

AUDITOR'S REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Nobia AB (publ) for the financial year 2018-01-01–2018-12-31. The annual accounts and consolidated accounts of the company are included on pages 41-89 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 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 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Key Audit Matters

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

Revenue Recognition

The group reported revenue of SEK 13 209 millions as of 31 December 2018 which mainly consists of sales related to kitchens and kitchen equipment, and for some sales also installation services. Within the group revenue related to kitchens and pertaining products is recognized at a point in time upon delivery of the goods to the customer, which is the point in time when the customer accepts the delivery, and receives control over the products and the group have fulfilled their performance obligations. Revenue related to installations is recognized over time when the installation is performed.

We have identified this as a key audit matter since revenue has a significant impact on the financial reporting and consists of a large amount of transactions as well as are dependent on customer specific agreements, delivery terms and installation which affect the completeness and timing

of recognized revenue. For the groups principles on revenue recognition, refer to note 1 and note 3 regarding accounting of operating segments.

Our Audit Procedures

Our audit procedures included but were not limited to:

- evaluation of the company's accounting principles regarding revenue including transition to the new accounting standards for revenue, IFRS 15 Revenue from contracts with customers
- gained an understanding of the company's routines and evaluating internal controls regarding revenue recognition including IT-systems used
- review of a selection of transactions to ensure accurate revenue recognition in accordance with agreements and in the correct period
- review of margin analysis' as well as analysis of revenue against previous years and budget
- review of the adoption of appropriate accounting principles and that the required disclosures are included in the annual report and consolidated accounts

Impairment Tests of Goodwill

As of 31 December 2018, the group reported goodwill of SEK 2 887 millions. On a yearly basis, and when there is an indication of impairment, Nobia tests that the carrying value of assets does not exceed the calculated recoverable amounts for these assets. The recoverable amounts are determined using present value computation of future cash flows per cash generating unit based on the expected outcome of a number of assumptions based on management's business plan and forecasts.

We have identified this as a key audit matter as the company's goodwill is a material item in the balance sheet and the impairment test have considerable elements of management judgements which among others comprise of estimating future cash flows and calculate weighted average capital cost ("WACC").

For the group's principles on impairment tests of intangible and tangible fixed assets refer to note 1 and for material assumptions used in this year's impairment tests refer to note 14.

Our Audit Procedures

Our audit procedures included but were not limited to:

- evaluation of the group's principles for the preparation of impairment tests in accordance with IFRS
- evaluation of material assumptions as well as the sensitivity to change in these assumptions
- involving internal valuation expert, mostly related to assumptions on required return in relation to external markets
- review of the discounted future cash flow model for arithmetic accuracy
- examination of the completeness of the disclosures for impairment tests in the annual report and group consolidation.

Acquisition of Bribus B.V

On July 13, 2018 Nobia AB announced their acquisition of Bribus Holding B.V for a purchase price of SEK 560 millions and an conditional additional purchase price of SEK 51 millions.

The accounting for acquisitions requires significant estimates and assumptions from management. The most important assumption is the allocation of the purchase price to acquired assets and assumed liabilities and necessary adjustments to the group's accounting principles

We have assessed the accounting for the acquisition to be a key audit matter due to the inherent degree of judgment regarding the valuation of acquired assets and liabilities, as well as assessment on future cashflows and earnings as the additional purchase price is dependent on future earnings in Bribus B.V.

For the Group's accounting principles of acquired companies, please refer to the accounting principles in note 1 and for the purchase price allocation for the acquisition, please refer to note 33.

Our Audit Procedures

Our audit procedures included but were not limited to:

- Review of the share purchase agreement and the groups valuation of acquired assets and assumed liabilities
- We have reviewed the purchase price mechanism in the agreement and evaluated management's estimates of future earnings.
- Evaluated the appropriateness of the disclosures made in the annual report.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–40 and 96–108. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

An additional description of our responsibility for the audit of the annual accounts and the consolidated accounts is on the Swedish Inspectorate of Auditors web page: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the auditor's report.

REPORT ON OTHER REQUIREMENTS ACCORDING TO LAWS AND REGULATIONS**Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nobia AB (publ) for the financial year 2018-01-01

- 2018-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

An additional description of our responsibility for the audit of the annual accounts and the consolidated accounts is on the Swedish Inspectorate of Auditors web page: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the auditor's report.

Deloitte AB, was appointed auditors of Nobia AB by the general meeting of the shareholders on the 2018-04-10 and has been the company's auditor since 2017-04-06.

Stockholm 5 April 2019
Deloitte AB

Daniel de Paula
Authorized Public Accountant