

nobia

Nobia Capital Market Update 2023



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Agenda

| | | |
|-------|--|--|
| 10:30 | Welcome | Tobias Norrby |
| 10:40 | Introduction to Nobia and our journey | Jon Sintorn |
| 11:10 | Nobia recent performance update | Henrik Skogsfors |
| 11:30 | Executing on our Tomorrow Together strategic initiatives | Jon Sintorn, Kristoffer Ljungfelt & Samuel Dalén |
| 12:30 | Q&A | |
| 13:00 | Transportation to store | |
| 13:15 | Lunch and HTH store visit | |
| 14:15 | Jönköping factory | Samuel Dalén |
| 14:45 | Transportation to new Jönköping factory | |
| 15:15 | Jönköping factory tour | |
| 16:45 | Closing remarks | Jon Sintorn |
| 17:00 | Transportation to Jönköping Central Railway Station | |

Welcome to the Capital Markets Update!

Focus

- New factory in Jönköping
- Business and profitability in the UK
- Balance sheet



Today's presenters



Jon Sintorn
President & CEO



Kristoffer Ljungfelt
EVP Commercial Region West (UK)



Samuel Dalén
EVP Supply Chain



Henrik Skogsfors
Acting CFO

Rest of Executive Committee



Sara Björk
Chief Information Officer (CIO)



Philip Sköld
EVP Strategy & Transformation
and Portfolio Business Units



Cecilia Forzelius
EVP People, Culture &
Sustainability



Ole Dalsbø
EVP Commercial Region North



Introduction

Large European kitchen specialist

Net sales per region 2022

Region UK

32%

Net sales

14.9

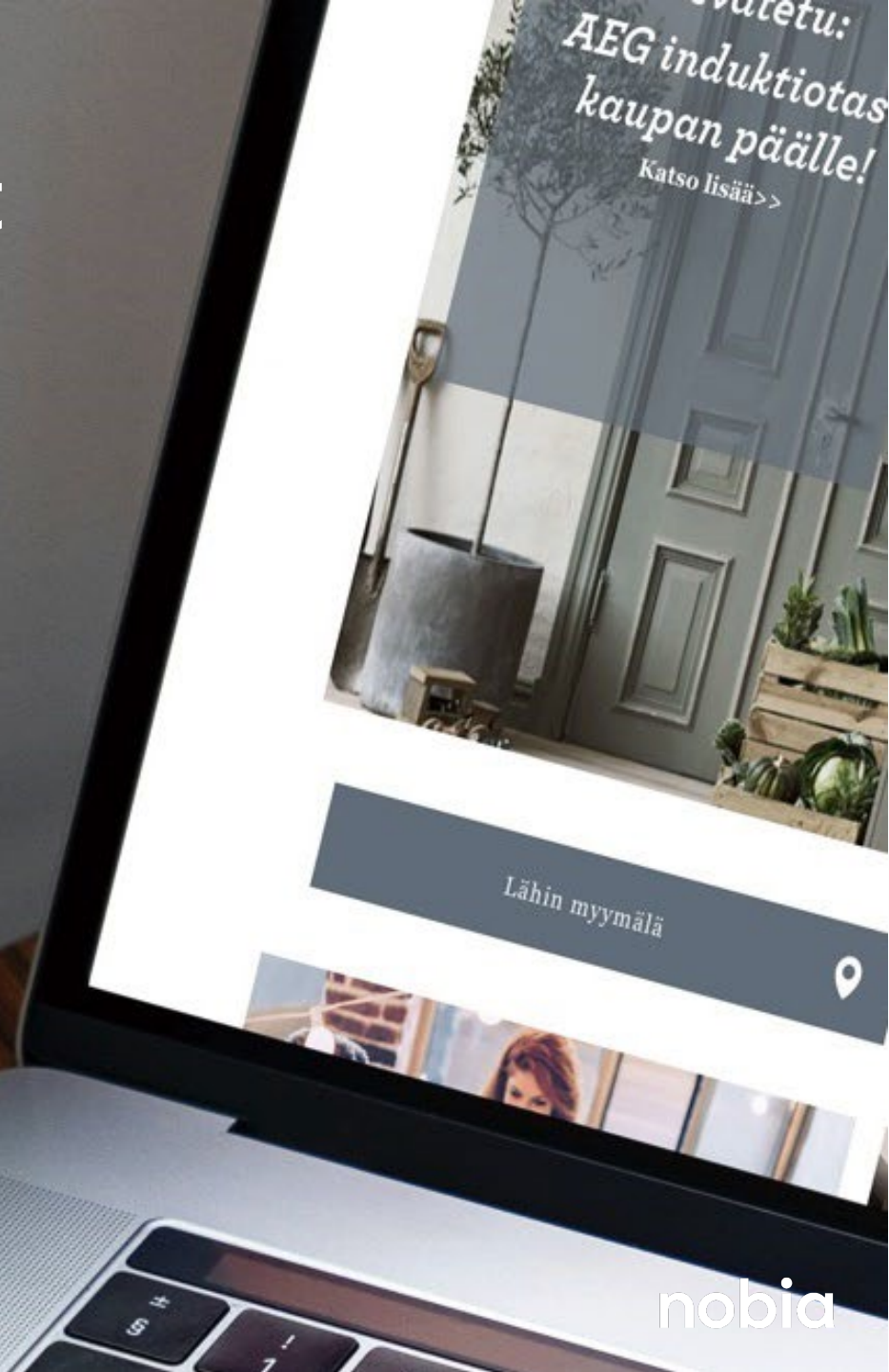
BnSEK

Nordic Region

54%

Portfolio Business Units

14%



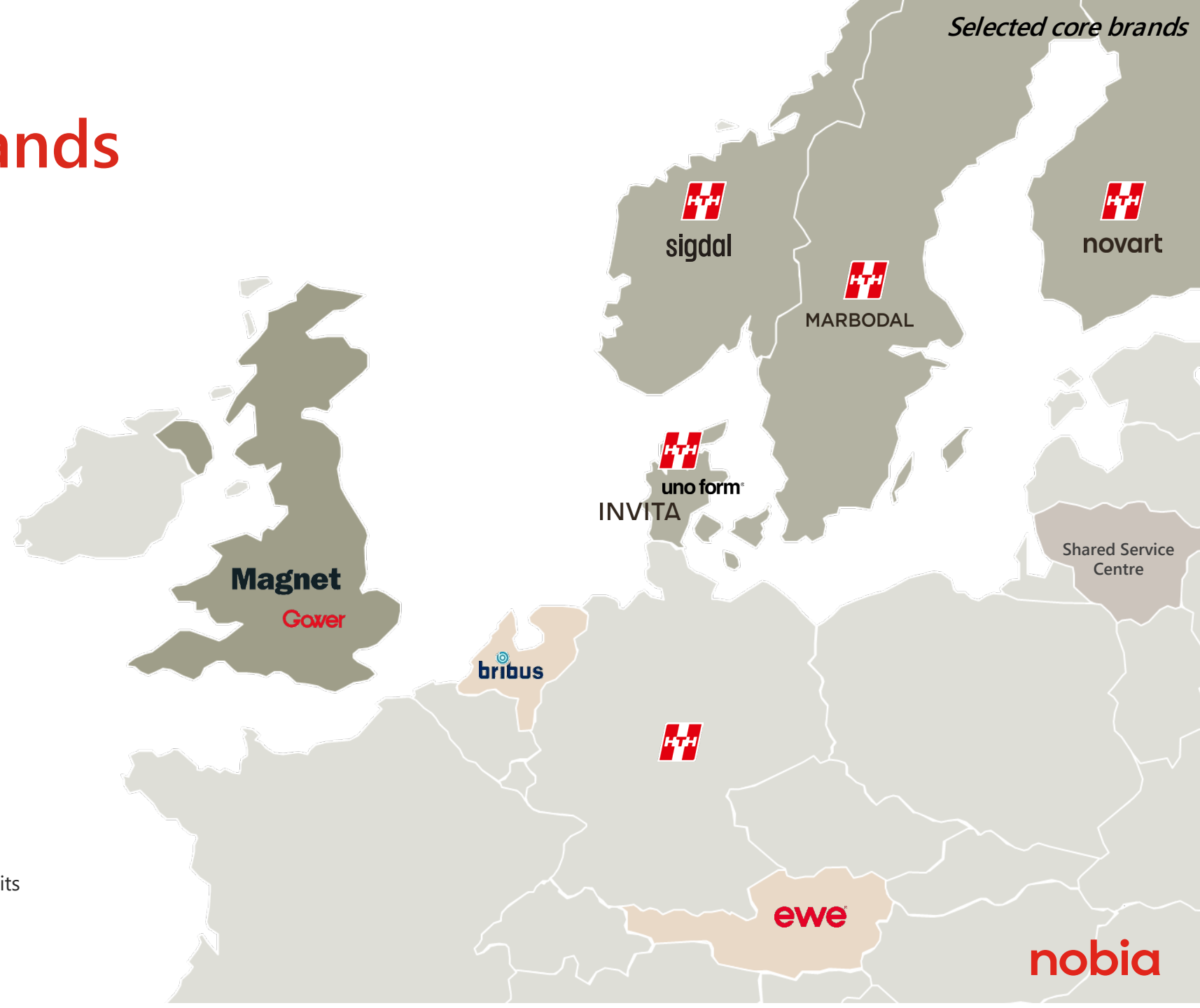
Strong local brands

Strong European presence

Leading mass premium brands

Extensive distribution network

~1,500 distribution points

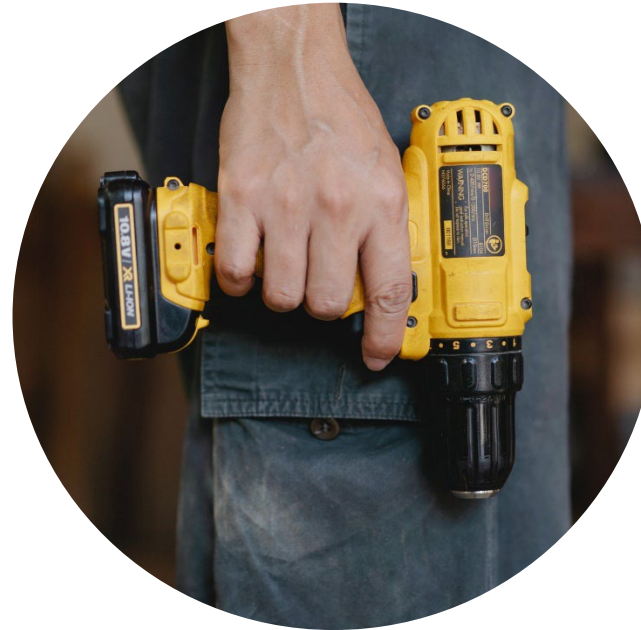


● Nordics ● UK ● Portfolio Business Units

Brand leverage across all three major market segments



Consumer



Trade

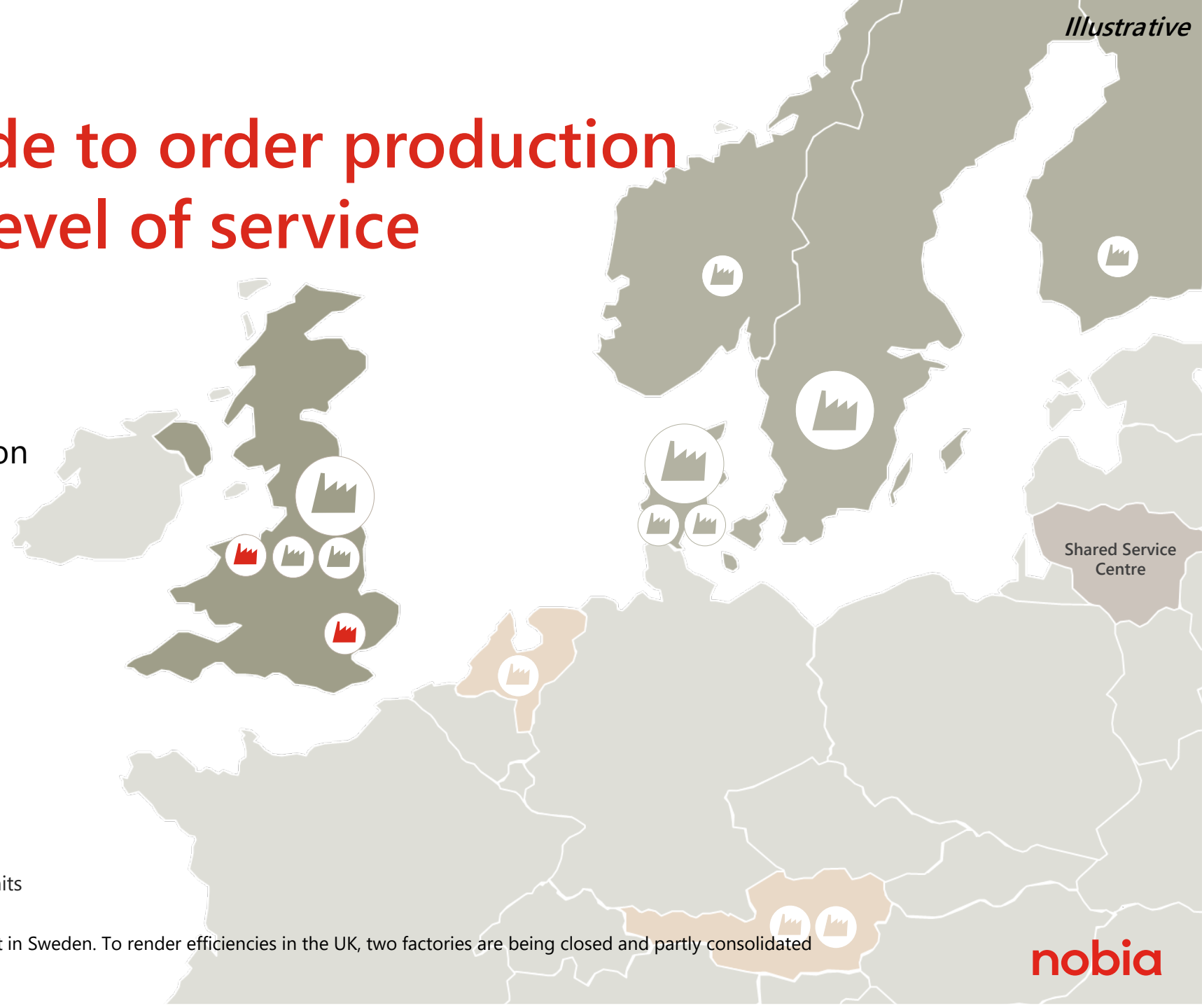


Projects

Large scale made to order production ensuring high level of service

14 production facilities

~90% made-to-order production

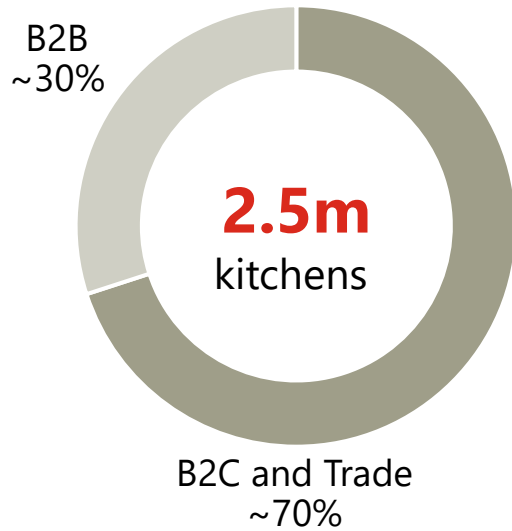


● Nordics ● UK ● Portfolio Business Units

Note: New state of the art Nordic factory being built in Sweden. To render efficiencies in the UK, two factories are being closed and partly consolidated

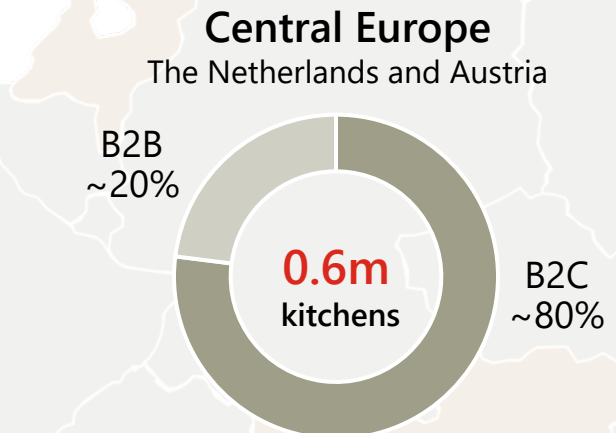
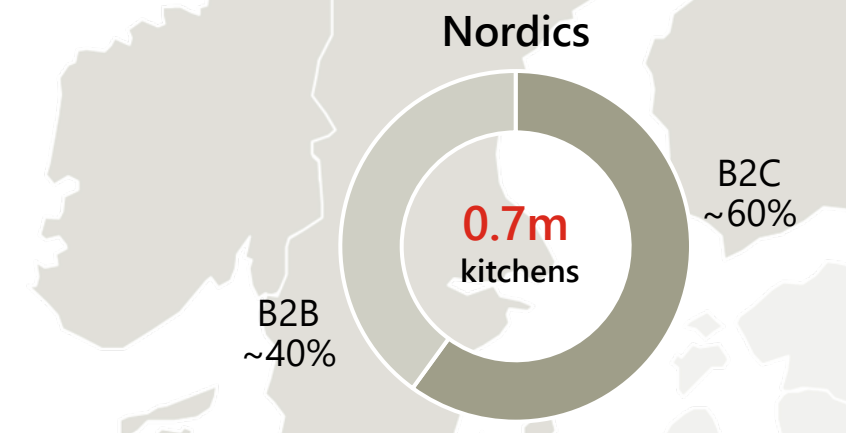
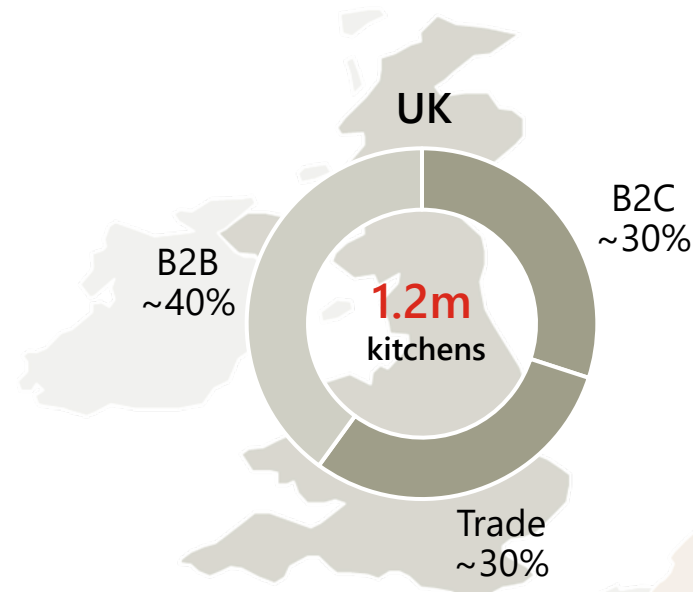
Large addressable market

Total addressable market



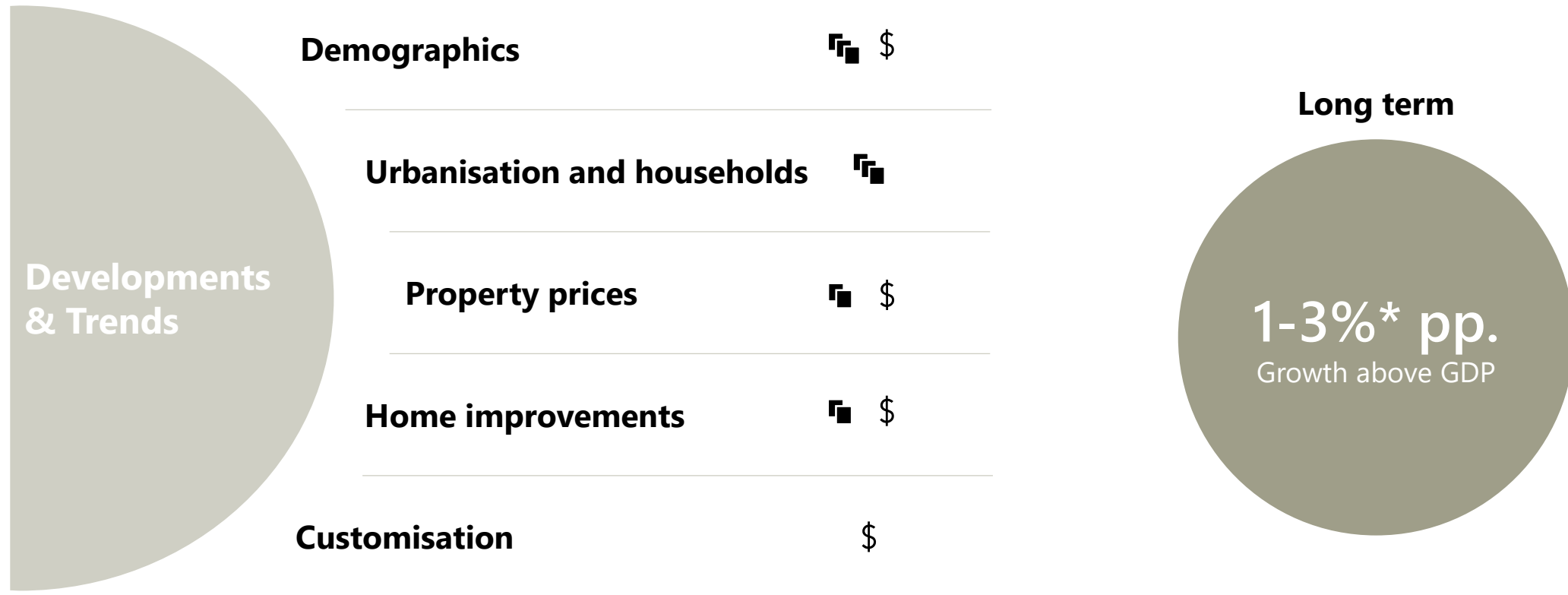
~85 BnSEK
market value¹



2.5m
kitchens in total



1) Nobia estimate (Retail sales price incl. integrated appliances, sinks, taps and worktops, excl. installation and VAT)

Market growth above GDP indicated by underlying trends



 Volume driver  Price driver

* Subject to fluctuations over time



Transformation journey

Decision to transform Nobia, taking the company to the next level

M&A and restructuring driven value creation (prior to 2019)

- Value creation primarily through M&A, some sourcing synergies and cost reductions
- Standalone businesses on brand and country level
- Strengthening balance sheet



Strengthening local competitiveness while extracting synergies (2021-)

- Brand independent factory and consolidated footprint
- Leverage well functioning commercial operating model and organisational development
- Harmonised product portfolio and shared processes & systems
- Group wide joint design concepts

Leverage Group scale for local competitiveness

We are transforming Nobia to strengthen our long-term competitiveness and value potential



Leveraging Group scale for local competitiveness

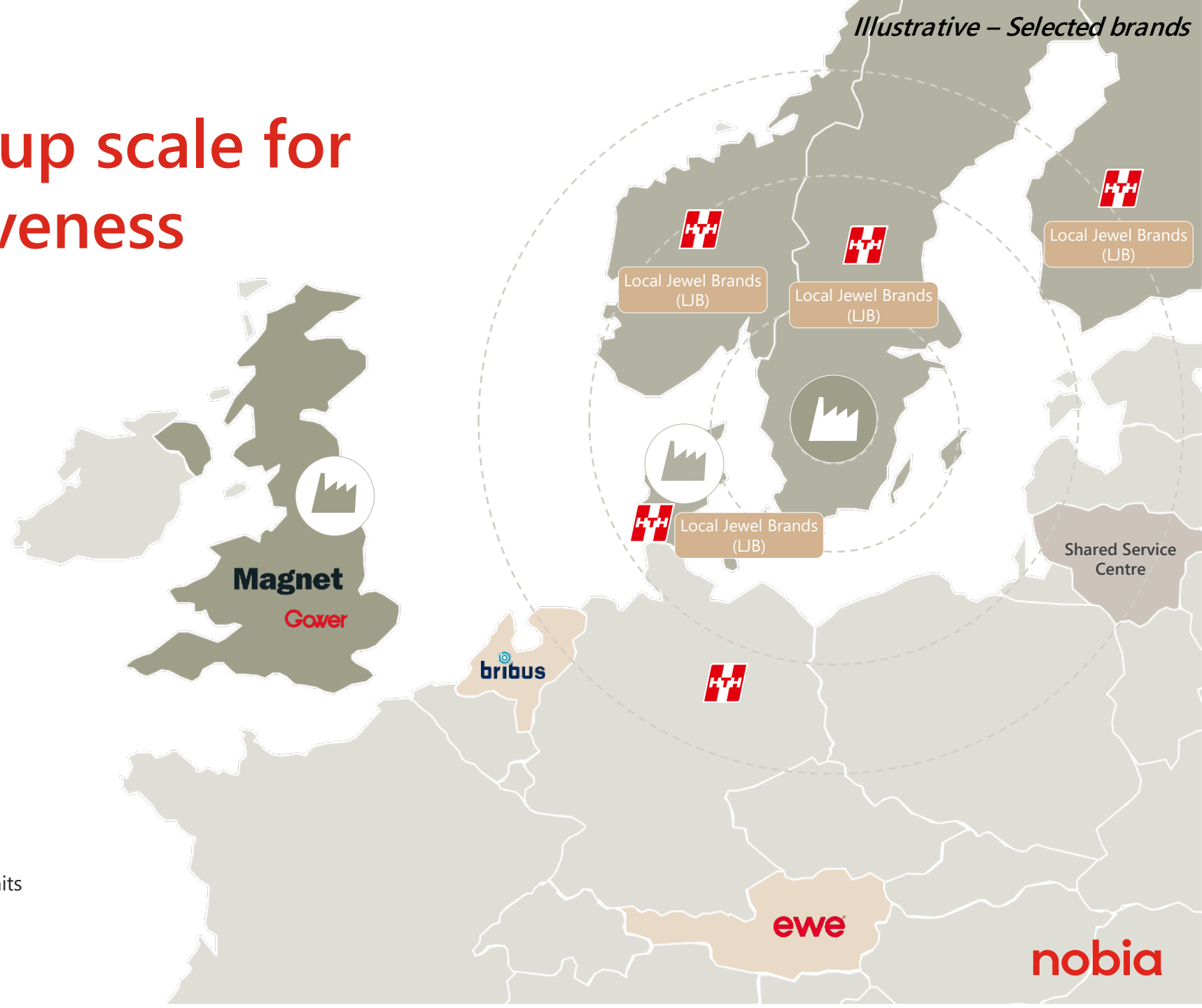
Local Jewel Brands (LJB)

MARBODAL sigdal
INVITA novart

International Brands (IB)

 uno form®

● Nordics ● UK ● Portfolio Business Units



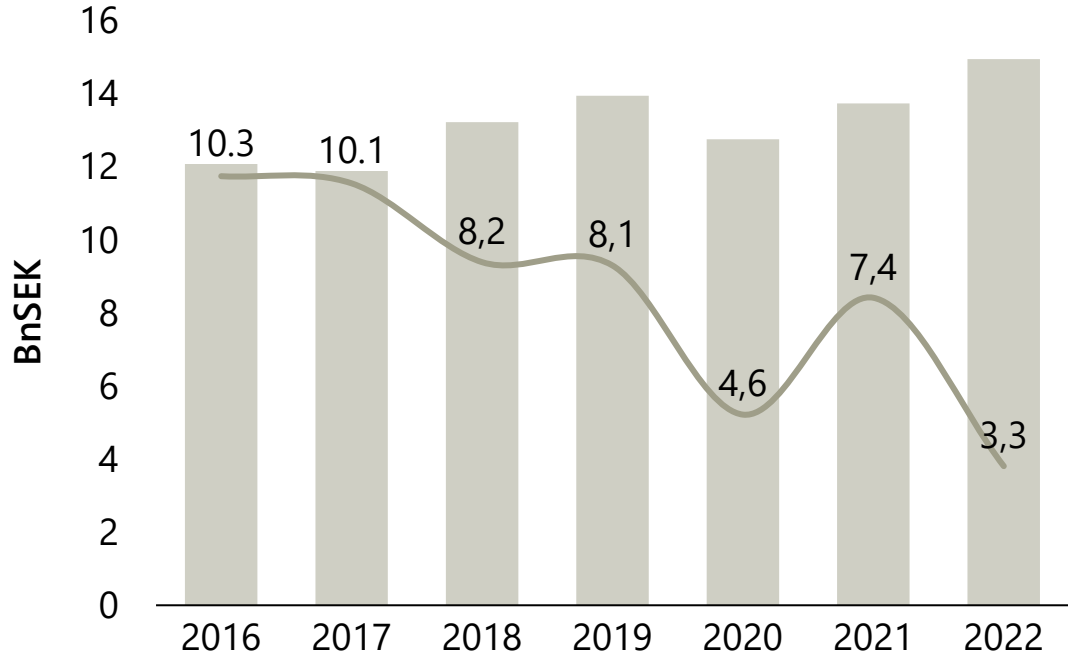


Nobia performance update

Historic financial performance of the Group

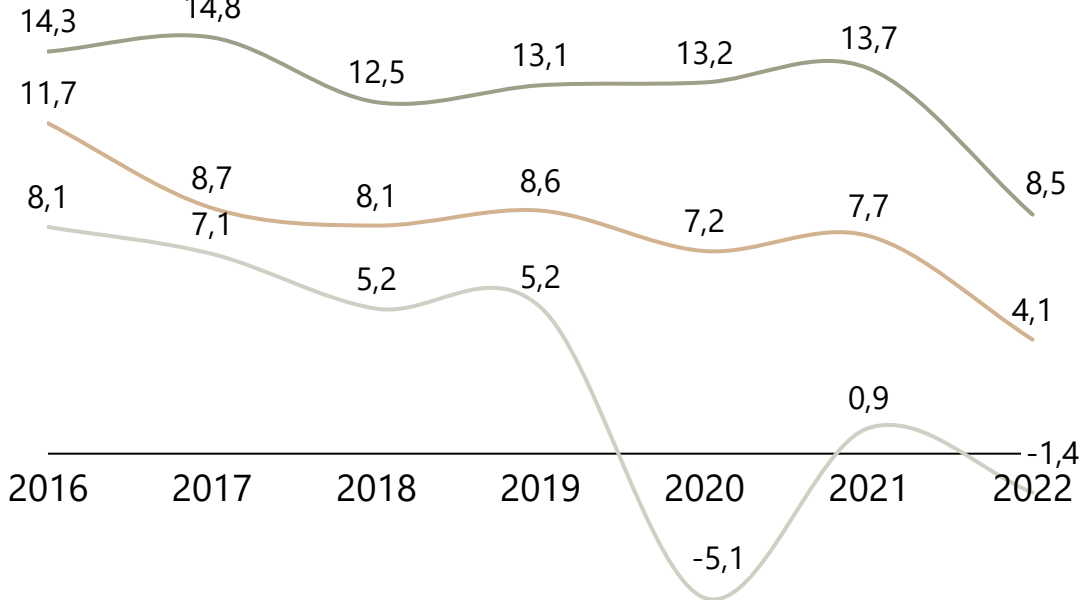
Nobia net sales and EBIT development [BnSEK, %]

■ Net sales — EBIT-margin¹



EBIT margin development regions

— Nordics — UK — PBU



1) Excluding items affecting comparability. Adjusted for Commodore & CIE move to PBU



Financial highlights (1/2)

- 2016-2017 - Strong period on back of optimizing of our strong brands in addition to divesting loss-making businesses
- Strong market ahead of Brexit, impacted by the referendum and depreciating GBP
- Large EBIT contribution from premium and luxury segment in London
- 2018-2019 - Operational challenges and capacity constraints. Decisions taken to invest in a new factory to safeguard growth and efficiency in addition to change business model in UK
- 2020 – Pandemic with large impact on primarily UK on back of closed factories and stores. Sales dropped in UK by 19% (whereof 56% in Q2) generating a loss of 234 MSEK
- Considering development in UK, strong underlying EBIT
- 2021 – support from stay-at-home trend despite large head wind from direct material
- Nordics delivered highest EBIT ever, 1 016 MSEK
- 2021-2022 - Negative effects from increases in direct material >1 000 MSEK and Freight /Energy >250 MSEK, mitigated by higher average order values
- 2022 – uncalled war in Europe, which together with effects from pandemic has had profound effects on both society and the macro-economic environment
- Cost out program in the Nordics and the UK, restructuring and repositioning in UK, including closing two factories (Dewsbury serving Magnet and Grays serving Commodore (PBU)). Accumulated estimated savings of 300 MSEK by mid 2024

Financial highlights (2/2)

The Nordics

- Very strong and profitable business temporarily impacted by market turbulence and supply chain challenges
- Investment in new factory to strengthen competitiveness, secure possibilities for growth and improve and surpass historical margins

The UK

- Strong market ahead of Brexit, large impact from Brexit referendum
- Poor development on back Brexit, pandemic and increasing inflation
- Cost reduction and restructuring/repositioning initiated 2022

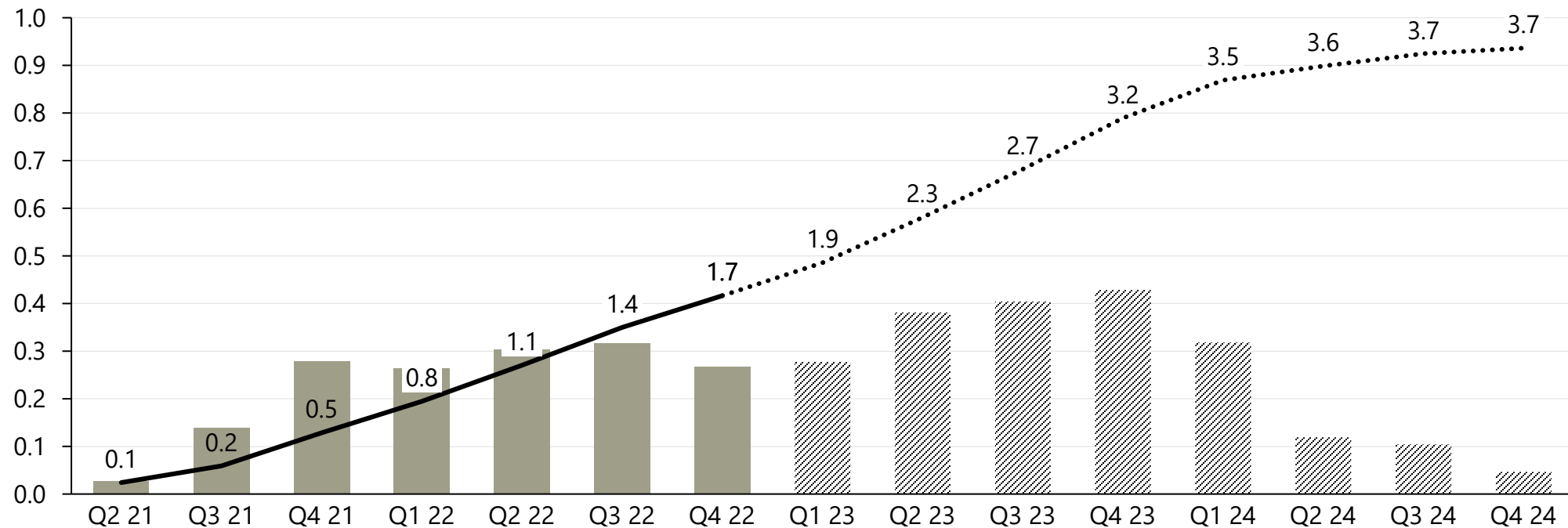
Portfolio Business Units (PBU)

- Solid growth and margin development from Austria and The Netherlands
- Premium and luxury segment in London, served by Commodore & CIE, generating above 100 MSEK in EBIT both 2016 and 2017 severely impacted by pandemic and the war
- Repositioning by closing factory (Grays serving Commodore) and adapting a sourcing model to reduce cost base and increase flexibility

CAPEX spend for new factory in line with budget

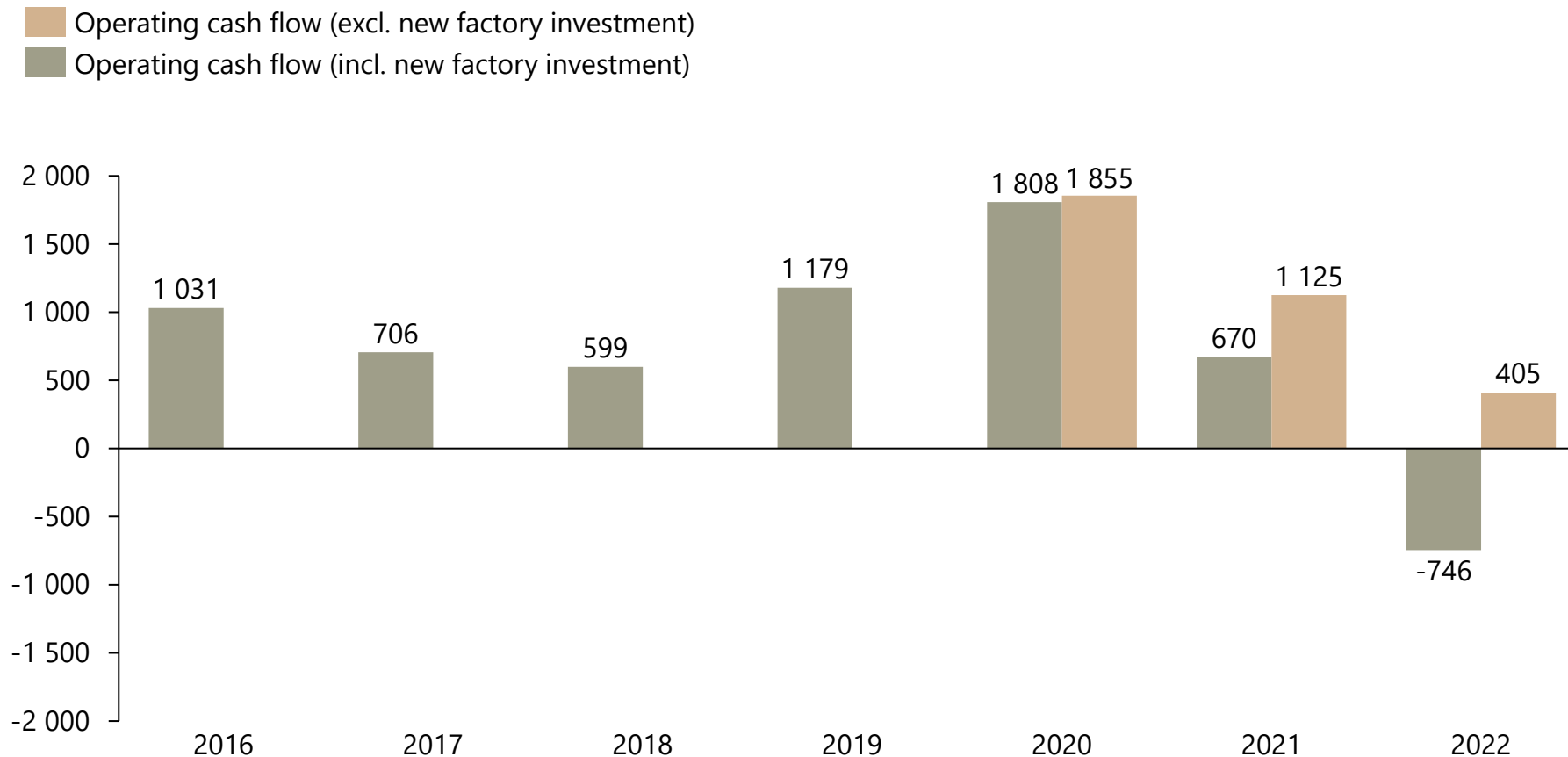
Indicative cash out profile for the new factory1 [BnSEK]

— Act. accumulated [BnSEK] ■ Act. cash out [BnSEK] ▨ Indicative FC [BnSEK]



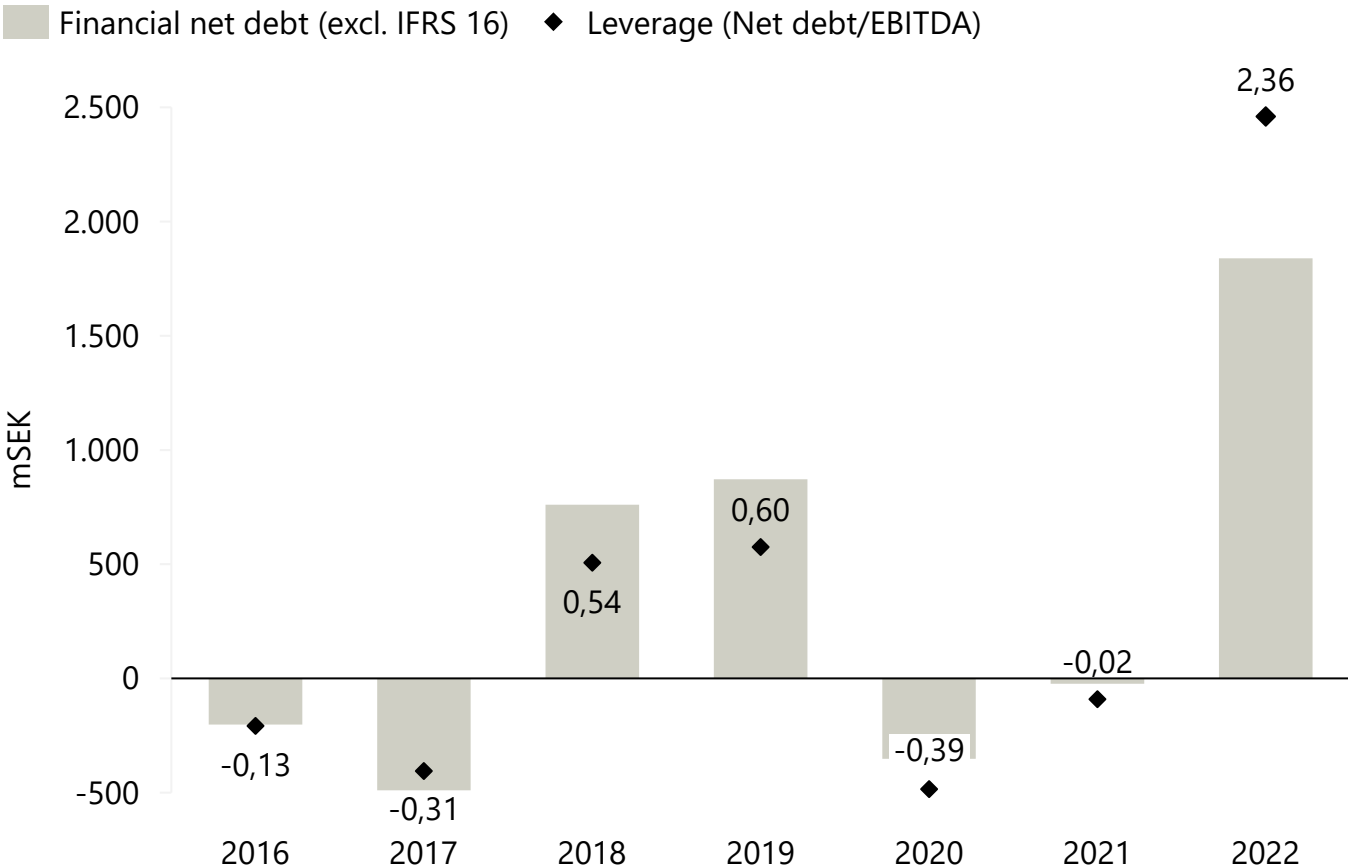
Good cash flow generation even in turbulent times

Group operating cash flow



Financial net debt

Nobia financial net debt (excl. IFRS 16 & Pension debt) and leverage



- Cash conversion motivates ability to run the business with high leverage short/medium term
- Potential leverage reduction options
 - Sell assets e.g. factory building UK
 - Sale & Lease back of building – all preparations in place and can be executed in short time, building designed to easily be transformed to logistics building increasing attractiveness as a sale & lease back object
 - Sale alt sale & lease back of other property assets

Significant sustainability progress (2022)

100%

renewable electricity in
production sites & own stores

100%

wood from sustainable
sources

24%

intensity reduction own
carbon footprint per net
sales (vs. 2021)

92%

of new product launches
Nordic Eco labelled in the
Nordics

99%

direct suppliers in
program for responsible
sourcing

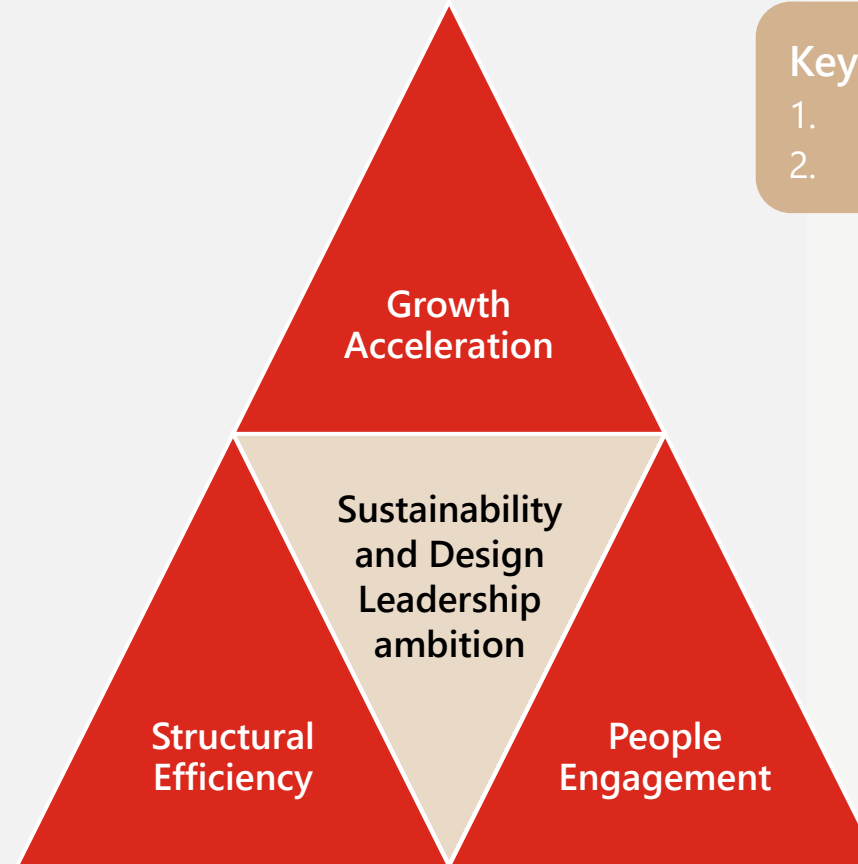
2.3

fewer work-related
injuries per million
worked hours (vs. 2021)



Executing on our strategic initiatives

Nobia strategic priorities



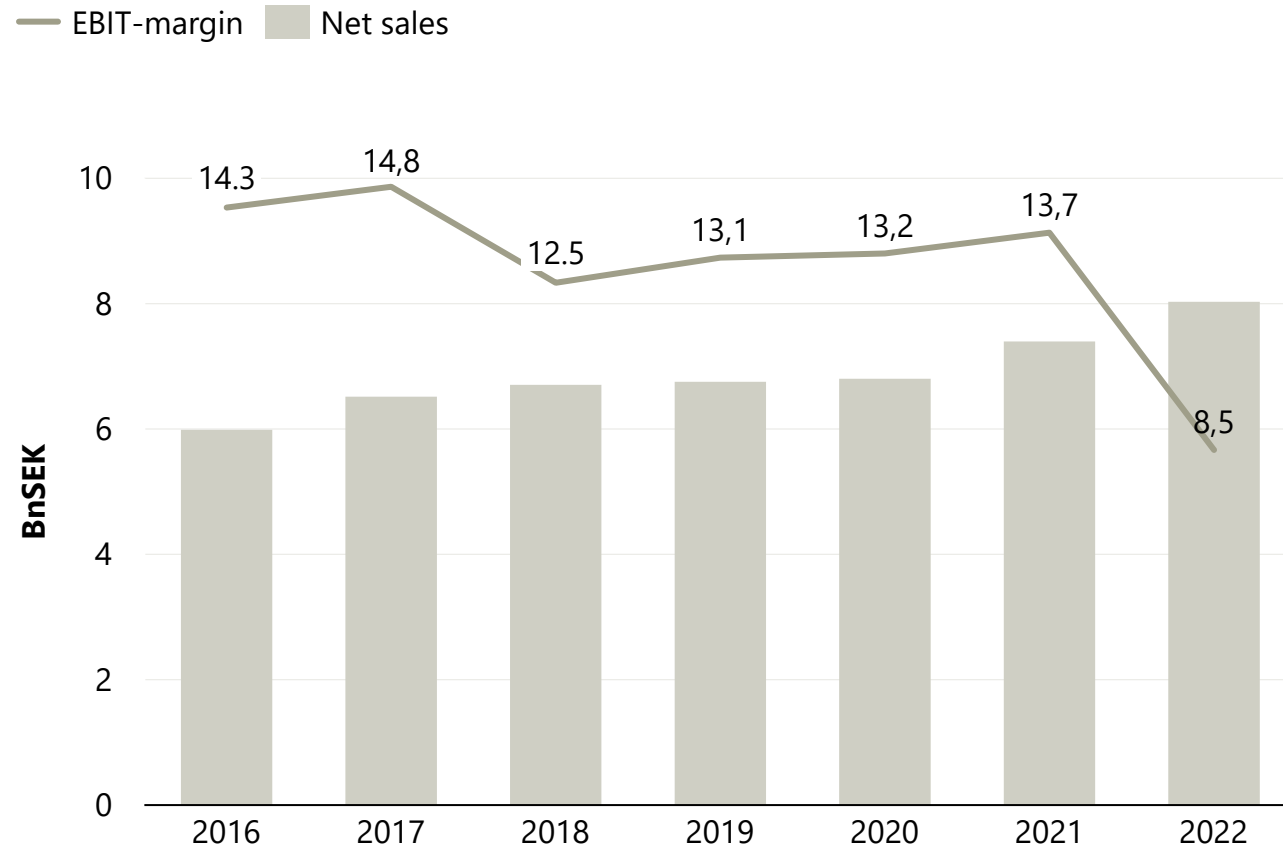
Key strategic deep dives today:

1. New state of the art Jönköping factory
2. UK Transformation

Leverage group scale to enhance local competitiveness

We invest in our strong Nordic business

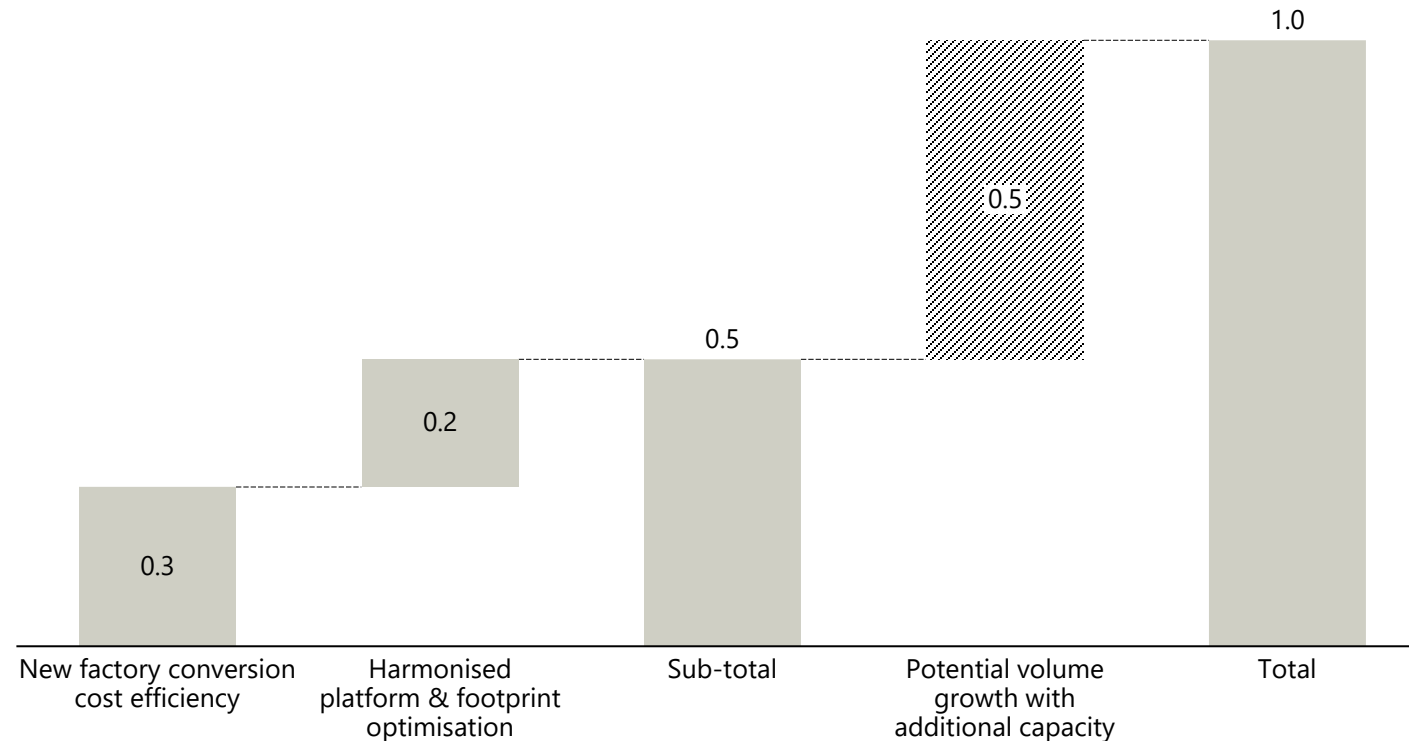
Nordic net sales and EBIT development [BnSEK; %]



- Strong market positions in the Nordics
- Leading player in mass premium segment
- Asset light sales distribution
- Rendering healthy margins and solid cashflow

Transformation enables significant value creation in the Nordics

Ambition EBITDA run rate impact [BnSEK]



| | Actuals | | | Long-term ambition |
|------|---------|-------|-------|--------------------|
| | 2020 | 2021 | 2022 | 2025- |
| GM % | 37.7% | 38.3% | 33.9% | >40% |

Successful design concept launches



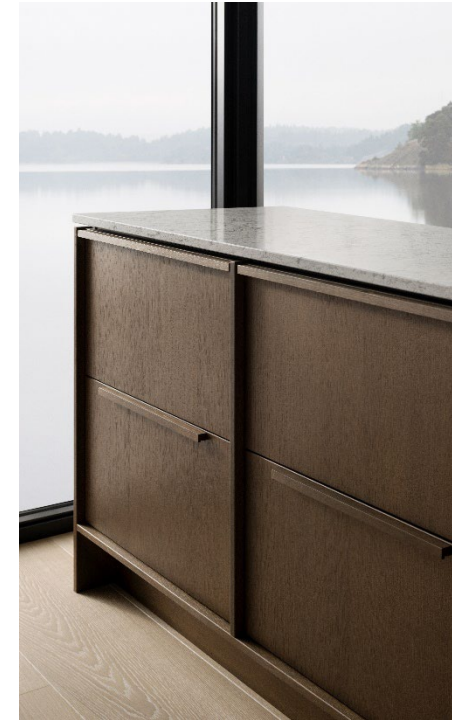
Nordic Spirit



'Jordnära' Colour
concept



Nordic creation



Nordic nature



New state-of-the-art Jönköping factory

Significant investment to enable future value creation



3.7 BnSEK
investment

High
automation

Latest available
technology

High sustainability
standards

Situation back in Dec 2019 called for a new direction

No available **capacity** for growth or further consolidation

Risk of production **disruption**

Limited possibility for **productivity** improvements

Less effective response to **changing market needs**

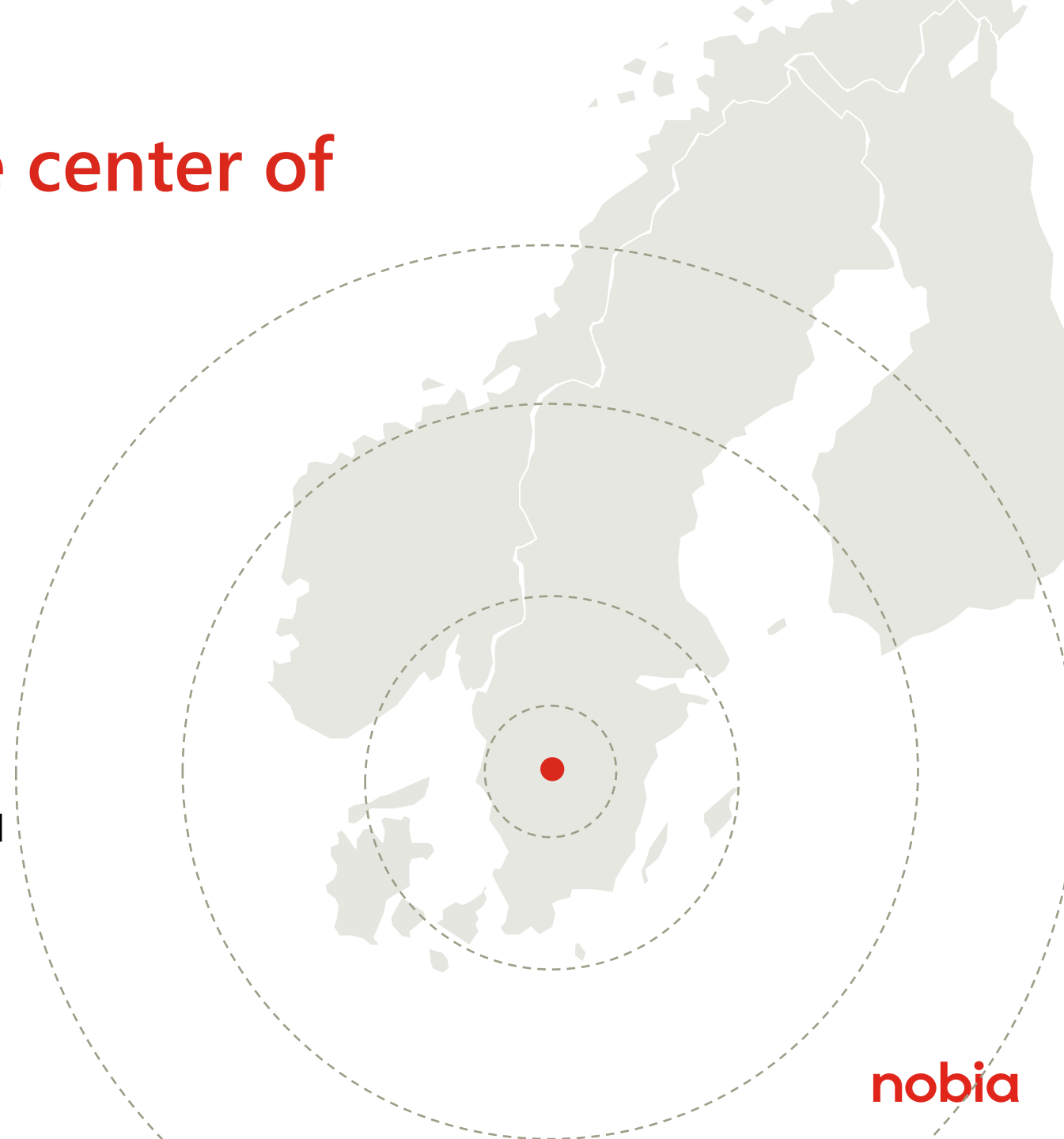


Opportunity to quantum leap the industry and secure our strong
and profitable business in the Nordics



Optimally located at the center of our Nordic market

- Supplying the Nordic market
- Multi-brand factory
- Production for our well known brands Marbodal and HTH initially
- Placed in the center of gravity reduces logistics, resulting in lower transport cost and CO2 emissions



Key strategic initiatives for the new factory

Sustainability and Design Leadership ambition:

- Increased customization abilities (PTO)
- Leading sustainability

Growth Acceleration initiatives:

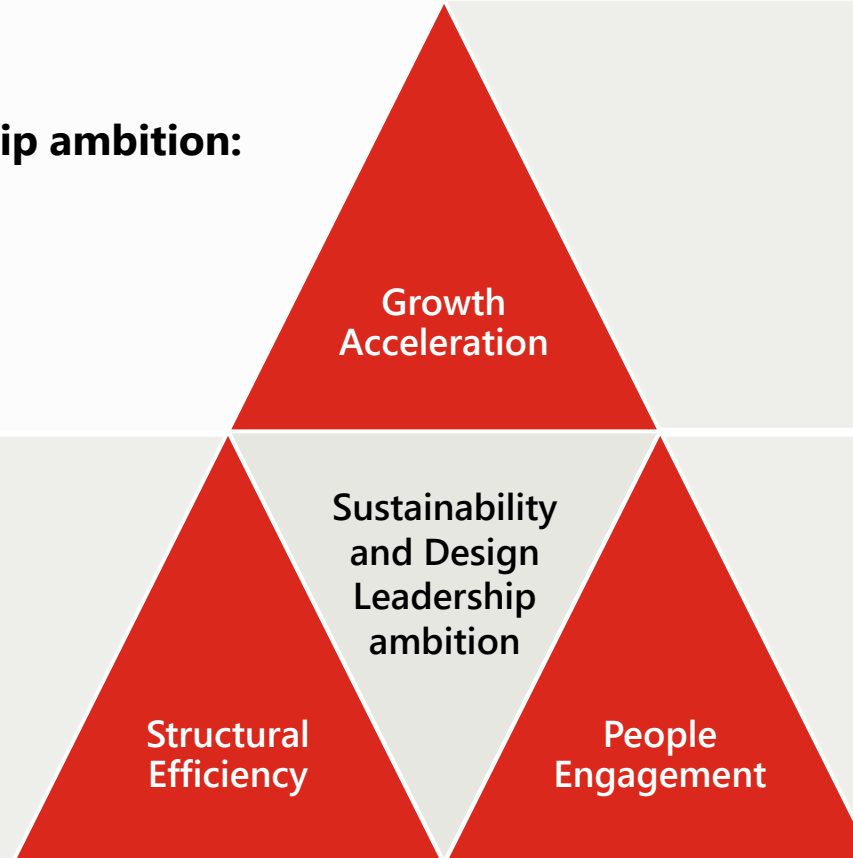
- Customer value
- Capacity to grow in targeted segments

Structural Efficiency initiatives:

- Automated and digital processes
- Enable one Nordic K2020 range
- Footprint consolidation opportunity

People Engagement initiatives:

- World class safety
- Attractive employer





Multiple customer benefits

Better serve the mass premium segment - complex kitchens on-time-in-full at scale



Greater flexibility



Connected for improved service levels



New level of design possibilities



Superior product quality



Driving the green transformation



Capacity to grow in targeted segments

- Capacity to grow
- Expansion in Germany - supported by Danish supply chain
- Potential network consolidation





Greater flexibility

- Delivery precision
- Assortment depth and width
- Shorter lead times
- Time to market





Mass customization capabilities

- One-piece flows combined with high-volume efficient flows
- De-coupling points in automatic warehouses before assembly
- Postponement of order-unique configurations to improve flexibility
- Pull in highly flexible assembly process
- New painting technology with shorter curing lead-time





Automated and digital processes

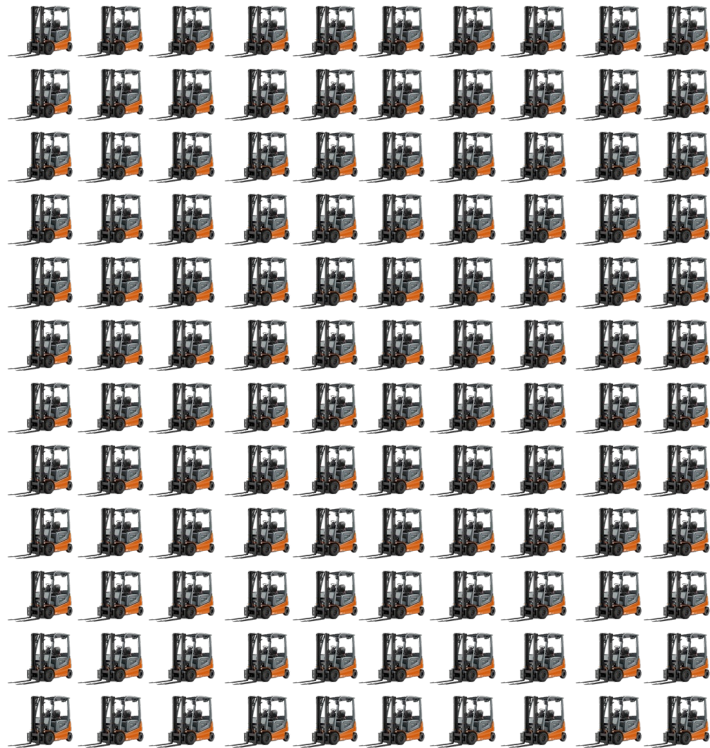
- State-of-the-art assembly process, automatized warehouses and Automated Guided Vehicles (AGV)
- End-to-end digitalized product data
- Order information transferred to manufacturing equipment without manual interface
- Benefits:
 - Increased productivity
 - Quality improvements
 - Improved time-to-market





Internal transports productivity improvements

From 120 forklifts...



... to 25 AGVs



Resulting in significant productivity improvements



New level of design possibilities

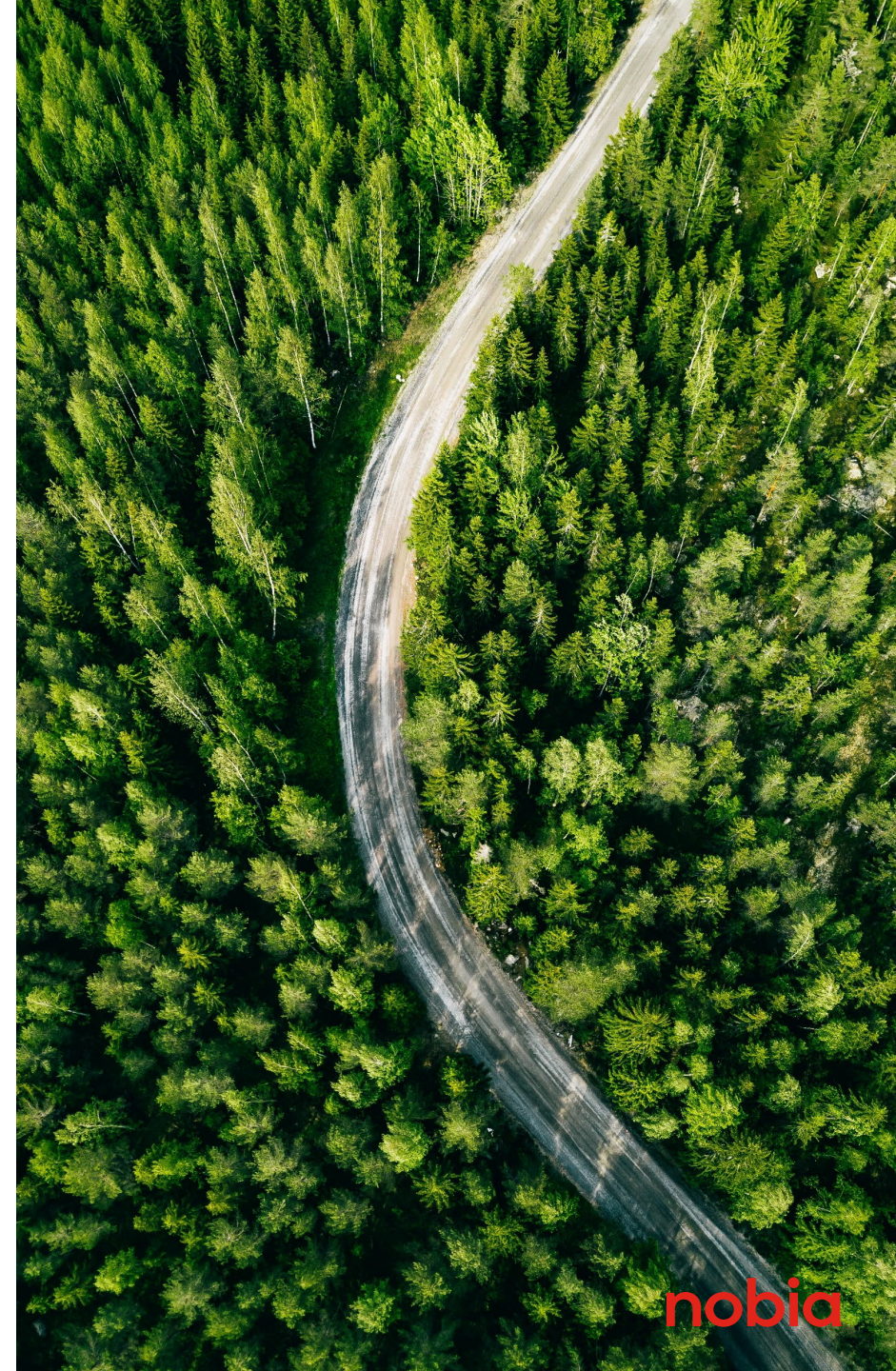
- To respond to evolving needs and trends and to the individualisation of demand
- Greater design flexibility for both project customers and consumers
- Wider colour spectrum
- Simplified customization process
- Free floor space enabling flexibility in future capabilities





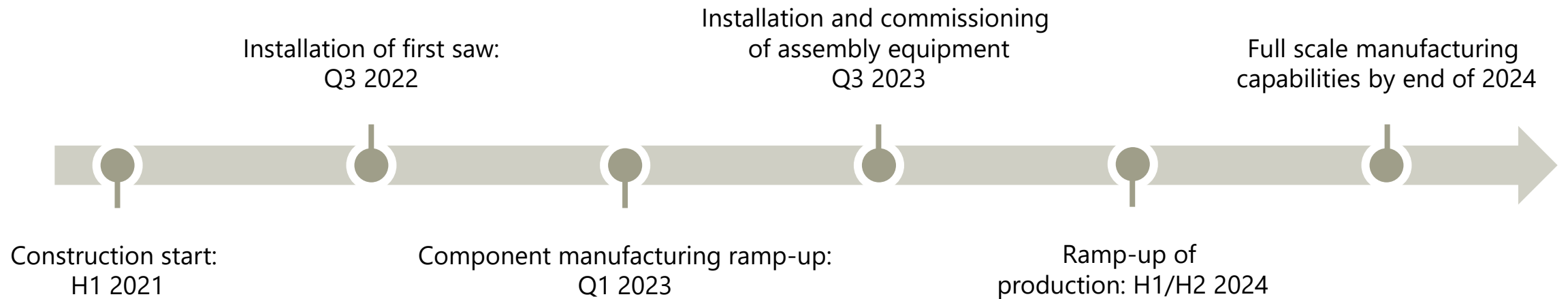
Driving the green transformation

- Nordic swan eco-labelled production
- New technologies with significant energy savings
- Improved capabilities for systematic product innovation
- BREEAM Excellent certified building
- Ambitious measures to protect ecological values



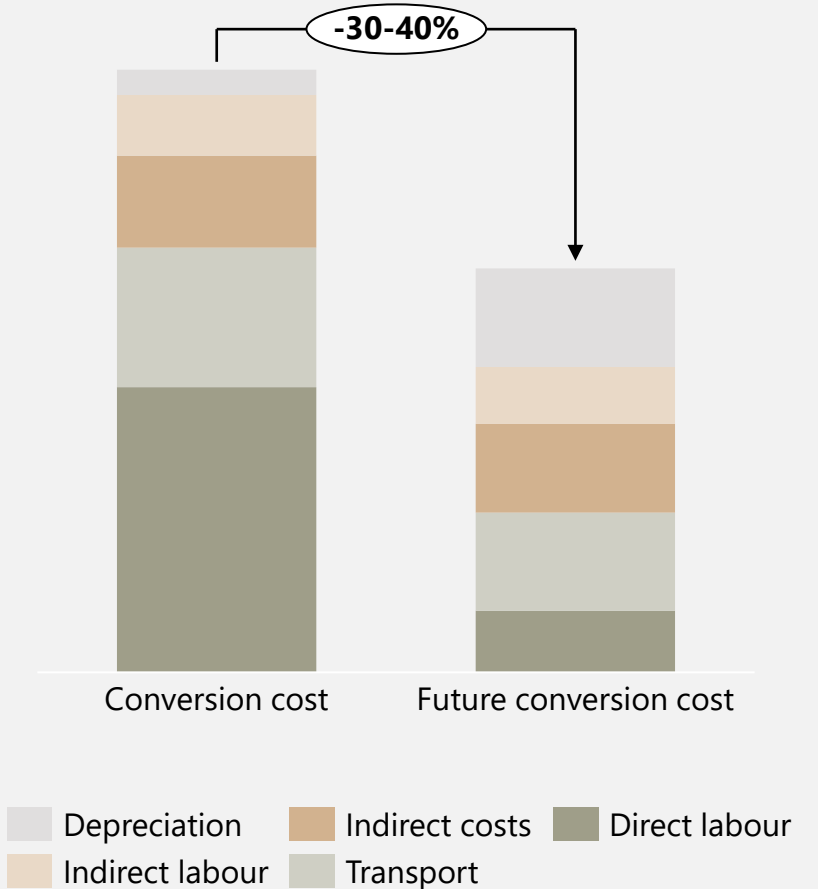
In full operation end of 2024

In line with budget and time plan



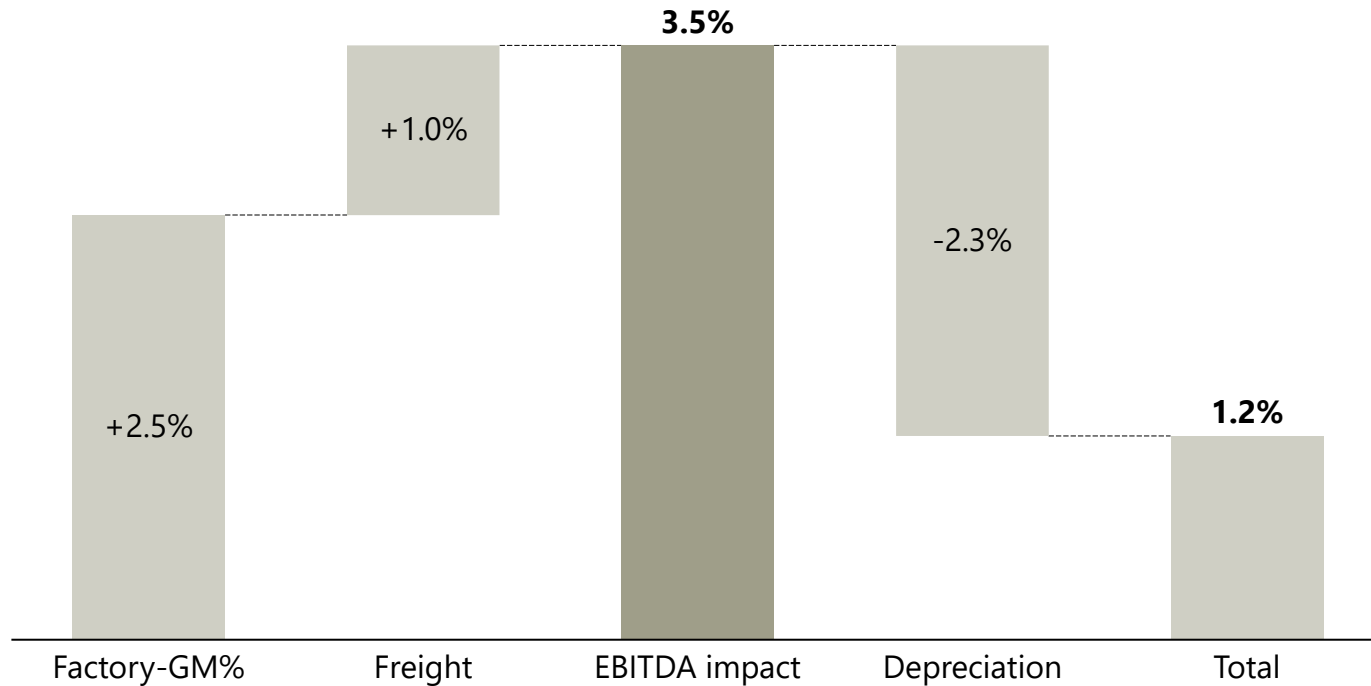
30-40% reduction in conversion cost with new factory

- **30-40% reduction** in conversion cost through automation
- More knowledge-intensive production
- Increase share of indirect labour



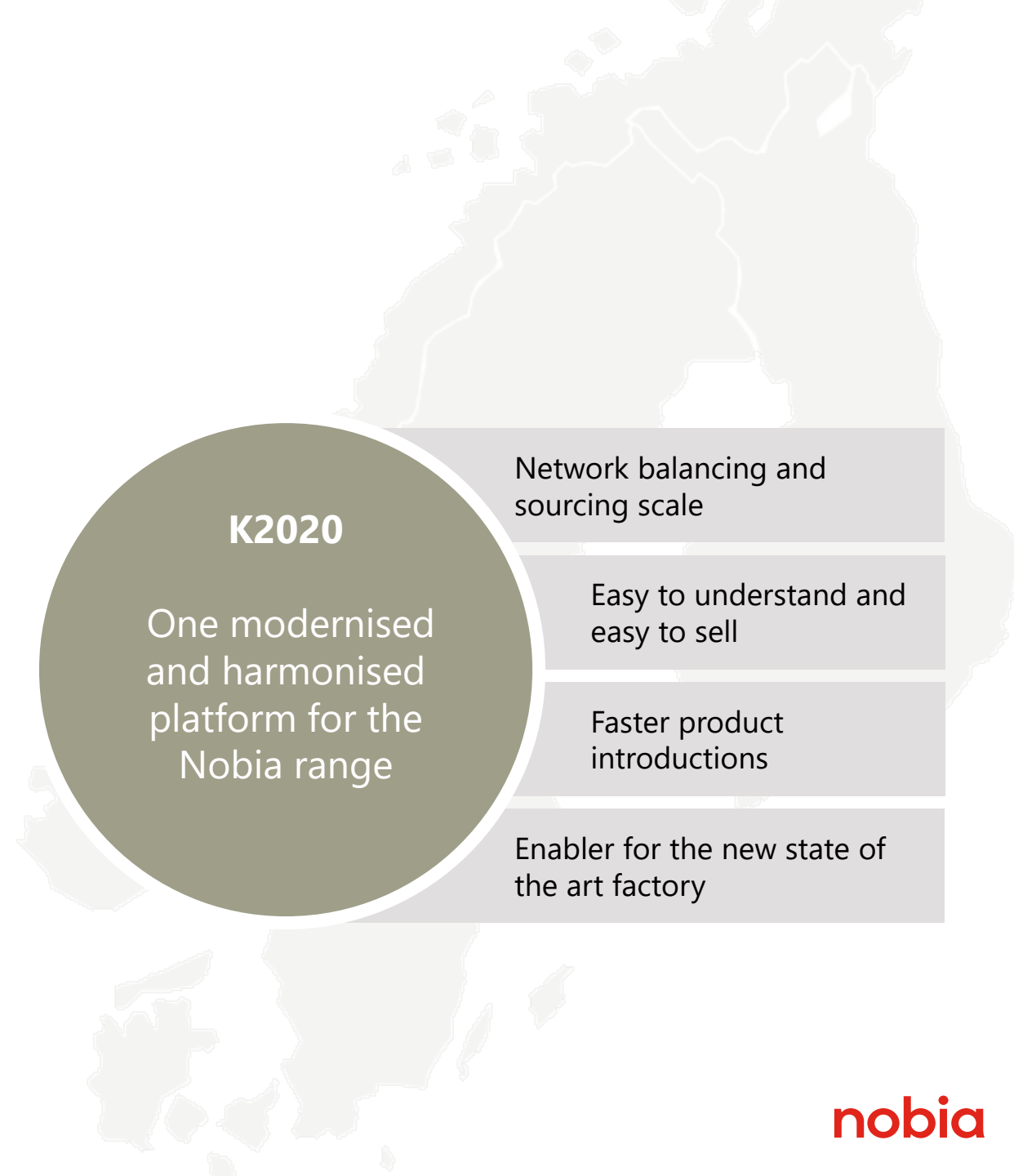
EBITDA-margin uplift of 3.5%pt with new factory

Nordic estimated EBIT-margin run rate impact [%pt]



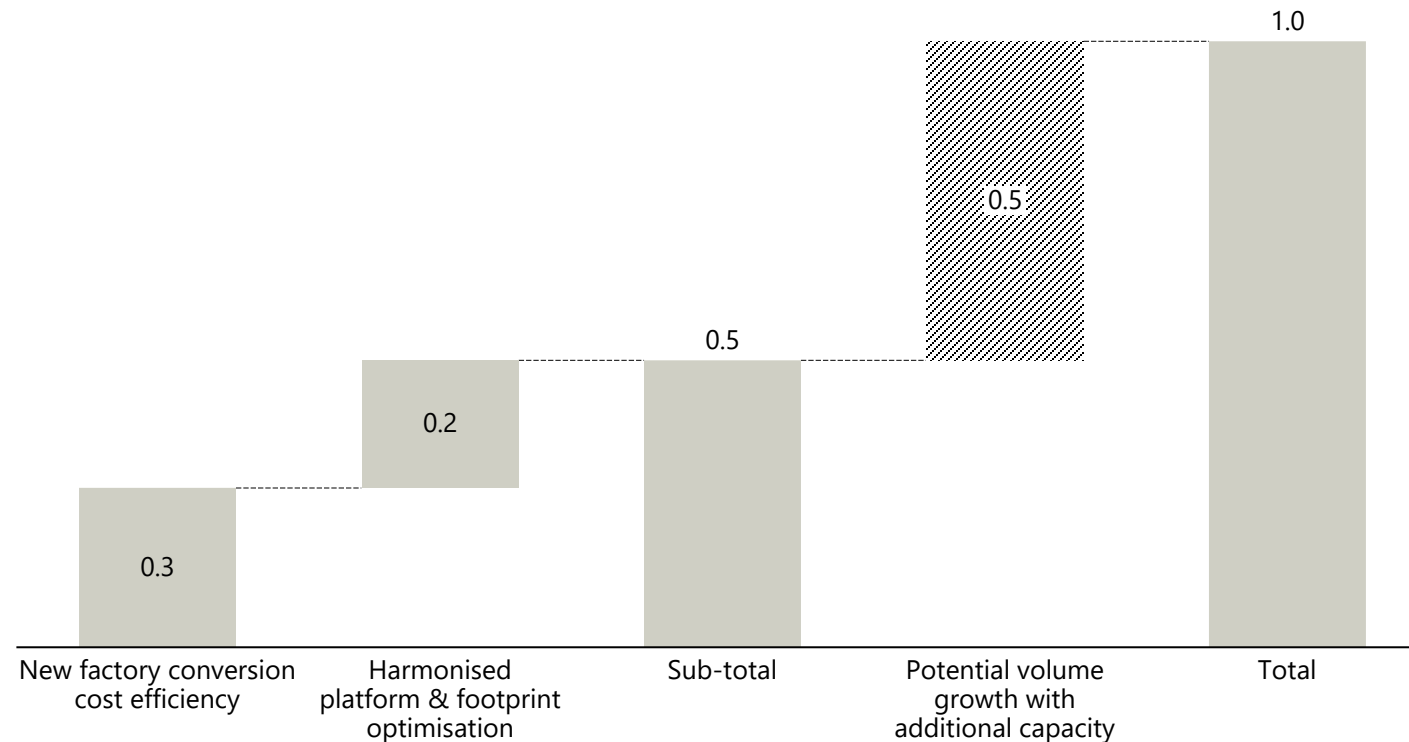
New and optimised product platform

- Harmonising the **four** Nordic ranges into **one** competitive and fit for purpose range
- Includes all product categories and full ranges
- Embodies the ambition to enhance local competitiveness by leveraging group scale
- Implemented from start in Jönköping and all other PU's to follow



Transformation enables significant value creation in the Nordics

Ambition EBITDA run rate impact [BnSEK]

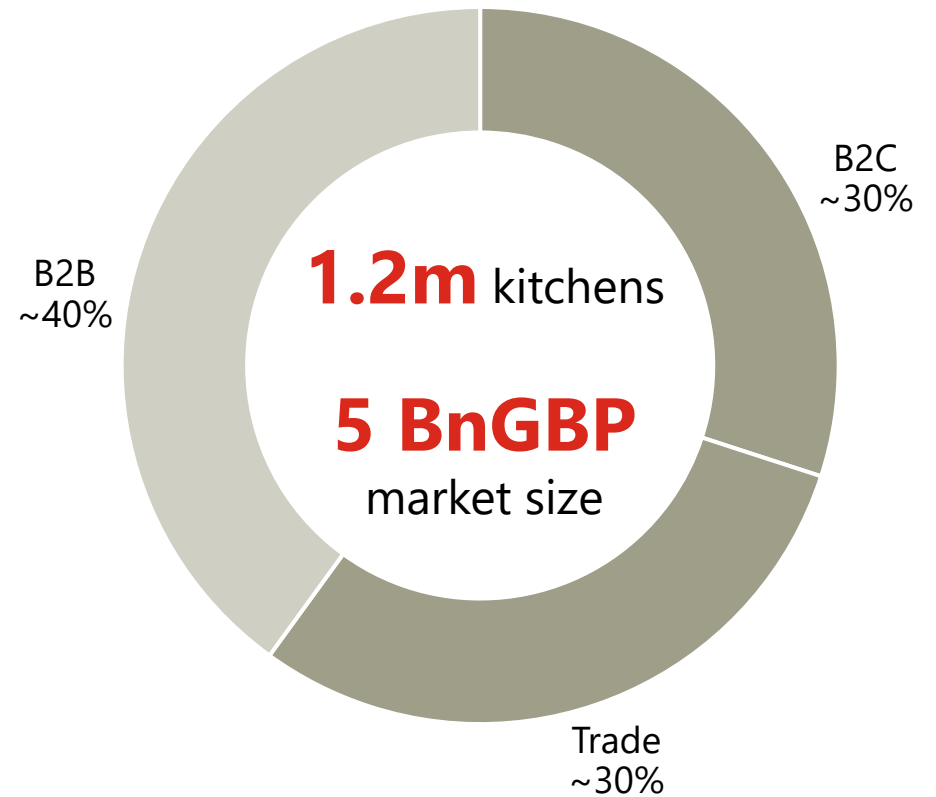




UK Transformation

Attractive kitchen market

- Growing population and continuous urbanization
- Population with significant purchasing power
- Extensive housing shortages and house renovation needs across the UK
- Price points allow for double digit profitability



Magnet – strong brand with heritage from 1918

- High brand awareness
- Strong local presence through nationwide store network
- End to end processes for kitchen configuration and manufacturing
- Extensive product portfolio with high level of customization capabilities
- ~1m cabinets produced per year
- Supply chain with competence to efficiently deliver nationwide direct to consumers, or in bulk to stores and construction sites

Kitchen specialists for the **homeowner** and **trade professional**

Creating **beautiful** kitchens **since 1918**

Magnet

Better. By design

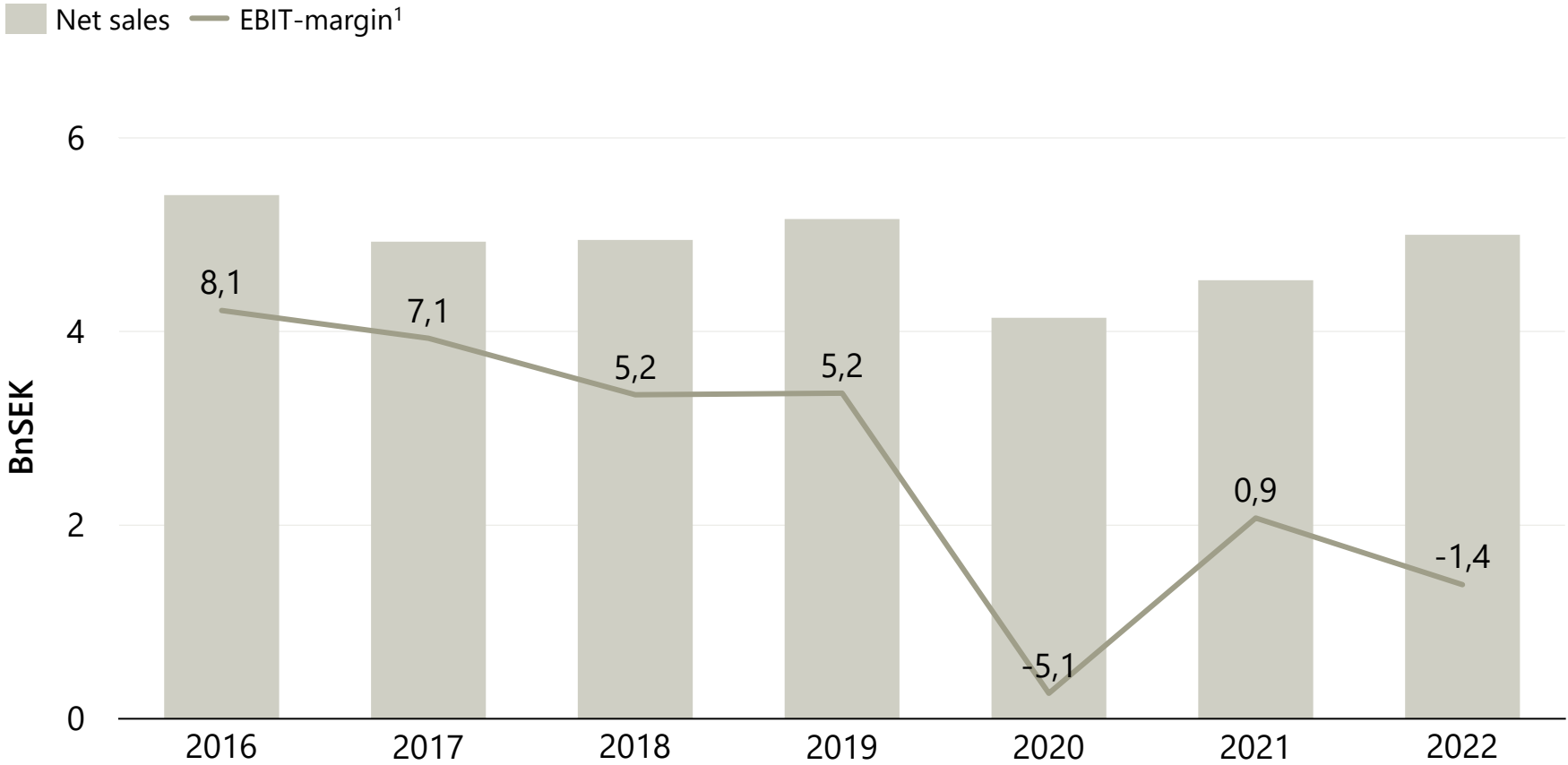
Gower – category captain for Wickes

- Partnership since 1990
- 2 manufacturing sites with integrated processes to Wickes
- Integrated product management
- ~1m cabinets produced per year
- >98% On Time in Full resulting in >99% end consumer Fulfillment On Time



Historic financial performance in Region UK

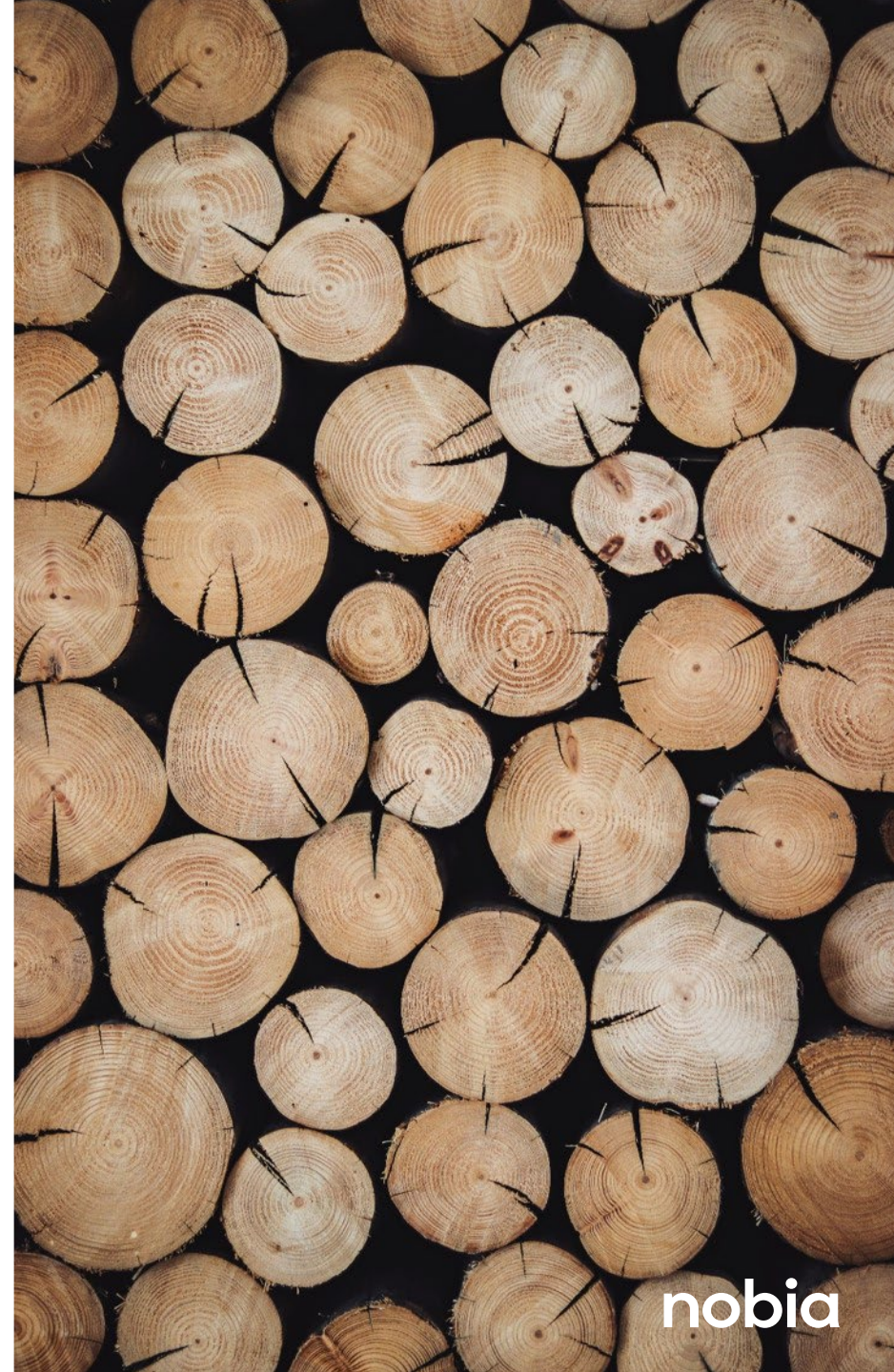
Nobia region UK net sales and EBIT development [BnSEK, %]



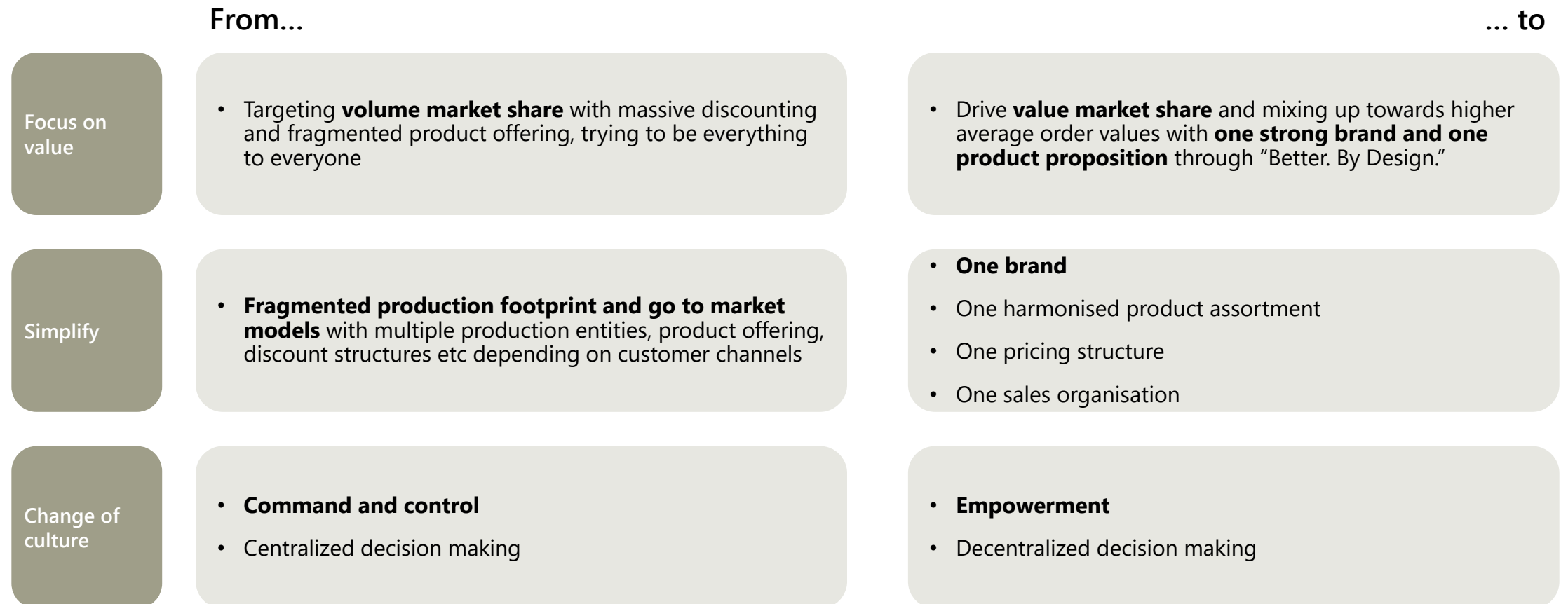
1) Excluding items affecting comparability. Adjusted for Commodore & CIE move to PBU

Cost program, price increases

In order to drive efficiencies and margin improvement, Nobia has in addition to existing strategic and cost initiatives, decided on a cost reduction program including a repositioning of part of the UK business. The programme aims to generate annual savings in excess of SEK 300m, with a noticeable impact in the second quarter of 2023 and reaching full effect in the second quarter of 2024. The programme involves the potential redundancy of 500 employees.



Executing important changes to create a strong, sustainable operating model



Three distinct phases in the UK transformation plan



Phase 1 (2021-2022) – Revitalize Magnet

Phase 2 (2023-2024) – Margin expansion

Phase 3 (2025-) – Profitable growth



Design & Sustainability

Phase 1
(2021-2022)

- Target mass premium, exit low end market
- New product development for mass premium category*
- Customization abilities (incl. paint to order)**
- Improved sustainability credentials

Phase 2
(2023-2024)

- New product development in mass premium
- Customization capabilities
- Leading position in sustainability

Phase 3
(2025-)

- Move to the K2020 platform for improved design, sustainability and mass customization capabilities

Contributing to > 3%pt
incremental Gross Margin

< 1 MGBP
incremental CAPEX





Structural efficiency

Phase 1
(2021-2022)

- Cost out
- Close unprofitable businesses (social housing and low margin accounts)
- Consolidate supply chain

Phase 2
(2023-2024)

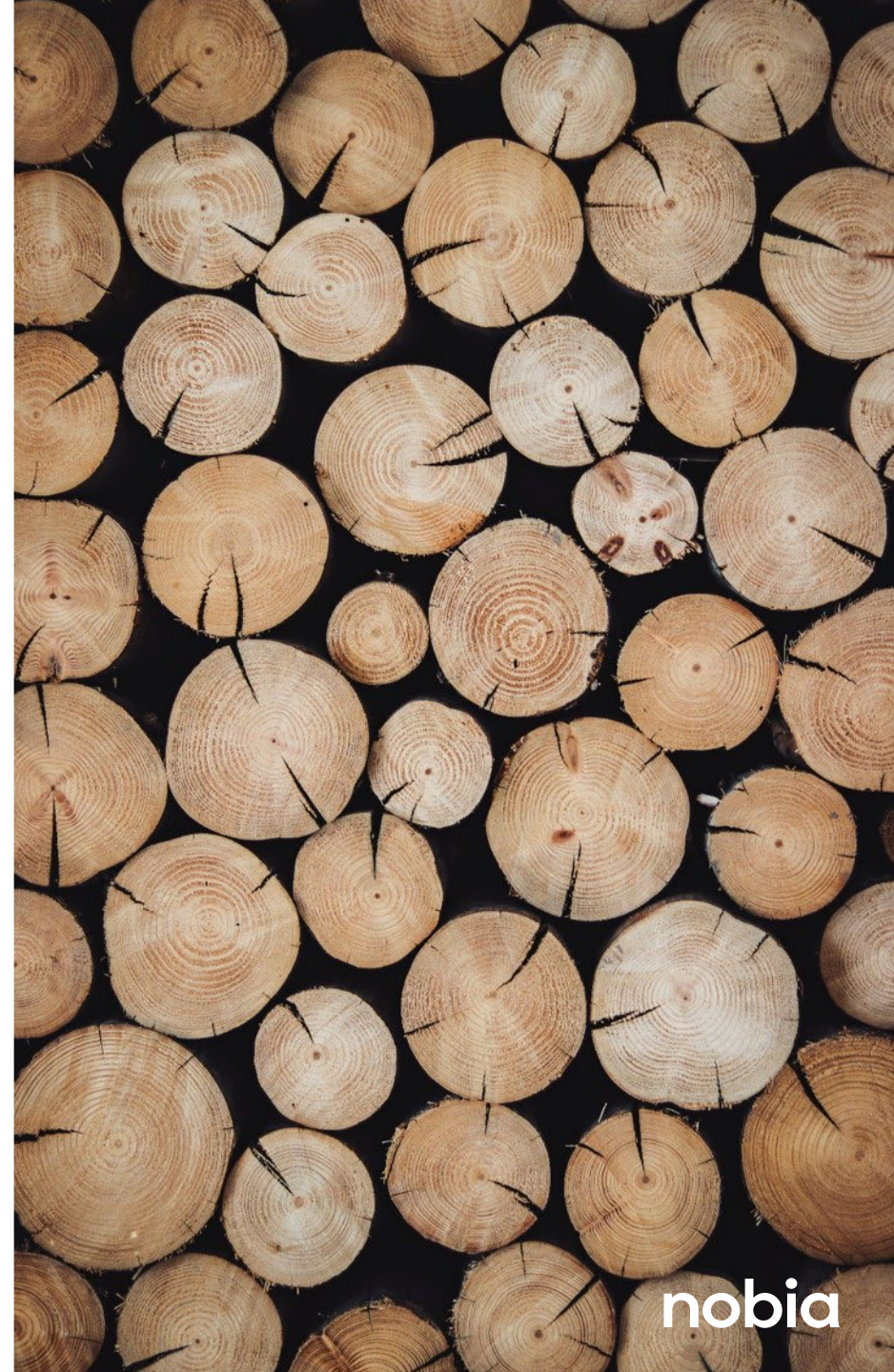
- Pricing discipline (mass premium)
- Remunerate stores by mass premium and EBIT
- Shared service centre
- Target asset light model (rent reductions, consolidation, partnership)

Phase 3
(2025-)

- K2020 platform
- Improved distribution and logistics

> 20 MGBP
run rate cost saving

Move from 5 to 3
manufacturing sites





Growth acceleration

Phase 1
(2021-2022)

- Mass premium position to increase average order value
- New store operating model with "Better. By design"
- Direct delivered trade proposition for retail-led trade
- Kitchen designer density (incl. virtual)

Phase 2
(2023-2024)

- Store upgrades "Better. By Design"
- Identify and trial new sales channels and partnerships
- Accelerate digital efforts

Phase 3
(2025-)

- Store and designer density increase in asset light model

>10% increase avg
order values

5% CAGR
(price and mix)

< 15 MGBP
incremental CAPEX





People & Culture

Phase 1
(2021-2022)

- Performance culture
- Flatten org structure
- Increase ratio of customer facing roles

Phase 2
(2023-2024)

- Decentralized decision making
- Link incentives to mass premium and store profitability
- Accountability, entrepreneurship, agility

Phase 3
(2025-)

- Store clusters with strong business leaders
- Designer density

Decentralized
decision model

Incentive schemes linked
to store profitability



Summarizing the three phases

Phase 1 – Revitalize Magnet (2021-2022)

- Stabilize operations after pandemic
- Build strong proposition with one strong brand
- Cost out
- Flatten organisation
- Start culture change

Phase 2 – Margin expansion (2023-2024)

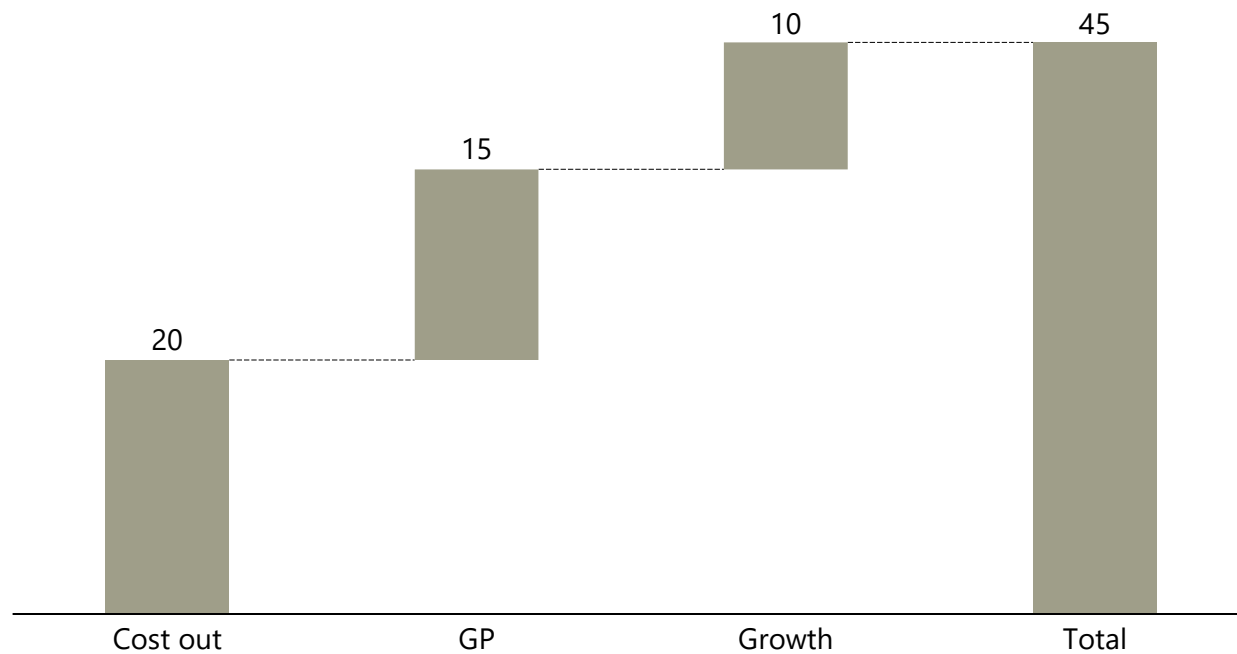
- Change operating model
 - Focus on value
 - Simplification
 - Culture change
- Drive towards mass premium
- Drive towards asset light model
- Identify and trial new sales channels

Phase 3 – Profitable growth (2025-)

- Capitalize on mass premium
- Increase sales distribution points and designer density
- Improve distribution and logistic setup

Summary financials of strategic themes

Incremental run rate ambition EBITDA [MGBP]





Summary and Q&A

We are transforming Nobia to strengthen our long-term competitiveness and value potential



We will come out of the transformation as a stronger company

- Strong market positions, especially in the Nordics
- Europe's most modern and efficient factory
- Even more powerful brands and product portfolio
- Design and sustainability leadership
- Group scale, synergies and best practices
- Consolidated production footprint
- Greater flexibility
- A better business structure
- A more competitive cost base

More flexible and sustainable business model



What to bring from the day

- Good progress in setting up state-of-the art factory in Jönköping supporting a strong Nordic operations
- Manageable financial position with current high investments considering good cash flow for serving debt and optionality of sale and lease back of factory or other assets to reduce debt
- UK operations' resilience improving following cost base reduction
- Strong potential to improve UK operations and step up sales growth and profitability with the plan to strengthen the Magnet position



Q&A



nobia

Designing Kitchens for Life