustainability-related policies, processes and guidelines.

Nobia's Code of Conduct – Our Group-wide Code of Conduct outlines our public overall commitment to conduct ourselves correctly and defines the company's expectations regarding ethics and compliance with Nobia's commitments for everyone working at Nobia. Our Supplier Code of Conduct is based on the principles stipulated in Nobia's Code of Conduct and regulates and governs our supplier requirements. Read more about our Code of Conduct on page 102 and our Supplier Code of Conduct on page 101.

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

People and Culture policy – Nobia's Group-wide People and Culture policy aims to provide clear guidance on the company's culture and employment at Nobia. The Code provides a framework for our employees on related issues such as occupational health and safety, equality and diversity and anti-corruption. Our EVP People & Culture, together with senior managers, is responsible for the implementation of and compliance with the policy.

Other governing documents include, for example, our Group-wide wood policy, our tax policy and our Modern Slavery Statement.

Certified units

The operations at our production plants have quality, environmental, energy and occupational health and safety certifications according to the summary below.

Nobia's sales units in Sweden and Denmark are certified according to quality and environmental standards, and according to work environment standards for Denmark. Our Magnet stores in the UK are certified under energy standards, and the installation and service function has quality certification.

Standard	Unit
ISO 9001 Quality	Bjerringbro, Darlington, Dinxperlo, Freistadt, Grays, Halifax, Leeds, Morley, Tidaholm, Wels, Ølgod
ISO 14001 Environmental management	Bjerringbro, Darlington, Dinxperlo, Farsö, Freistadt, Grays, Halifax, Leeds, Morley, Nastola, Tidaholm, Wels, Ølgod
ISO 50001 Energy	Darlington, Grays, Halifax, Leeds, Morley
ISO 45001 Occupational health and safety	Darlington, Grays, Halifax, Leeds, Morley, Nastola
VCA[1]	Dinxperlo

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

Strategic memberships and partner projects

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

- Blocket (partnership with our brand Marbodal for reselling used Marbodal kitchens)
- British Safety Council (keeps us updated on occupational health and safety)
- Chalmers University of Technology, Gothenburg (projects on circular kitchens)
- IVL Swedish Environmental Research Institute (partner of our EPD project)
- Möbelfakta's Criteria Council (set and update kitchen and furniture criteria, Möbelfakta-labelling)
- Science Based Target initiative (part of our commitment to follow the Paris Agreement by having a science based climate target)
- Swedish Standard Institute (SIS) (participate in the kitchen and furniture standardisation committee)
- Swedish Federation of Wood and Furniture Industry (TMF) (information and updates from our trade association)
- Taskforce on Nature-related Financial Disclosures (TNFD) (membership that provides input for our future CSRD reporting)
- Rehome (partnership with our brand Magnet Retail for reselling old kitchens)
- UN Global Compact (supporting their 10 principles, leveraging their combined know-how in this area)
- WGSN (update and insight into trends and development)

Global Compact

Nobia is a member of the UN Global Compact, which means that we have committed to support the ten principles on human rights, labour, the environment and anti-corruption, and contribute to the Sustainable Development Goals. These principles are integrated into our strategy, corporate culture and daily operations. For additional information on how we meet the principles, refer to our page index on page 112.

About our sustainability reporting

Report premises
This Sustainability Report has been prepared in accordance with the GRI Standards 2021. The mapping of material matters also took into account the principles of the CSRD. The Sustainability Report encompasses all principles of the UN Global Compact and explains Nobia's sustainability impact, the Group's work to reduce this impact in relation to the SDGs in the 2030 Agenda as well as results.

Nobia has published GRI-based Sustainability Reports since 2012. This report refers to the 2023 calendar year and was published in April 2024. The Sustainability Report has not been subject to review or audit by an external party, beyond the auditor's statutory statement that a sustainability report has been prepared. Preparations are being made ahead of an external audit and for reporting in accordance with the EU Corporate Sustainability Reporting Directive (CSDR) and the European Sustainability Reporting Standards (ESRS) in the future. For reporting according to the EU Taxonomy Regulation, refer to pages 113–116.

Scope
The Sustainability Report encompasses the same units and operations as the financial statements, Note 17. Specific boundaries for each material topic are presented on pages 93–102. The content of the Sustainability Report and the sustainability topics presented are based on the most recent materiality assessment and summarise the sustainability initiatives for 2023. Environmental data such as energy, climate impact and waste is based on operations in our production facilities and own stores, and on activities and products in the value chain to the greatest extent possible. Data on working hours and accidents at work cover all employees at our production sites but not local sales organisations.

Changes to the Report
When data per unit was collected, minor deviations were discovered and adjusted for previous years. For our Scope 3 target, the calculation was adjusted since the volume for one market was unavailable and 49% target fulfilment is instead 59% for 2022.

A strategic decision was made to change a previous target formulation about sustainable products to an internal scorecard to the following: provide product-specific information about the environmental footprint throughout the value chain by 2025.

Calculations
Energy Conversion factors for fuel come from the Swedish Environmental Protection Agency and Swedenergy; there are no national deviations: Oil 9,950 kWh/m^3, fossil gas 11 kWh/m^3, biogas 10.1 kWh/m^3, biomass 4.8 kWh/kg, diesel 9,800 kWh/m^3, petrol 9,106 kWh/m^3, biogas 13.6 kWh/kg.

Our target of transferring to more energy-efficient appliances is based on sales data from our three largest suppliers of products sold via Nobia but directly from the appliance suppliers to the stores in the Nordic region and the UK. In the product categories of stoves/ovens, the A++, A+, A energy ratings are considered to be "better energy rating classes." In refrigerators/freezers, A-E energy ratings are considered to be "better energy rating classes".

GHG emissions Calculations of climate impact from energy consumption and transportation were based on the guidelines of the GHG Protocol's Corporate Accounting and Reporting, and they encompass all greenhouse gases converted to carbon dioxide equivalents, CO_2e. We apply an operational control strategy. Calculations on internal sustainability data are based on actual data from meters and invoices as far as possible. Information for electricity, heating, business travel and goods transport is based on supplier-specific information. The conversion factors for energy consumption and GHG emissions were localised to our various markets. This means that there are several different factors for some types of energy, depending on where they are used. Data comes from the Swedish Environmental Protection Agency and Swedenergy, and the local equivalents in other countries.

Conversion factors for carbon emissions have been updated for 2023. Some factors have led to lower emissions compared with last year, especially for petrol, since the Group factor is based on Swedish data that was affected by the reduction obligation during the year.

- Oil: 2.69 tCO_2e/m^3
  (for Austria 2.67 tCO_2e/m^3, for the UK 2.76 tCO_2e/m^3)
- Fossil gas 2.2 kgCO_2e/m^3
  (for the Netherlands 1.79 tCO_2e/m^3, for the UK 2.01 tCO_2e/m^3)
- Biogas 0 tCO_2/m^3,
- Biomass (wood): 0.008 kgCO_2e/kg (for the UK 0.015 kgCO_2e/kWh).
- Diesel 2.51 tCO_2 /m^3 (for Austria 2.67 tCO_2e/m^3, for the Netherlands 2.47 tCO_2e/m^3, for the UK 2.51 gCO_2e/m^3),
- Petrol: 2.30 tCO_2 /m^3,
  (for the Netherlands 2.14 tCO_2e/m^3, for the UK 2.19 tCO_2e/m^3),
- Natural gas for vehicles: 2.9 kgCO_2e/kg (for the Netherlands 2.3 kgCO_2e/kg, for the UK 0.21 kgCO_2e/kWh),
- HVO 20: 1.98 kgCO_2/m^3

Electric company cars can also be charged at Nobia's sites where the percentage of renewable electricity is 100% and also outside Nobia's plants. The total percentage of renewable electricity for charging passenger cars is therefore estimated at 50%.

Calculation of Scope 3 emissions is based on a hybrid approach, with actual values when available, otherwise on generic data. We continually work to improve data quality by replacing secondary data with primary data.

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

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

Materiality assessment

Identifying and prioritising impacts

Our sustainability efforts are intended to capitalise on opportunities, limit our negative impact where it is the greatest and minimise our risks. Impact analyses and strategic assessments in consultation with our stakeholders form the basis of our annual materiality assessments. This process enables us to identify any changes that we need to address in our sustainability work. See also below, Dialogue with our stakeholders

Our value chain has been mapped and assessed in terms of activities, business relationships and human and environmental impacts. This analysis was supplemented with GRI's list of disclosures and the ESRS list of sustainability matters and stakeholder engagement and business intelligence to ensure as complete an analysis as possible of all potential sustainability matters that can be reported on.

Input from workshops from various functions in Nobia's operations, such as product development, sourcing, marketing and people & culture has been supplemented with regularly collected data for materials and energy consumption, and waste from existing local analyses. This means that the functions' combined know-how of specific parts of the operations, including the expectations of external stakeholders, could be collected. HR issues were based on discussion with trade unions and input from internal processes for employees from the start to the end of their employment.

Nobia's central sustainability function together with the relevant operating function has assessed the degree of impact and potential impacts for each identified activity and business relationship. Any negative impact that can be linked to each activity has been assessed based on severity, meaning an overall assessment of its scale, scope, and irremediable character. For cases in which impacts were potential, the level of likelihood of occurrence was also assessed.

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

The assessment performed and that forms the basis of the 2023 reporting also provides an indication for next year's work on finalising the data for the annual report according to the CSRD regulations from 2025.

The assessment showed that no new material sustainability matters had emerged. However, during the year, we noted rising interest primarily from our B2B customer for more specific product information, such as life cycle assessments for the products' environmental footprint throughout the value chain in the form of published EPDs. We view this as a step in the right direction to facilitate sustainable choices for customers, which also enables a more systematic approach to both direct and indirect impacts and thus provides a suitable benchmark for assessing and comparing the true sustainability impacts of various action.

Dialogue with our stakeholders

Understanding and listening to the external environment and reflecting upon what we learn is key to identifying our impact and the risk of impacts, as well as understanding future expectations of how we will meet challenges and the opportunities we are presented with. We aim to identify and confirm various issues in our regular local and central dialogues, and also want to cooperate and exert an influence in order to reinforce our sustainability initiatives throughout the value chain. Our stakeholders are players who affect and are affected by Nobia's operations. Information from stakeholder dialogues is regularly addressed and incorporated into our continual strategic activities. These dialogues also provide data for our materiality assessment. Internal functions participating in the process have good insight into how stakeholders assess and prioritise various issues. In connection with the preparations for the new CSRD, we are also reviewing our stakeholder engagement and how we use this to collect valuable information for our continuous and strategic sustainability activities. During the year, we saw rising interest in more product-specific sustainability data in the form of EPDs or detailed customer reports for corporate customers containing information for their life cycle assessments or target fulfilment. A summary by stakeholder group is provided below.

■ Employees

Expectations and our aims for engagement Our employees want to be proud of working at a responsible and sustainable company. We convey how we work with sustainability, what we are doing and how employees are involved, and gather opinions and expectations of how employees want Nobia to be run more sustainably.

Format Annual engagement surveys, anonymous channel, performance appraisals, regular dialogue, local occupational health and safety management systems.

■ Customers

Expectations and our aims for engagement it is primarily professional customers that have express requirements related to sustainability. Through dialogue, we regularly collate demands, requirements and expectations on us as a supplier and for our products. An in-depth survey of expectations for our Local Jewel Brands in the Nordic market was carried out during the year. Strong customer demand for product specific sustainability information and EPDs has been taken into account in the change of strategy to focus more on life cycle assessments at the specific product level.

Format Regular meetings, focus meetings, surveys.

■ Suppliers

Expectations and our aims for engagement When we meet with our suppliers, we seek to emphasise the sustainability topics that we prioritise so that they, in turn, can meet the requirements and expectations that we present related to range, product information, etc, and also to identify synergies and opportunities for partnerships. During the year, we continued to analyse our suppliers' environmental work and climate targets, made efforts to engage with suppliers to set science-based climate targets and discussed product-related environmental data.

Format Regular meetings, evaluations in supplier platform.

■ Owners and investors

Expectations and our aims for engagement Our owners and investors expect Nobia to act responsibly and transparently and to make continuous improvements in profitability, the environment, health and safety, etc. Through dialogue and reporting, we present our work and assure that owners and investors are satisfied with our current and future performance. We received a few questions related to the TNFD and our dependence on wood as a natural resource during the year. We did not receive any direct inquiries relating to data through CDP.

Format Regular dialogue, reporting.

■ Authorities and society

Expectations and our aims for engagement We are subject to direct expectation based on new sustainability legislation and social initiatives introduced by both the EU and at national and local levels.

Format Participates in public debate, responds to consultation requests, mainly through industry collaborations and networks.

■ Academia and organisations

Expectations and our aims for engagement We are following research in relevant areas and partner with universities and organisations to ensure that we base our work on collective knowledge and that it is developed in line with the latest research.

Format Projects, networks.

Impacts, risks and approaches in our value chain
The table below lists our actual and potential impacts based on the phases of our value chain and our approaches to minimise them. Refer also to page 108 for the correlation between the material matters and GRI reporting disclosures. The risk section of this year's report includes information on Nobia's overall risk management process, as well as assessment of the financial climate-related risks and opportunities based on TCFD reporting, see pages 38–44.

	Positive and negative impacts	Risks	Opportunities	Our method
Design and product development	The choice of design and production method is crucial for a physical product, such as the sustainability impact of the kitchen throughout its life cycle.	Primarily transition risks that may require changes to adapt the product offering to new regulatory requirements and changing demand.	Offer solutions that directly reduce the sustainability impact over the product's life cycle and indirectly facilitate a sustainable lifestyle for the user.	Systematic approach to innovation, based on analysis of impacts throughout the life cycle of products.
Sourcing	The choice of suppliers and products can have both positive and negative sustainability impacts in the upstream value chain for the manufacturing and sales of our kitchens. The environment is impacted by the use of resources, waste and emissions and people are affected by access to jobs, labour conditions and effects of retail in society as a whole.	Physical risks that may affect supply chain logistics and access to specific raw materials. Transition risks such as price impact if demands or requirements related to specific value chains are changed. Brand risks from non-compliance with labour law, human rights, environmental requirements and anti-corruption in the supply chain.	Have a positive impact on the sustainability performance of suppliers and subcontractors	Centralised sourcing for key purchasing categories allows for sufficient volumes to adequately define requirements for and control suppliers. Nobia's supplier risk assessment program and audits in accordance with Nobia's Supplier Code of Conduct and added commitments to prevent forced labour and policy to ensure responsible sourcing of raw wood materials.
Manufacturing	The way production is organised and carried out has an impact on the environment through the use of resources, waste and emissions. It also impacts people and society by providing jobs and income, and may have a major impact on the health, safety and well-being of employees.	Physical risks in the event of accidents. Transitional risks if a production facility is forced to relocate or undergo extensive conversions in order to handle the effects of climate change, for example, due to increased risk of flooding.	Measures to increase resource efficiency, improve the working environment and promote health and well-being.	In-depth due diligence when planning new production facilities and reviews of existing facilities. Systematic environmental, occupational health and safety and quality activities in each production facility.
Sales	The sales stage impacts the environment and people depending on how it is structured. Shops provide jobs, enable direct contact with customers and can have many positive effects on the local community but require electricity and energy for heating, customer travel and goods transportation.	Transition risks if customer movement or demand patterns change. Brand risks if business ethics in customer relationships are not maintained.	Many opportunities to market and sell sustainable solutions, by offering and promoting sustainable product choices to customers and planning for sustainable lifestyles in the kitchen.	Regular reviews of the structure of the sales stage and geographic footprint. Training in Nobia's Code of Conduct, product certifications and development of life cycle-based product data to provide guidance on sustainable choices. Development of new business models and partnerships to facilitate a sustainable lifestyle in the kitchen for customers.

	Positive and negative impacts	Risks	Opportunities	Our method
Transportation	The distance that goods and finished products are transported and the means of transport have a major impact on GHG emissions and also effect other types of environmental impact and social factors.	Physical risks linked to accidents or obstacles to access. Transition risks linked to climate-related taxes, fuel prices and changes in occupational health and safety regulations.	Opportunity to plan for reduced transport needs, set requirements for climate-efficient means of transport and conditions for a healthy working environment.	Location of new factory for optimal geographic position for logistics, with future access to rail logistics. Supplier risk assessment program and audits in accordance with Nobia's Supplier Code of Conduct.
Use	Human health can be affected when the product is used by the design and content of the products. Kitchen furnishings have a very low direct environmental footprint when used, although the choices customers make in terms of appliances and, to a certain extent, lighting could affect their future energy use and thus their climate impact.	Physical risks resulting in brand risk if the products contain harmful substances or otherwise pose a danger when used. Transition risks if customer preferences were to suddenly change or if laws change.	The products offered are manufactured by strictly applying the prudence concept. Advice on sustainable choices when planning kitchens with customers.	Product certifications for strict application of the prudence concept and a sound margin over future stricter legal requirements. Make product information available to enable customers to make sustainable choices.
End use	Kitchen furnishings that reach the end of their life cycle have a sustainability impact mainly by impacting the climate and losing natural resources if they are thrown away without being reused or recycled to the maximum extent possible.	Transition risks if laws or demand change.	Extend the lifespan of products and make it possible to renew the look and feel of the kitchen without replacing every item of kitchen furniture. Facilitate future reuse and recycling with the choice of design and materials.	Harmonising dimensions and design of the products (Nordic range) means that these elements can be renewed, supplemented or replaced in the future. Business models and partnerships make it possible to renew kitchens instead of discarding functioning kitchen cabinet structures and promote resale in the second-hand market. Initiatives to develop circular kitchen solutions that facilitate disassembly and reassembly.

Strategic focus areas and our material topics

All of our material topics based on our strategic focus areas are listed below. The topics are linked to the relevant GRI disclosures that regulate the information we report on how we work to minimise our impact. Refer also to the GRI Index on pages 109–112 for further information.

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

GRI Index

Application of standards	Nobia has reported in accordance with GRI Standards for the 1 January 2023–31 December 2023 period
Applied GRI 1	GRI 1: Foundation 2021
Applicable GRI Sector Standards	No Sector Standards available

GRI Universal Standards 2021

				Deviation		
GRI Standard	**Disclosure**	**Name of disclosure**	**Page reference**	**Deviation from requirement**	**Reason**	**Explanation**
General disclosures						
The organisation and its reporting practices						
GRI 2: General disclosures 2021	2-1	Organisational details	3, 30, 35			
GRI 2: General disclosures 2021	2-2	Entities included in the organisation's sustainability reporting	19, 104			
GRI 2: General disclosures 2021	2-3	Reporting period, frequency and contact point	104			
GRI 2: General disclosures 2021	2-4	Restatements of information	104			
GRI 2: General disclosures 2021	2-5	External assurance	89			
Activities and workers						
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	11, 19, 105–107			
GRI 2: General disclosures 2021	2-7	Employees	67	Not specified by different types of employment	Information incomplete	Group-wide HR system being developed
GRI 2: General disclosures 2021	2-8	Workers who are not employees		Not reported	Information incomplete	No data on franchisee employees available
Governance						
GRI 2: General disclosures 2021	2-9	Governance structure and composition	23, 25, 27–28			
GRI 2: General disclosures 2021	2-10	Nomination and selection of the highest governance body	22			
GRI 2: General disclosures 2021	2-11	Chair of the highest governance body	23, 25			
GRI 2: General disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts	23			
GRI 2: General disclosures 2021	2-13	Delegation of responsibility for managing impacts	23			
GRI 2: General disclosures 2021	2-14	Role of the highest governance body in sustainability reporting	23, 25, 103			
GRI 2: General disclosures 2021	2-15	Conflicts of interest	22			
GRI 2: General disclosures 2021	2-16	Communication of critical concerns	24			
GRI 2: General disclosures 2021	2-17	Collective knowledge of the highest governance body	23, 27, 28			
GRI 2: General disclosures 2021	2-18	Evaluation of the performance of the highest governance body	23			
GRI 2: General disclosures 2021	2-19	Remuneration policies	24			
GRI 2: General disclosures 2021	2-20	Process to determine remuneration	35–36			
GRI 2: General disclosures 2021	2-21	Annual total compensation ratio	64	Average employee salary not available	Information incomplete	Group-wide HR system being developed

				Deviation		
GRI Standard	**Disclosure**	**Name of disclosure**	**Page reference**	**Deviation from requirement**	**Reason**	**Explanation**
Strategy, policies and practices						
GRI 2: General disclosures 2021	2-22	Statement on sustainable development strategy	5–6			
GRI 2: General disclosures 2021	2-23	Policy commitments	102–103			
GRI 2: General disclosures 2021	2-24	Embedding policy commitments	93–103			
GRI 2: General disclosures 2021	2-25	Processes to remediate negative impacts	93–103			
GRI 2: General disclosures 2021	2-26	Mechanisms for seeking advice and raising concerns	102			
GRI 2: General disclosures 2021	2-27	Compliance with laws and regulations	102			
GRI 2: General disclosures 2021	2-28	Membership associations	102			
Stakeholder engagement						
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	105			
GRI 2: General disclosures 2021	2-30	Collective bargaining agreements	100			
MATERIAL TOPICS						
GRI 3: Material topics 2021	3-1	Process to determine material topics	105–107			
GRI 3: Material topics 2021	3-2	List of material topics	108			
Economic performance						
GRI 3: Material topics 2021	3-3	Management of material topics, 201	30–37			
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	102			
Anti-corruption						
GRI 3: Material topics 2021	3-3	Management of material topics, 205	102			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	102			
	205-2	Communication and training about anti-corruption policies and procedures	102	Not broken down by category	Information incomplete	
	205-3	Confirmed incidents of corruption and actions taken	102			
Materials 2016						
GRI 3: Material topics 2021	3-3	Management of material topics, 301	95–96			
GRI 301: Materials 2016	301-1	Materials used by weight or volume	96	Only wood	Information incomplete	Wood is our primary material
	301-2	Recycled input materials used	96			
Energy 2016						
GRI 3: Material topics 2021	3-3	Management of material topics, 302	97–98			
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	98			
	302-3	Energy intensity	98			
Biodiversity 2016						
GRI 3: Material topics 2021	3-3	Management of material topics, 304	96			
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	96			
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	96			

GRI Standard	Disclosure	Name of disclosure	Page reference	Deviation		
				Deviation from requirement	Reason	Explanation
Emissions 2016						
GRI 3: Material topics 2021	3-3	Management of material topics, 305	97–98			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	97–98			
	305-2	Energy indirect (Scope 2) GHG emissions	97–98			
	305-3	Other indirect (Scope 3) GHG emissions	97–98			
	305-4	GHG emissions intensity	98			
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	96	Only VOC emissions	Other emissions are not applicable	Other emissions are not deemed to be material
Waste 2020						
GRI 3: Material topics 2021	3-3	Management of material topics, 306	95–96			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	96			
	306-2	Management of significant waste-related impacts	96			
	306-3	Waste generated	96			
	306-4	Waste diverted from disposal	96			
	306-5	Waste directed to disposal	96			
Supplier Environmental Assessment 2016						
GRI 3: Material topics 2021	3-3	Management of material topics, 308	101			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	101			
	308-2	Negative environmental impacts in the supply chain and actions taken	101	The impact on the environment and people has been combined	Information incomplete	Combined process
Occupational Health and Safety 2018						
GRI 3: Material topics 2021	3-3	Management of material topics, 403	99–100			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	99–100			
	403-2	Hazard identification, risk assessment, and incident investigation	99–100			
	403-3	Occupational health services	99–100			
	403-4	Worker participation, consultation, and communication on occupational health and safety	99–100			
	403-5	Worker training on occupational health and safety	99–100			
	403-6	Promotion of worker health	99–100			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	99–100			
	403-8	Workers covered by an occupational health and safety management system	99–100			
	403-9	Work-related injuries	100			
Training and Education 2016						
GRI 3: Material topics 2021	3-3	Management of material topics, 404	99			
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	99	Not broken down by gender or category	Information incomplete	Group-wide HR system being developed

				Deviation		
GRI Standard	**Disclosure**	**Name of disclosure**	**Page reference**	**Deviation from requirement**	**Reason**	**Explanation**
Diversity and equal opportunity 2016						
GRI 3: Material topics 2021	3-3	Management of material topics, 405	100			
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	100			
Non-discrimination 2016						
GRI 3: Material topics 2021	3-3	Management of material topics, 406	100			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	102			
Forced or Compulsory Labour 2016						
GRI 3: Material topics 2021	3-3	Management of material topics, 409	101–102			
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	101			
Supplier Social Assessment 2016						
GRI 3: Material topics 2021	3-3	Management of material topics, 414	101			
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	101			
	414-2	Negative social impacts in the supply chain and actions taken	101	The impact on people and the environment has been combined	Information incomplete	Combined process
Customer Health and Safety 2016						
GRI 3: Material topics 2021	3-3	Management of material topics, 416	94			
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	94			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	93			
Marketing and Labelling 2016						
GRI 3: Material topics 2021	3-3	Management of material topics, 417	93–94			
GRI 417: Marketing and Labelling 2016	417-1	Requirements for product and service information and labelling	93–94			
	417-2	Incidents of non-compliance concerning product and service information and labelling	93			

UN Global Compact

Mapping in relation to Global Compact		**Page**
Human rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	99–102
Principle 2	make sure that they are not complicit in human rights abuses.	99–102
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	99–102
Principle 4	the elimination of all forms of forced and compulsory labour;	101–102
Principle 5	the effective abolition of child labour; and	101–102
Principle 6	the elimination of discrimination in respect of employment and occupation.	101–102

Mapping in relation to Global Compact		**Page**
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	93–98, 101–102
Principle 8	undertake initiatives to promote greater environmental responsibility: and	93–98, 101–102
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	93–98. 101–102
Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	101–102

EU Taxonomy Report

Nobia's taxonomy report is prepared in accordance with the EU regulatory framework for taxonomy. The purpose of these regulations is to direct investments towards sustainable projects and activities in line with the EU action plan on sustainable finance. An account is provided below of our Group's turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the 2023 reporting year, the total and the proportion attributable to taxonomy-eligible economic activities in accordance with Article 8 of the Taxonomy Regulation.

Definitions

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

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

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

Taxonomy-eligible economic activities

None of Nobia's turnover for 2023 is taxonomy-eligible. The taxonomy-eligible economic activities pertain to the environmental objective of climate change mitigation and the related activities for buildings that are included in the environmental objective of circular economy. The taxonomy-eligible economic activities are 7.1 Construction of new buildings, 7.2 Renovation of existing buildings, 7.3 Installation, maintenance and repair of energy efficiency equipment, 7.7 Acquisition and ownership of buildings, 6.5 Transport by motorbikes, passenger cars and light commercial vehicles and 6.6 Freight transport services by road. We do not conduct our own activities in, for example, restoration or sale of second-hand goods under environmental objective Circular economy, and instead in this respect we refer to our cooperation with external players, see page 95. CapEx for activity 7.3 Installation, maintenance and repair of energy efficiency equipment can probably be considered to be taxonomy-aligned, but are reported here as taxonomy-non-aligned since we were unable to verify against the clarifications of the "do no significant harm" (DNSH) criteria and the updated Annex C as they were issued during the year.

Taxonomy-aligned economic activities

The construction of Nobia's new factory in Jönköping, Sweden, means that Nobia has the economic activity of construction of new buildings. The Swedish Construction Federation and the Swedish Property Federation have prepared Swedish interpretation criteria for the first and second environmental objectives of the Taxonomy as regards the construction and renovation of existing buildings and the acquisition and ownership of buildings. These criteria were being prepared ahead of reporting in 2022 and were not completed until 2023 which is reason that after having studied the criteria we can now include this activity as taxonomy-aligned for 2023. This new factory is being constructed in accordance with strict environmental requirements and the building will hold BREEAM certification at the Excellent level. The primary energy requirements of the building will meet the requirements for construction of buildings by a healthy margin, in line with the Taxonomy objective of making a substantial contribution to climate change mitigation. Measurements of compressed air and climate calculations are being carried out during the project, which enables complete climate calculations for all components and the entire life span of the building on completion. All criteria for doing no significant harm to any of the other environmental objectives and the minimum safeguards under the Taxonomy are addressed in the project, and verified in connection with verifications for BREEAM certification.

In addition to complying with Swedish law and having sound procedures for self-monitoring in place, a detailed logbook has been kept for the project and Byggvarubedömningen's criteria have been applied in the selection of materials. A few necessary deviations have been made from Byggvarubedömningen's criteria, which are deemed to be in line with the EU taxonomy requirements. All water installations are more economical than the Taxonomy's technical screening criteria prescribe, and an environmental impact assessment and vulnerability assessment for climate change were carried out before the start of the project and supplemented with a BREEAM assessment that has confirmed that the measures performed are appropriate and meet the Taxonomy's requirements. The building is a factory building that offers excellent flexibility for the future, designed to be resource efficient and possible to dismantle. The Swedish Construction Federation's Resource and waste guidelines for constructions from 2023 have been met and the level of sorting for recycling materials is far above 70%.

KPI related to turnover

Nobia's turnover does not currently have any taxonomy-eligible economic activities as described in the delegated acts. Net turnover is taken from the Consolidated income statement line Net sales.

KPI related to CapEx

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

KPI related to OpEx

The KPI related to OpEx is defined as taxonomy-eligible OpEx (numerator) divided by our total OpEx (denominator). OpEx includes all other direct costs related to the fixed asset such as service and maintenance. Costs for operating the factories such as raw materials, personnel costs, electricity and heating are not included.

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

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Turnover[1)]

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	Turnover	Proportion of turnover, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity
Text		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable (taxonomy-aligned) activities (A.1)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Of which Enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Of which Transitional		–	–	–						–	–	–	–	–	–	–	–		–
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		–	–	–	–	–	–	–	–								–		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		–	–	–	–	–	–	–	–								–		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities		13,373	100%																
TOTAL		13,373	**100%**																

1) Proportion of net turnover from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2023.

If applicable:

	PROPORTION OF TURNOVER/TOTAL TURNOVER	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	N/A	N/A
CCA	N/A	N/A
WTR	N/A	N/A
CE	N/A	N/A
PPC	N/A	N/A
BIO	N/A	N/A

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective

CapEx[2]

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	CapEx	Proportion of CapEx, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity
Text		SEK m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Construction of new buildings	**CCM 7.1** / CE 3.1	1,251	55%	Y	N/EL	N/EL	N/EL	–	N/EL	–	Y	Y	Y	Y	Y	Y	–	–	–
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1,251**	**55%**	**55%**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**		
Of which Enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Of which Transitional		–	–	–						–	–	–	–	–	–	–	–		–
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	15	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Freight transport services by road	CCM 6.6	11	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5%		
Construction of new buildings	CCM 7.1	–	–	–	–	–	–	–	–								53%		
Renovation of existing buildings	CCM 7.2 / CE 3.2	181	8%	EL	N/EL	N/EL	N/EL	EL	N/EL								21%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	3	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Acquisition and ownership of buildings	CCM 7.7	423	19%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								17%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**633**	**28%**	**28%**	**–**	**–**	**–**	**–**	**–**								**42%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**1,884**	**83%**	**83%**	**–**	**–**	**–**	**–**	**–**								**95%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		391	17%																
TOTAL		2,275	**100%**																

[2] Proportion of CapEx from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2023.

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective

If applicable:

	PERCENTAGE OF CAPEX/TOTAL CAPEX	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	55%	83%
CCA	N/A	N/A
WTR	N/A	N/A
CE	N/A	55%
PPC	N/A	N/A
BIO	N/A	N/A

OpEx[3]

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	OpEx	Proportion of OpEx, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity
Text		SEK m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Of which Enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Of which Transitional		–	–	–						–	–	–	–	–	–	–	–		–
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	24	15%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Freight transport services by road	CCM 6.6	22	13%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Renovation of existing buildings	CCM 7.2 / CE 3.2	39	24%	EL	N/EL	N/EL	N/EL	EL	N/EL								95%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**85**	**52%**	–	–	–	–	–	–								**95%**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**85**	**52%**	–	–	–	–	–	–								**95%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		80	48%																
TOTAL		165	**100%**																

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3) Proportion of OpEx from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2023.

PERCENTAGE OF OPEX/TOTAL OPEX		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	%	52%
CCA	%	%
WTR	%	%
CE	%	24%
PPC	%	%
BIO	%	%

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective

Other information

The share and shareholders

The Nobia share is listed on Nasdaq Stockholm and is included in the Consumer Discretionary sector in the Mid Cap segment. In 2023 the share price declined by 49%. Market capitalisation at year-end was SEK 1.9 billion.

Listing and turnover

The Nobia share has been listed on Nasdaq Stockholm since 2002. The majority of the shares are traded on Nasdaq Stockholm, but some shares are also traded on other marketplaces. In January 2022 the share was moved from the Large Cap segment to the Mid Cap segment since its average market capitalisation in November 2021 was below a value corresponding to EUR 1 billion. In 2023, a total of 126 million Nobia shares (91) were traded on Nasdaq Stockholm at a value of SEK 1.5 billion (3.0). The average turnover per day was approximately 503,000 shares (359,000), corresponding to a value of SEK 6.1m (11.7). The Nobia share's liquidity, measured as rate of turnover, totalled 66% (55). The average rate of turnover on the Stockholm exchange was 48% (50).

Share performance

The share price declined 49% during the year, compared with the Stockholm exchange in total, which increased approximately 14% in the same period. The closing price for the Nobia share in 2023 was SEK 11.0. The highest paid price per share during the year was SEK 24.0, while the lowest was SEK 7.6.

Share capital

On 31 December 2023, Nobia's share capital amounted to SEK 56,763,597, divided between 170,293,458 shares with a quotient value of SEK 0.33. Each share, with the exception of bought-back treasury shares, entitles the holder to one vote, and carries the same entitlement to the company's capital and profits.

Dividend policy

Nobia's dividend policy is that the dividend should comprise a minimum of 40% of net profit after tax. Investment requirements, acquisition opportunities, liquidity and the financial position of the company in general are taken into consideration when preparing dividend proposals.

Share data
Listing: Nasdaq Stockholm, Mid Cap
Ticker: NOBI
Sector: Consumer Products and Services
ISIN code: SE0000949331

Analysts that follow Nobia

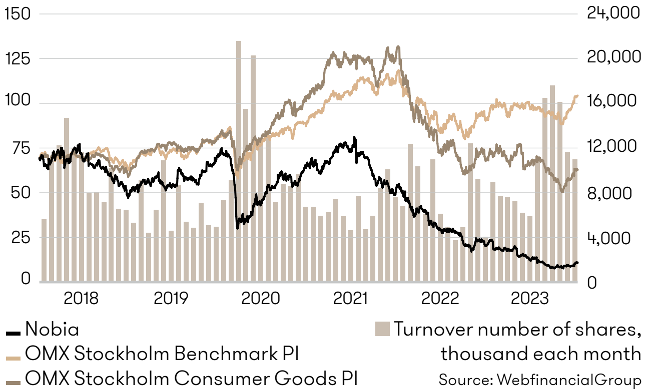
Company	Analyst
Carnegie	Sofia Sörling
DNB Markets	Hanna Lindbo
Handelsbanken	Rasmus Engberg
Nordea	Mona Kilsgård

Proposed dividend
The Board proposes that no dividend be paid for 2023 given the earnings trend and temporarily high investment level, primarily related to building the new factory.

Treasury shares
At the end of 2023, Nobia owned 2,040,637 treasury shares, corresponding to 1.2% of the total number of shares issued. The purpose of treasury shares is to safeguard Nobia's commitments under the Group's share-based remuneration plan.

Ownership structure
At year-end, Nobia had approximately 20,000 shareholders. Swedish ownership was 73% (71). The largest foreign shareholdings were in the US, with approximately 7% (13), and Luxembourg and Belgium, with approximately 4.2% (4.5) and 5.6% (3.0) respectively. The five largest owners together owned 54% of shares at year-end.

Shareholdings among persons in senior positions
At the time of publication of this Annual Report, the Executive Committee owned, directly and indirectly, 2,145,510 shares and call options (2,137,249) in Nobia. Nobia's Board members had corresponding holdings of 414,769 shares and call options (391,000).



Source: WebfinancialGroup

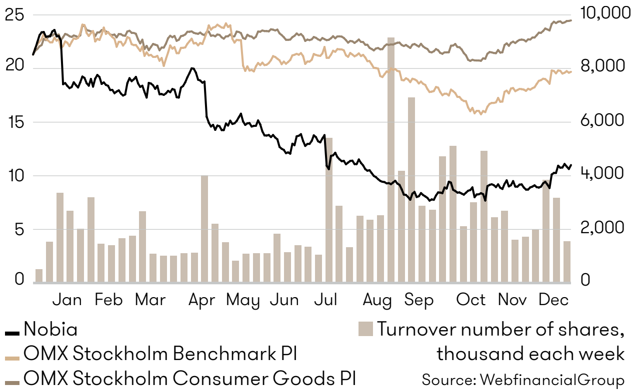
Ownership structure, 31 December 2023

	Number of shareholders	Percentage of shareholders	No. of shares	Percentage of shareholders
1–500	12,715	64	1,786,517	1.0
501–1,000	2,513	13	2,038,364	1.2
1,001–5,000	3,383	17	8,040,920	4.7
5,001–10,000	678	3	5,067,403	3.0
10,001–15,000	216	1	2,759,970	1.6
15,001–20,000	104	1	1,871,566	1.1
20,001–	352	2	148,728,718	87.3
Total	19,961		170,293,458	

Largest owners, 31 December 2023

Shareholders	No. of shares	Percentage of capital, %
Nordstjernan	42,432,410	24.9
IF Skadeförsäkring	18,200,000	10.7
Fourth Swedish National Pension Fund	15,863,071	9.3
Avanza Pension	3,750,767	2.2
Nordnet Pensionsförsäkring	2,371,476	1.4
E. Öhman J:or Fonder	2,358,954	1.4
Dimensional Fund Advisors	2,342,072	1.4
Handelsbanken Fonder	1,715,394	1.0
SEB Investment Management	1,229,926	0.7
Handelsbanken LIV	1,195,886	0.7
The 10 largest owners	**91,459,956**	**48.5**

Source: Euroclear Sweden



Source: WebfinancialGroup

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

Data per share

	2019	2020	2021	2022	2023
No. of shares at year-end (millions)	170.3	170.3	170.3	170.3	170.3
No. of shares at year-end after dilution (millions)	169.3	169.3	168.6	168.5	168.5
Average no. of shares at year-end after dilution (millions)	169.0	169.3	170.0	168.4	
Share price at year-end, SEK	69.80	65.85	54.50	21.30	11.0
Earnings per share after dilution, SEK	4.79	1.50	4.18	-0.01	
Shareholders' equity per share, SEK	25	24	29	28	
Dividend per share, SEK	0	2.00	2.50	0	0[1]
P/E ratio, multiple	15	44	8	–	–
Direct yield, %	0	3.0	4.6	–	–
Share of dividend, %	0	133	60	–	–

[1] No dividends are proposed for 2023.

Five-year overview

SEK m	2019	2020	2021	2022	2023
Income statement					
Net sales	13,930	12,741	13,719	14,929	13,373
Change in %	5	–9	8	9	–10
Gross profit	5,305	4,444	5,278	5,363	4,644
Operating profit	1,132	437	1,009	191	–99
Financial income	1	7	148	267	28
Financial expenses	–94	–91	–250	–428	–302
Profit after financial items	**1,039**	**353**	**907**	**30**	**–373**
Tax on net profit for the year	–229	–100	–201	–32	26
Profit for continuing operations	810	253	706	–2	–347
Profit from discontinued operations, net after tax	–	–	–	–	–
Net profit for the year	**810**	**253**	**706**	**–2**	**–347**
Net profit for the year attributable to:					
Parent Company shareholders	810	253	706	–2	–347
Non-controlling interests	–	–	–	–	–
Net profit for the year	**810**	**253**	**706**	**–2**	**–347**
Balance sheet					
Fixed assets	7,641	6,806	7,212	8,933	9,092
Inventories	1,145	1,035	1,211	1,478	1,218
Current receivables	1,803	1,609	1,784	2,021	1,759
Cash and cash equivalents	257	635	422	340	412
Assets held for sale	–	–	–	–	1,134
Total assets	**10,846**	**10,085**	**10,629**	**12,772**	**13,615**
Shareholders' equity	4,277	4,034	4,923	4,715	4,328
Non-controlling interests	–	–	–	–	–
Non-interest-bearing liabilities	2,487	3,027	3,268	3,735	3,398
Interest-bearing liabilities	4,082	3,024	2,438	4,322	5,799
Liabilities attributable to assets held for sale	–	–	–	–	90
Total shareholders' equity and liabilities	**10,846**	**10,085**	**10,629**	**12,772**	**13,615**
Net debt including pensions	3,819	2,387	2,014	3,980	5,383
Capital employed	8,359	7,058	7,368	9,037	10,126
Operating capital	8,096	6,421	6,937	8,695	9,711

SEK m	2019	2020	2021	2022	2023
Performance measures					
Gross margin, %	38.1	34.9	38.5	35.9	34.7
Operating margin, %	8.1	3.4	7.4	1.3	–0.7
Operating profit before depreciation/amortisation and impairment (EBITDA)	1,967	1,426	1,809	1,090	771
Operating margin before depreciation/amortisation and impairment, %	14.1	11.2	13.2	7.3	5.8
Profit after financial items as a percentage of net sales	7.5	2.8	6.6	0.2	–2.8
Turnover rate of operating capital, multiple	1.7	2.0	2.0	1.7	1.4
Return on operating capital, %	14.2	6.0	15.1	2.4	–1.1
Return on equity, %	20.4	6.1	15.9	0.0	–7.7
Debt/equity ratio, %	89	59	41	84	124
Equity/assets ratio, %	39	40	46	37	32
Cash flow from operating activities	1,633	2,068	1,540	919	890
Investments	465	308	892	1,684	1,717
Earnings per share after dilution	4.79	1.50	4.18	–0.01	–2.07
Dividend per share, SEK	0.00	2.00	2.50	0.00	0.00[1]
Personnel					
Average number of employees	6,161	5,977	6,041	6,244	5,571
Net sales per employee, SEK thousands	2,280	2,159	2,267	2,438	2,516
Personnel expenses	3,343	3,357	3,503	3,991	3,789
Number of employees at year-end	6,109	5,901	6,052	6,123	5,315

[1] The Board's proposal.

Reconciliation of alternative performance measures

Nobia presents certain financial performance measures in the Annual Report that are not defined according to IFRS, known as alternative performance measures. Nobia believes that these measures provide valuable complementary information to investors and the company's management since they facilitate assessments of trends and the company's performance. Because not all companies calculate performance measures in the same way, these are not always comparable with those measures used by other companies. Consequently, the performance measures are not to be seen as replacements for measures defined according to IFRS. For definitions of the performance measures that Nobia uses, see page 122.

Analysis of net sales Nordic region

	%	SEK m
2022		8,030
Organic growth	–17	–1,451
Currency effect	3	276
2023	**–15**	**6,855**

Analysis of net sales UK region

	%	SEK m
2022		5,000
Organic growth	–15	–793
Currency effect	5	294
2023	**–10**	**4,501**

Analysis of net sales Portfolio Business Units region

	%	SEK m
2022		1,899
Organic growth	–1	–22
Currency effect	7	140
2023	**6**	**2,017**

Operating profit before depreciation/amortisation and impairment

SEK m	2022	2023
Operating profit	191	–99
Depreciation/amortisation and impairment	899	870
Operating profit before depreciation/ amortisation and impairment (EBITDA)	**1,090**	**771**
Net sales	14,929	13,373
% of net sales	**7.3%**	**5.8%**

Operating profit before depreciation/amortisation and excl. IFRS 16 and items affecting comparability

SEK m	2022	2023
Operating profit before depreciation/ amortisation and impairment (EBITDA)	1,090	771
IFRS 16 Leases	–522	–556
EBITDA impact items affecting comparability	210	239
Operating profit before depreciation/ amortisation and excl. IFRS 16 and items affecting comparability	**778**	**454**

Operating profit excl. items affecting comparability[1]

SEK m	2022	2023
Operating profit/loss	191	–99
Items affecting comparability	306	317
Operating profit excl. items affecting comparability	**497**	**218**

[1] Items affecting comparability are also described on page 32.

Operating margin excl. items affecting comparability

%	2022	2023
Operating margin, %	1.3	–0.7
Impact on margin if items affecting comparability are excluded, %	2.0	2.3
Operating profit excl. items affecting comparability	**3.3**	**1.6**

Profit after tax excl. items affecting comparability

SEK m	2022	2023
Loss after tax	–2	–347
Items affecting comparability net after tax	243	252
Profit/loss after tax excl. items affecting comparability	**241**	**-95**

Items affecting comparability per function

SEK m	2022	2023
In gross profit	–31	–181
In operating profit	–306	–317
In taxes	63	65
In profit after tax	**–243**	**–252**

Items affecting comparability in gross profit per region

SEK m	2022	2023
Nordic	–22	–101
UK	–4	–59
Portfolio Business Units	–	–21
Group-wide and eliminations	–5	0
Group	**–31**	**–181**

Items affecting comparability in operating profit per region

SEK m	2022	2023
Nordic	–91	–214
UK	–115	–65
Portfolio Business Units	–	–37
Group-wide and eliminations	–100	–1
Group	**–306**	**–317**

Items affecting comparability in operating profit per item

SEK m	2022	2023
Restructuring costs	–131	–233
Factory transition costs	–72	–82
Capital gain	–	112
Reversal write-downs	–	57
Impairments and writedown	–103	–171
Total	**–306**	**–317**

Net debt

SEK m	2022	2023
Provisions for pensions (IB)	384	350
Other long-term liabilities, interest-bearing (IB)	3,599	5,160
Current liabilities, interest-bearing (IB)	339	288
Interest-bearing liabilities	**4,322**	**5,798**
Long-term receivables, interest-bearing (IB)	0	0
Current receivables, interest-bearing (IB)	2	3
Cash and cash equivalents (IB)	340	412
Interest-bearing assets	**342**	**415**
Net debt	**3,980**	**5,383**

Net debt excl. IFRS 16 Leases

SEK m	2022	2023
Net debt	**3,980**	**5,383**
Of which, IFRS 16 Leases	1,757	1,569
Of which, provisions for pensions	384	350
Net debt excl. IFRS 16 Leases	**2,223**	**3,814**
Net debt excl. IFRS 16 Leases and provisions for pensions	**1,839**	**3,464**

Operating capital

SEK m	2022	2023
Total assets	**12,772**	**13,615**
Other provisions	–40	–29
Deferred tax liabilities	–60	–55
Other long-term liabilities, non-interest-bearing	–4	0
Current liabilities, non-interest-bearing	–3,631	–3,405
Non-interest-bearing liabilities	**–3,735**	**–3,489**
Capital employed	**9,037**	**10,126**
Interest-bearing assets	–342	–415
Operating capital	**8,695**	**9,711**

Average operating capital

SEK m	2022	2023
OB Operating capital	6,973	8,695
CB Operating capital	8,695	9,711
Average operating capital	**7,816**	**9,203**

Average capital employed

SEK m	2022	2023
OB Capital employed	7,361	9,037
CB Capital employed	9,037	10,126
Average operating capital	**8,199**	**9,582**

Average shareholders' equity

	2022	2023
OB Equity attributable to Parent Company shareholders	4,923	4,715
CB Equity attributable to Parent Company shareholders	4,715	4,328
Average shareholders' equity	**4,819**	**4,522**

Definitions – Performance measures

Performance measures	Definition/calculation	Use
Return on equity	Profit after tax as a percentage of average shareholders' equity attributable to Parent Company shareholders based on opening and closing balances for the period. The calculation of average shareholders' equity has been adjusted for increases and decreases in capital.	Return on equity shows the total return on shareholder's capital in accounting terms and reflects the effects of both the operational profitability and financial gearing. The measure is primarily used to analyse shareholder profitability over time.
Return on operating capital	Operating profit as a percentage of average operating capital based on opening and closing balances for the period excluding net assets attributable to discontinued operations. The calculation of average operating capital has been adjusted for acquisitions and divestments.	Return on operating capital shows how well the operations use net capital that is tied up in the company. It reflects how both cost and capital efficiency net sales are generated, meaning the combined effect of the operating margin and the turnover rate of operating capital. The measure is used in profitability comparisons between operations in the Group and to view the Group's profitability over time.
Gross margin	Gross profit as a percentage of net sales.	This measure reflects efficiency of the part of the operations that is primarily linked to production and logistics. It is used to monitor cost efficiency in this part of the operation.
EBITDA	Earnings before depreciation/amortisation and impairment.	To simplify, this measure shows the earnings-generating cash flow in the operation. It provides a view of the ability of the operation, in absolute terms, to generate resources for investment and payment to financiers and is used for comparisons over time.
EBITDA margin	Earnings before depreciation/amortisation and impairment as a percentage of net sales.	
Items affecting comparability	Items affecting comparisons in so far as they do not recur with the same regularity as other items. For example, restructuring costs and material one-off items pertaining to sales and impairment of assets.	Reporting items affecting comparability separately clearly shows the performance of the underlying operation.

Performance measures	Definition/calculation	Use
Net debt	Interest-bearing liabilities less interest-bearing assets. Interest-bearing liabilities also include pension liabilities and lease liabilities.	Net debt is used to monitor the debt trend and see the level of the refinancing requirement, pension and lease liabilities. The measure is used as a component in the debt/equity ratio.
Operating capital	Capital employed excluding interest-bearing assets.	Operating capital shows the amount of capital required by the operations to conduct its core operation. This is the capital that generates operating profit. It is mainly used to calculate the return on operating capital.
Operating cash flow	Cash flow from operating activities including cash flow from investing activities, excluding cash flow from acquisitions/divestments of operations, interest received, increase/decrease in interest-bearing assets.	The measure comprises the cash flow generated by the underlying operation. The measure is used to show the amount of funds at the Group's disposal for paying financiers of loans and equity or for use in growth through acquisitions.
Organic growth	Change in net sales excluding acquisitions and divestments and changes in exchange rates.	Organic growth facilitates a comparison of sales over time by comparing the same operations and excluding currency effects.
Region	Region corresponds to an operating segment under IFRS 8.	
Earnings per share	Net profit for the period divided by a weighted average number of outstanding shares during the period.	Earnings per share is a common profitability metric used to value a company's total shares outstanding.
Earnings per share after dilution	Earnings per share, adjusted for the dilutive effect of any potential shares related to outstanding Performance Share Plans.	

Performance measures	Definition/calculation	Use
Operating margin	Operating profit as a percentage of net sales.	The measure reflects the operating profitability of the operations. It is used to monitor the profitability and efficiency of the operations, before taking into account capital tied up. The performance measure is used both internally in governance and monitoring of the operation, and for benchmarking with other companies in the industry.
Debt/equity ratio	Net debt as a percentage of shareholders' equity including non-controlling interests.	A measure of the ratio between the Group's two forms of financing. The measure shows the percentage of the loan capital in relation to capital invested by the owners, and is thus a measure of the financial strength but also the gearing effect of lending. A higher debt/equity ratio means a higher financial risk and higher financial gearing.
Equity/assets ratio	Shareholders' equity including non-controlling interests as a percentage of balance-sheet total.	This performance measure reflects the company's financial position and thus its long-term solvency. A healthy equity/assets ratio/strong financial position provides preparedness for managing periods of economic downturn and financial preparedness for growth. It also provides a minor advantage in the form of financial gearing.

Performance measures	Definition/calculation	Use
Capital employed	Balance-sheet total less non-interest-bearing provisions and liabilities.	The capital that shareholders and lenders have placed at the company's disposal. It shows the net capital invested in the operations, such as operating capital, with additions for financial assets.
Currency effects	Translation differences refers to the currency effects arising when foreign results and balance sheets are translated to SEK. Transaction effects refers to the currency effects arising when purchases or sales are made in currency other than the currency of the producing country (functional currency).	
Debt/equity ratio	Refers to the ratio between net debt and EBITDA. It is measured excluding the effect of IFRS 16 Leases, pension liabilities and items affecting comparability.	It illustrates the number of years it would take to repay outstanding debt if the numerator and denominator remain unchanged.

2024 Annual General Meeting

Nobia AB (publ), reg. no. 556528–2752 will hold its Annual General Meeting (AGM) on Tuesday, 14 May 2024 at 1:00 p.m. CEST at World Trade Center (Room: Manhattan), Klarabergsviadukten 70 in Stockholm.

Right to participate at the AGM

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

- firstly, be included in the shareholders register maintained by Euroclear Sweden AB ("Euroclear") as of Friday, 3 May 2024; and,
- secondly notify Nobia of their participation at the Annual General Meeting not later than Tuesday, 7 May 2024 in accordance with the instructions set out in the section "Notice of attendance".

Nominee shares

In order to be entitled to participate in the Meeting, a shareholder whose shares are registered in the name of a nominee must, in addition to giving notice of participation in the Meeting, register its shares in its own name so that the shareholder is listed in the presentation of the share register as of the record date Friday, 3 May 2024. Such re-registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee, in accordance with the nominee's routines, at such time in advance as decided by the nominee. Voting rights registration that have been made by the nominee no later than Tuesday, 7 May 2024 will be taken into account in the presentation of the share register.

Notice of attendance

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

- By e-mail: GeneralMeetingService@euroclear.com
- By telephone: 08-402 91 33
- By post: Nobia AB, "Annual General Meeting", c/o Euroclear Sweden, Box 191, SE-101 23 Stockholm, Sweden
- Through Euroclear's website: https://anmalan.vpc.se/EuroclearProxy

The shareholder's notification must state:

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

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

Dividends

The Board of Directors proposes that no dividend be paid for the 2023 fiscal year.

Annual Report

The Nobia Annual Report is published in Swedish and English, and both versions are available for download at nobia.com.

Financial information www.nobia.com/ir

Nobia's objective is to facilitate the valuation of the company by the stock market through clear information. The provision of information is based mainly on quarterly financial reporting, press releases, information on the website, company presentations and meetings with shareholders, analysts and investors.

Financial calendar 2024

14 May, Interim report January–March 2024.

18 July, Interim report January–June 2024.

22 October, Interim report January–September 2024.

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