ANNUAL REPORT 2013

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2013 IN BRIEF

2013

Net sales amounted to SEK 11,773 million (12,343).

Organic growth was 0 per cent (neg: 5).

Operating profit excluding restructuring costs totalled SEK 690 million (565).

Profit after tax amounted to SEK 350 million (loss: 545).

Operating cash flow amounted to SEK 601 million (237).

The Board proposes a dividend of SEK 1.00 per share to the Annual General Meeting.

CONTENTS

SIGNIFICANT EVENTS

Nobia took further steps towards higher productivity, lower costs and greater co-ordination. Despite lower sales volumes, the Group's margins improved. The gross margin was 41.0 per cent, the highest in the company's history.

Despite recovery in the UK kitchen market following a negative five-year trend, performance in primary markets remained weak.

Efforts to create an efficient production structure continued. Manufacturing for the Hygena brand was relocated from Stemwede in Germany to Darlington in the UK. In conjunction with this, the remaining operations in Optifit were divested to the local management team.

The introduction of a Group-wide range in the markets in France, the UK and Scandinavia was completed. In the UK, Magnet began transitioning to the Group-wide standard dimension.

In the Nordic region, the brand portfolio was concentrated due to a decision to integrate Myresjökök with Marbodal, and by discontinuing the Finnish franchise concept Nettokeittiöt.

In Hygena, the French kitchen chain, a new management team was recruited, a stricter discount structure was introduced and co-ordination between sales, delivery and installation was improved. An action programme was initiated to generate profitable growth.

In early 2014, a partnership with the Finnish furniture chain Isku was announced. Nobia intends to introduce the Keittiömaailma franchise concept in 20 Isku stores across Finland.

KEY FIGURES

690 SEK m

Operating profit increased, mainly a result of higher sales values and cost savings.

	2012[1]	2013	Change, %
Net sales, SEK m	12,343	11,773	–5
Gross margin, %	40.3	41.0	–
Operating margin before depreciation/amortisation and impairment, % (EBITDA margin)	7.8	9.2	–
Operating profit, SEK m (EBIT)	565	690	22
Operating margin, % (EBIT margin)	4.6	5.9	–
Profit after financial items, SEK m	469	596	27
Profit/loss after tax, incl. restructuring, SEK m	–545[2]	350	–
Earnings per share, after dilution excl. restructuring, SEK m	2.06	2.29	11
Earnings/loss per share, after dilution incl. restructuring, SEK m	–3.27[2]	2.10	–
Operating cash flow, SEK m	237	601	–
Return on capital employed, %	–5.3	14.6	–
Return on shareholders' equity, %	–17.7	12.0	–
Number of employees at year-end	6,934	6,544	–6

Profit/loss after tax, operating cash flow, return on capital employed and return on shareholders' equity are recognised including restructuring costs. In the calculation of earnings per share excluding restructuring costs, an adjustment is also made for nonrecurring tax effects.

1) The figures for 2012 have been restated due to the amended IAS 19.
2) Affected by impairment of goodwill of SEK 492 million and impairment of deferred tax assets of SEK 49 million.

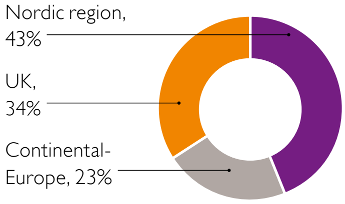
The Board of Directors and President of Nobia AB, Corporate Registration Number 556528-2752, hereby present the Annual Report and consolidated financial statements for the 2013 fiscal year.

The kitchen on the front cover won the 2013 Kitchen of the Year competition, arranged by Swedish interior design magazine Bad & Kökguiden. The name of the kitchen is "Arkitekt Plus" (PLUS series) and is sold through Marbodal.

Nobia in brief

Nobia sells kitchens under some twenty strong brands, and as a contract manufacturer. The operation covers the entire value chain, from development, manufacturing and installation to sales and distribution, as well as associated service. Sales to consumers are conducted through own and franchise stores and through a network of retailers, including furniture stores, builders' merchants, DIY stores and independent kitchen specialists. The products are also sold to professional construction companies which, in turn, sell the kitchens to their end customers.

Net sales are about SEK 12 billion, and the operation is organised into three regions.



The Nordic region is the largest region in terms of sales, while the UK is the largest single market.

6,544

employees, of whom most work in the UK, followed by Denmark, France and Sweden.

440

own stores, as well as a network of franchise stores and retailers.

12

production facilities in seven European countries, in which kitchen solutions are manufactured and assembled.

LEADING EUROPEAN KITCHEN SPECIALIST

Nobia develops, manufactures and sells kitchen solutions. Our customers know us under local brands and products that maintain high quality. Every week, Nobia manufactures some 130,000 cabinets and we meet more than 70,000 consumers in our stores.

History

Nobia was founded in 1996 from a division of what is now Stora Enso, which at that time conducted operations in the Nordic region in cabinet doors, windows and kitchens and as a wholesaler of building materials. During the first decade as an independent company, Nobia grew through a number of acquisitions, which also involved expansion into the Finnish and UK markets.

In 2002, Nobia was listed on the Stockholm Stock Exchange. Further acquisitions and a favourable economic climate contributed to increased sales, but no real consolidation of the operation. When the recession hit in 2008–2009, Nobia was a decentralised Group with a relatively large proportion of fixed costs. The company focused on improving margins and strengthening the cash flow.

Since 2010, the production structure has been rationalised, a Group-wide range has been introduced, internal co-ordination has increased and the stores in France have been renovated. At the same time, profitability has improved despite lower sales volumes. Today, Nobia is a more efficient kitchen Group than ever before and aims to grow in the European kitchen market.

Focus on kitchens

Nobia has focused on kitchens ever since the company was founded. A kitchen focus makes it possible to leverage joint know-how throughout the entire value chain – across business units and national boundaries. As a dedicated kitchen specialist, Nobia holds a leading role in the European kitchen industry.

Business concept

Nobia offers attractive kitchen solutions through a number of strong brands. The company generates value for customers by offering high-quality function and design in both complete kitchen solutions and individual products, and through services such as professional advice, customised design, delivery and installation. Behind the scenes, efficient production capitalises on economies of scale.

Vision

Nobia aims to inspire people to realise their kitchen dreams. Based on consumer insights, we produce functional and aesthetically pleasing kitchen solutions. No matter what a customer's ideal kitchen looks like, Nobia can offer a solution. Nobia helps customers realise their dreams and invest in the kitchens they enjoy.

CEO'S COMMENTS

NOW IT'S TIME FOR GROWTH

As I look back on 2013, I see a year in which the efficiency measures of recent years began to bear fruit. Targeted efforts to implement our strategy underlie the improved margins. These efforts will continue, with a more intense focus on growth.

Let me begin by summarising Nobia's performance in 2013. The organic divestment trend remained unchanged, which was in line with the overall market trend.

The UK market grew during the year, largely due to incentives to help first-time buyers enter the housing market. The Nordic kitchen market was slightly weaker, while our markets in Continental Europe showed a distinctly negative trend.

Improved margins

Despite a market situation with limited growth, Nobia's gross margin strengthened to the highest-ever level in the company's history. This was largely due to our efforts in recent years to reduce costs and increase sales values. Operating profit also increased and the operating margin improved to 5.9 per cent, compared with 4.6 per cent in 2012.

Profitability was particularly strong in the Nordic region, where Nobia's change process has made the most progress. The Continental Europe region reported a loss, mainly due to problems in the French operation, which accounts for about 10 per cent of total Group sales. However, the UK region reported both organic growth and positive earnings growth.

Overall, Nobia has built a solid foundation for continued growth. The company's financial position is stable and the Board proposes a dividend of SEK 1.00 (1.00) per share.

Moving closer to our target

If we take a step back, we can conclude that Nobia is a totally different company today than when I was appointed President just over three years ago. Nobia has introduced a Group-wide range, moved closer towards co-ordinated sourcing and has fewer plants with a higher degree of brand independence. Since 2010, Nobia has also reduced its costs by about SEK 300 million, adjusted for inflation, and now has about 1,500 fewer employees.

Whenever I meet employees and investors, I always try to describe how Nobia will become a more profitable and unified company. As part of this change process, Nobia is taking responsibility for developing a sustainable business.

The divestment of Optifit during the year was preceded by a complex process in which Nobia had a variety of stakeholders to consider. The manufacturing operation for our French retail chain Hygena was to be relocated from Optifit's plant in Germany to the UK, and the remaining operation in Optifit was expected to generate a negative result. Nobia finally considered divestment of the operation to the local management team to be the best alternative for both our shareholders and our former employees in Stemwede in Germany.

Continued change process

Major changes have taken place in our French store chain, Hygena. Since 2011, the stores have been renovated, the range has been renewed and manufacturing has been relocated to a more cost-efficient production system. But the number of store visitors continued to decline in 2013, due to both a weaker French market and internal shortcomings. Hygena has a new management team and we are implementing an action programme to create profitable growth,

> “ WHENEVER I MEET EMPLOYEES AND INVESTORS, I ALWAYS TRY TO DESCRIBE HOW NOBIA WILL BECOME A MORE PROFITABLE AND UNIFIED COMPANY. AS PART OF THIS CHANGE PROCESS, NOBIA IS TAKING RESPONSIBILITY FOR DEVELOPING A SUSTAINABLE BUSINESS.

"IN 2014, WE WILL MARKET NEW INNOVATIONS THAT WE HOPE WILL CONTRIBUTE TO INCREASED SALES. AND IN STORES, NOBIA IS INTRODUCING THE BEST-POSSIBLE SALES PROCESS AND SERVICE CONCEPTS.

but we are well aware that it will take time before these measures generate results.

I always emphasise that the transformation of Nobia is a process that will take time. Although Nobia has made good progress to date, there is a great deal of work remaining. Many of our stores have not yet achieved the required level of profitability. And optimising the Group's production structure is an extremely complex process that is taking longer than I originally expected.

In these efforts, the initial strategic plan and the overall financial target of an operating margin of more than 10 per cent will continue to be the guiding principles for me and my colleagues. We will continue to harmonise the range, co-ordinate sourcing, restructure production, disseminate best practises across the operation, develop innovative solutions and differentiate our offering. And at the same time, we will continue to be cost-conscious.

Focus on profitable growth

Compared with the same period last year, the European kitchen market looks somewhat brighter. Although we expect some growth in 2014, we are planning for continued uncertainty. In the years to come, we anticipate further range reductions and production restructures, while our focus on growth will increase. However, our aim is not to increase volumes, but to achieve profitable growth that will bring us closer to our operating margin target.

In 2014, we are marketing new innovations that we hope will contribute to increased sales. And in stores, Nobia is introducing the best-possible sales process and service concepts. We are increasing our digital investments and developing our commercial websites and other digital services for customers. We are also seeking new partnerships for distribution, and evaluating potential acquisitions in order to – when the right opportunity arises – complement our current structure and expand to new channels and market segments.

Overall, I am looking forward to yet another exciting year.

Morten Falkenberg
President and CEO

FINANCIAL TARGETS

Nobia's operations are steered towards three financial targets that aim to generate favourable returns for shareholders and long-term value growth.

Profitability

The operating margin is to amount to at least 10 per cent over a business cycle. Furthermore, Nobia aims at organic growth that is 2–3 per cent higher than market growth and also growth through acquisitions.

>10%

Financing

The debt/equity ratio (net debt/shareholders' equity) is not to exceed 100 per cent. A temporary elevation of the debt/equity ratio is however acceptable, for example in conjunction with acquisitions.

<100%

Dividends

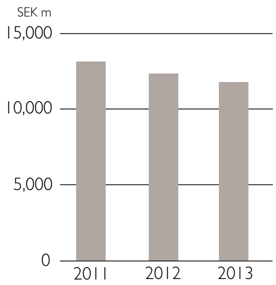
Dividends to shareholders are on average to be within the interval of 30–60 per cent of net profit after tax. When decisions about the amount of the dividend are made, the company's capital structure is to be taken into consideration.

30–60%

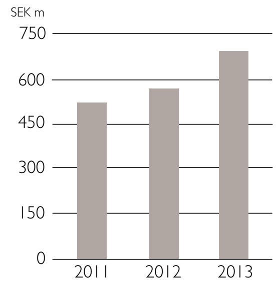
5.9%

Despite lower sales, the operating margin excluding restructuring costs displayed a positive trend and amounted to 5.9 per cent in 2013.

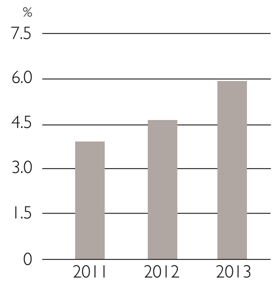
Net sales



Operating profit excluding restructuring costs



Operating margin excluding restructuring costs



COMMENTS ON THE DEVELOPMENT

Net sales

Nobia's sales are impacted by demand in European kitchen markets and in recent years, the market trend has been weak. Average annual growth since 2007 has amounted to negative 5 per cent. Sales growth specified by organic growth and growth through acquisitions, divestments and exchange-rate fluctuations is shown in the table below. Nobia endeavours to reverse the negative earnings trend through growth-driving initiatives, which are described in more detail on page 11.

SALES GROWTH, %	2009	2010	2011	2012	**2013**
Organic change	–10	0	–2	–5	0
Acquisitions, divestments and currency	6	–9	–5	0	–5
Total growth	**–4**	**–9**	**–7**	**–6**	**–5**
Average annual growth*	–2	–4	–5	–5	–5

* Based on the base year 2007.

Financial position

Nobia has a solid financial position. Net borrowing has continued to decline for several years and at year-end, net debt amounted to SEK 1,176 million, of which SEK 654 million pertained to pension liabilities. In 2013, operating cash flow was strengthened by higher earnings generation and lower investments, as well as lower payments pertaining to restructuring measures. The debt/equity ratio declined in 2013 due to a strong cash flow and lower pension liabilities.

INDEBTEDNESS AND CASH FLOW	2009	2010	2011	2012	**2013**
Net debt, SEK m	2,426	1,510	1,586	1,707	1,176
Operating cash flow, SEK m	803	641	9	237	601
Equity/assets ratio, %	38	41	42	37	44
Debt/equity ratio, %	62	44	45	64	37

Operating profit

Nobia's profitability has improved since 2009 and, excluding restructuring costs, operating profit amounted to SEK 690 million in 2013. Despite lower sales volumes, earnings improved mainly due to major cost savings, higher sales values and productivity enhancements. Net profitability varied significantly between the regions – from a loss in Continental Europe to an operating margin in the Nordic region that clearly exceeded the profitability target for the Group.

OPERATING MARGIN EXCLUDING RESTRUCTURING COSTS, %	2009	2010	2011	2012	**2013**
UK	4.2	6.3	5.0	4.5	6.0
Nordic	3.6	6.5	8.8	10.5	12.6
Continental Europe	0.6	–0.9	–2.1	–0.3	–1.7
Group total	**2.2**	**3.7**	**3.9**	**4.6**	**5.9**

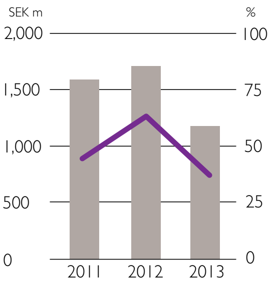
Dividends to shareholders

For 2013, the Board of Directors proposes a dividend of SEK 1.00 per share to the Annual General Meeting, corresponding to 48 per cent of net profit after tax. For 2012, the dividend amounted to SEK 0.50 per share. No dividend was paid for the 2008-2011 fiscal years. Prior to that, between 2002 and 2007, the average dividend ratio was 37 per cent of net profit after tax.

DIVIDENDS TO SHAREHOLDERS, %	2009	2010	2011	2012	**2013**
Earnings/loss per share, SEK	–0.47	–0.53	0.42	–3.27	2.10
Dividend per share, SEK	0	0	0	0.50	1.00*
Dividend as a per cent of net profit after tax	n/a	n/a	n/a	n/a	48

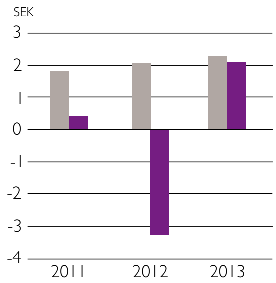
* Board proposal

Net debt and debt/equity ratio



Net debt
Debt/equity ratio

Earnings/loss per share



Earnings/loss per share excl. restructuring costs
Earnings/loss per share incl. restructuring costs

Profitability trend

Return on capital employed
Return on shareholders' equity

37%

In 2013, the debt/equity ratio declined due to a strong cash flow and lower pension liabilities and at year-end, amounted to 37 per cent.

STRATEGY

INITIATIVES FOR PROFITABLE GROWTH

Nobia generates profitable growth by first increasing efficiency at all levels and then expanding the enhanced operation. The foundation of our strategy is Efficiency and Growth, aimed at efficiency-enhancing measures and activities to drive increased sales.

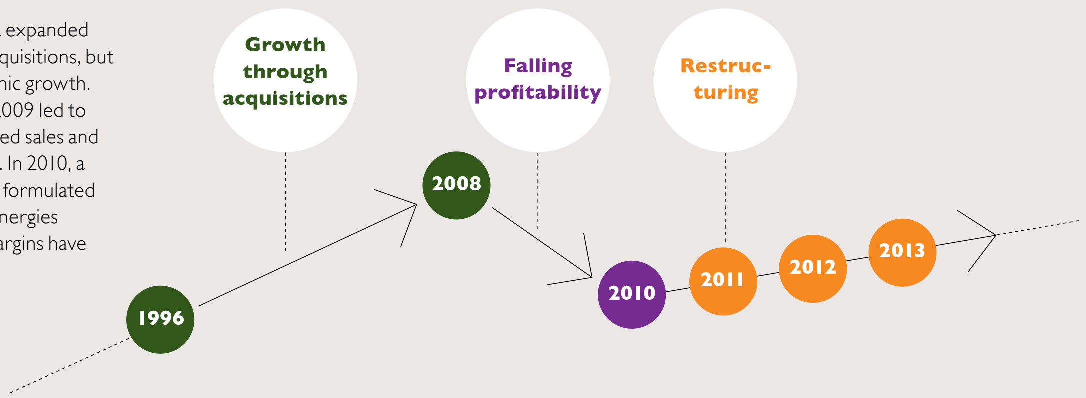
Nobia endeavours to fulfil the vision of becoming the leading and most profitable kitchen specialist that inspires and realises kitchen dreams. To achieve this goal, the Group must both capitalise on economies of scale and synergy effects, and develop its customer offering and sales channels.

In recent years, major internal improvements have provided the basis for a strong and consolidated Nobia. The focus was directed to efficiency-enhancing measures – to align costs with demand and current market conditions, and to increase internal co-ordination, particularly in sourcing and production. Although facilities have been closed down or divested, there is still some overcapacity in the Group's total production system.

From 2013, growth-driving initiatives are becoming increasingly important, without compromising continued cost control, realised synergies and other efficiency measures. Nobia's growth initiatives are based on the Group's strengths in the form of strong brands and well-established and multi-faceted sales channels. The growth strategy comprises four pillars: innovation, digital solutions, sales process and service, as well as acquisitions and partnerships.

Nobia's development

Until 2008, Nobia expanded mainly through acquisitions, but also through organic growth. The recession in 2009 led to significantly reduced sales and falling profitability. In 2010, a strategic plan was formulated to capitalise on synergies and since then, margins have strengthened.



EFFICIENCY

E1 **A uniform standard and a Group-wide range** reduce complexity and provide a basis for realising synergies in sourcing and production.

E2 **Fewer, brand-independent production units** enable higher productivity and reduce the overall need for investment in the production plants.

E3 **Co-ordinated sourcing and continuous efficiency measures** reduce costs and raise the quality of both purchased goods and manufactured products.

+

GROWTH

G1 **New innovations** spanning multiple brands stimulate demand and differentiate the offering.

G2 **Digital tools** simplify the purchasing process and play an increasingly important role in capturing the interest of consumers and convincing them to invest in a kitchen.

G3 **The best-possible service in stores** is the target and Nobia develops and shares best practices and methods with sales personnel.

G4 **Acquisitions and partnerships** are evaluated in order to expand distribution and create profitable growth.

+

EBIT margin 2013

5.9%

In 2013, Nobia's operating margin improved for the fourth consecutive year.

TARGET: EBIT margin

10%

These strategic initiatives will enable achievement of the financial target of an operating margin of more than 10 per cent.

Read more

EFFICIENCY

Range

Most of the kitchens manufactured in Nobia's production system comply with a common standard dimension. From 2013, kitchens sold through Magnet's store network in the UK will also be transferred to the common standard dimension. This standard will gradually be phased in by product category in order to minimise the costs for replacing existing displays and stock. Similarly, Nobia's operation in Finland will adopt the common standard dimension in coming years.

Since 2012, a Group-wide range has been introduced in most of Nobia's markets with the objective of reducing complexity and increasing the overlap between various business units, without losing opportunities for differentiation.

Further reductions of the Group-wide range will be implemented over the next three years. The plan is to reduce the number of front designs from about 320 to about 100, while increasing the proportion of products offered by more than one brand.

Production

Nobia's restructuring of production and logistics is aimed at achieving a balance between a larger scale, transport efficiency and lead-time demands. The target is to create a production structure with fewer, brand-independent production units.

Large-scale manufacturing generates synergies in terms of fixed costs and also enables investment in first-rate equipment at fewer facilities.

In recent years, a number of Nobia's production facilities have closed down or been divested. In 2011 and 2012, production in Sweden was co-ordinated by relocating manufacturing in Älmhult to the facility in Tidaholm.

In 2013, the plant in Stemwede in Germany was divested when the manufacturing operation for products sold under the Hygena brand was relocated to the UK. This production transfer was implemented during the first half of the year. The production facility in Darlington in the UK now conducts high-quality and reliable deliveries of products to Nobia's French customers.

Sourcing

A growing proportion of the Group's sourcing is co-ordinated and managed by the central sourcing organisation, which has overall responsibility for both product ranges and sourcing related to the range.

To increase flexibility, reduce costs and raise the quality of purchased goods, Nobia strives to reduce the number of suppliers and enter strategic partnerships with a number of key suppliers. The ability to accomplish this goal depends on continuous efforts to further harmonise the range and increase the overlap in ranges between the units in relation to sales of best-selling products.

Efforts to increase the co-ordination of purchasing are in progress, including the development of joint supply-chain planning in order to increase purchase volumes from low-cost countries. Efforts to improve internal production processes are also moving forward. A Group-wide production system has been introduced to implement lean methods and tools, which can conserve resources and improve customer value.

“ FURTHER REDUCTIONS OF THE JOINT RANGE WILL BE IMPLEMENTED OVER THE NEXT THREE YEARS. THE PLAN IS TO REDUCE THE NUMBER OF FRONT DESIGNS FROM ABOUT 320 TO ABOUT 100.

GROWTH

Innovation

In general, the kitchen industry has comparatively long product development cycles but, as in other industries, innovations can generate increased sales. New products and solutions can, in particular, serve as incitements and encourage consumers to replace or renew their kitchens.

Nobia's product development spans several brand platforms and is based on consumer insights and market trends. The development process focuses on being first to market with new innovations that allow for additional sales and that differentiate the Group's brands.

At the end of the year, two new products were launched in Nobia's joint range – a storage solution for coffee machines, and a specially adapted audio solution (see below). Nobia was first with these innovations, which have been developed to meet clear consumer needs.

Digital solutions

Consumers today conduct an increasing amount of their purchasing online, which means that the websites, online advertising and other digital presence of kitchen brands represent increasingly important communication channels.

Nobia's digital strategy aims to inspire and simplify the purchasing process. A key component of the strategy is a joint web platform that integrates the online and in-store customer experience. Nobia is also increasing its digital advertising and developing digital tools that make it easier for customers to visualise, plan, draw and create budget for various kitchen solutions and that facilitate customer contact with sales personnel.

Poggenpohl's website was the first to receive new functionality. In 2014, ten of the Group's commercial websites will be transferred to the new web platform.

Sales process and service

A Nobia-wide sales process has been developed based on the in-store customer experience and existing methods in HTH, Magnet and Hygena. The joint approach to store sales in these business units has generated positive results, and the experiences are now being implemented in the Group's other stores. The sales management undergoes training in tools to lead their daily work and key indicators, such as visitor traffic, the conversion rate and customer satisfaction, are measured in every store, which facilitates the control and monitoring of in-store sales.

In the future, an overview of the level of service offered by the various business units is planned with the goal of developing and marketing a joint service offering. Today, everything from home visits, advice, design, planning, made-to-order, assembly, home delivery, installation and spare parts are offered. Magnet and HTH also offer a service inspection one year after the installation of a new kitchen.

Acquisitions and partnerships

Potential acquisitions are evaluated in parallel with offensive investment in all business units. The timing is considered well-chosen after the weak market trend of recent years and the incipient consolidation of the European kitchen industry. The primary criteria for potential acquisitions is that they are profitable kitchen operations in attractive markets with strong brands or sales channels that complement Nobia's current structure.

Through partnerships for distribution, Nobia's production systems can support new customer segments or adjacent markets. At the end of the year, the German kitchen brand Goldreif was reintroduced into the Poggenpohl store network with a complementary range. A partnership was also launched between Marbodal and Bygghemma, one of the leading online stores in the DIY trade in the Nordic region. Several such partnerships have been planned for future years.

1.
Coffee machines have long been standard in many kitchens, but kitchen fixtures have not kept pace. Nobia's Coffee unit enhances the kitchen with a lit presentation of the coffee machine. It also provides a practical serving space and smart storage, which frees space on the worktop.

2.
Consumer requests for quality audio systems that blend with their furnishings are increasing. Nobia's Sound unit is a Bluetooth speaker that fits between two top cabinets. The unit provides unrivalled sound in acoustically challenging environments and has removable, easy-clean speaker grills.

1


2


BRANDS & INSPIRATION

STRONG KITCHEN BRANDS

In the kitchen market competition, brands are Nobia's most important assets. A brand is a promise to customers and conveys the offering's perceived quality and design.

Many of Nobia's core brands are among the strongest kitchen brands in their respective markets, with high spontaneous brand awareness. Other key indicators of brand monitoring include brand equity, which also includes associations, loyalty and perceived quality, and brand preference, which shows the extent to which consumers prefer one brand over another.

During the year, the brand portfolio was changed due to the divestment of the German Optifit operation and closure of the Finnish Nettokeittiöt concept. In addition, a decision was made in the autumn of 2013 to consolidate the Myresjökök brand, which has mainly been targeted towards professional customers, with Marbodal, which is Sweden's most recognised kitchen brand. At the end of 2013, the German brand Goldreif was also reintroduced, whose kitchen solutions are sold through Poggenpohl stores.

Brand strategy

Nobia is working to clarify the brands' market positioning and differentiate them in terms of range and target group, while enabling synergies in the form of joint processes.

The brand strategy is based on a segmentation of the kitchen market by attitudes and needs, that is, factors associated with lifestyle, values and personality. Comprehensive consumer analyses and market research underlie this segmentation. Nobia has identified two customer segments among kitchen consumers in Europe, to which the core brands are targeted.

Core brands

Tactical brands

Luxury segment

Nobia's brand portfolio consists of eight strong, local core brands in the mid-price segment; nine tactical brands, also in the mid-price segment, and two brands in the luxury segment.

4

Four questions for
LILJANA FORSSTEN
Director Marketing &
Innovation

What is most important when planning a new kitchen?
I recommend seeing the choice of functions in the kitchen as part of the design process. Begin by going through what you need in your kitchen. Make a list of all the tools and appliances you own, and how often you use them. Then you can decide what you want to show and what you want to hide, and work out how much space is required for both closed and open storage.

What are the most common mistakes?
The most common mistake, I would say, is taking the existing plan for granted. It's often difficult to see alternative solutions that could make the kitchen both more attractive and more practical. Another common mistake is spending too much time and energy on surface areas rather than function, such as cabinet interiors, which help you stay organised.

What is your best advice for storage?
Choose drawers! Preferably fully extendable to give you a better overview of stored items. Installing drawers rather than cabinets increases storage capacity by more than 20 per cent and gives better access and a better overview. Drawers can change both the style and function of a kitchen.

How can I use the kitchen to express my personality?
Everything on display will define the identity of the room and tell you about the person who lives there. Decorate your kitchen with the objects and things that you like. But combine open storage and glass cabinets with closed storage. You should also consider aspects like cleaning and ventilation. If you want to have open shelving next to the stove, you should install a powerful exhaust fan.

SHOW OR HIDE?

More and more activities are moving into the kitchen. The kitchen has become the most important room of the home and the backdrop to many of life's events. This transformation of the kitchen's importance and use has meant that many people want to put their personnel stamp on the kitchen and make it a place that says who they are. By highlighting or hiding certain details, the kitchen can acquire its own special identity.

At the same time, social media and networking sites are setting new standards for "private" and "public." We willingly share our taste in music, the family's holiday photos, our political views, lists of friends and the things that make us laugh or cry. Almost everyone makes some form of digital footprint, which has made us aware of our image and how we want to be perceived.

This behaviour is not confined to the digital world. We have taken it into our off-line life and it sets the scene for decorating our homes.

Most consumers today want their kitchen to reflect their personality. By making room for objects that say something about the person who lives there, personality is reflected in the kitchen environment. As a result, the popularity of open shelving and glass cabinets in kitchens has increased in recent years.

But we don't want to show everything – we want to keep some things behind closed cabinet doors for both practical and visual reasons.

Therefore, there must be a fine balance in the kitchen between what we want to show and what we prefer to hide – open and closed storage. You might want to hide some of the tools and appliances that are only used occasionally to make room for other things on the countertop. To make room for everything, smart storage has never been more important, such as drawer inserts to organise contents, and customised storage solutions to make large appliances accessible.

MARKET

FOCUS ON EUROPE

Kitchen demand is impacted by such factors as general economic conditions, consumer confidence, disposable household income, the property market trend and the construction of new housing. Interest in renovation and interior decorating also affects the kitchen market.

The estimated value of the European market for kitchen products[1] is about EUR 11.7 billion. The four single largest European markets are Germany, Italy, the UK and France, which jointly account for 73 per cent of kitchen production and 66 per cent of kitchen consumption. Overall, Europe net exports kitchens and the main exporting country is Germany, followed by Italy and Denmark.

Of Nobia's main markets, the estimated value of consumption in the UK is 14 per cent of Europe's total kitchen consumption. Sweden, Norway, Denmark and Finland are estimated to account for 11 per cent of the European kitchen market. France and Austria are estimated to represent a total of 16 per cent, while Germany, where Nobia is a minor player, is deemed to account for 24 per cent of the market. Total kitchen consumption in Nobia's main markets is estimated to be about EUR 7.6 billion.

Between 2002 and 2012, annual growth in the European kitchen market averaged 0.5 per cent, although the variation between years was considerable. Following a double-digit decline in the economic downturn of 2009, the market stabilised in 2010 and has since declined at a more moderate pace.

Fragmentation and competition

The European kitchen market is still very local and, in many countries, fragmented. However, there is a slow move towards greater consolidation. Most of the 40 largest players, which together account for 70 per cent of the total kitchen production in Europe, have increased their market shares over the past four years.

The European kitchen market is generally characterised by intense competition. Like Nobia, many kitchen companies have a complete value chain ranging from inbound logistics and production to consumer sales and various types of professional customers. Due to the weak market situation and the competitive situation described above, the kitchen industry has been characterised by comparatively low profitability in recent years.

Nobia's competitors include small, local players as well as major kitchen producers and established furniture companies. Nobia is considered the only company with a market share of more than 10 per cent of the European kitchen market. About ten kitchen suppliers are considered to have market shares of around 2 per cent, while the five largest – Nobia, Ikea, Nobilia, Howdens Joinery and Alno – jointly account for more than 35 per cent of the market.

Trends and drivers

A long-term trend indicating growth in the European kitchen market is that the number of households in Europe is expected

KEY COMPETITORS

Company	Primary markets	Ownership structure
Alno	Germany, Austria and the UK	Public
Ballingslöv	Sweden, Norway, Denmark, Finland and the UK	Private
Dan Küchen	Austria	Private
Fournier Groupe	France, Switzerland and Belgium	Private
Howdens Joinery	The UK and France	Public
Häcker Küchen	Germany and France	Private
Ikea	Global	Private
Nobilia	Germany, France, Belgium, Austria and the UK	Private
SALM	France	Private
Snaidero Group	France, Italy, Germany, Belgium and Austria	Private

1) Source CSIL 2013. Values based on producer prices.

to increase. Kitchens have also become a lifestyle product and gained increasing significance in European homes. Market maturity is considered lower in the UK and Continental Europe, where existing kitchen fittings are generally older than in the Nordic region and where the kitchen is often still a small room, mainly intended for cooking.

New kitchens are assembled during either construction or renovation. The new-build sector is cyclical, while the renovation sector is less sensitive to economic fluctuations.

On average, European consumers purchase new kitchens every 15-20 years and mainly in conjunction with moving to a new home. When renovating a kitchen, in addition to buying the actual products, customers also have to pay labour costs for installation, plumbing and flooring. In some countries, tax deductions for home improvements encourage consumers to renovate and perform maintenance on their homes and are therefore deemed to have a positive impact on the kitchen renovation market.

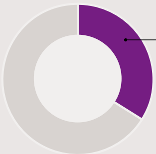
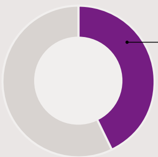
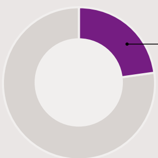
For households, buying a kitchen is a comparatively complex and major investment in which design plays a key role. A kitchen comprises a large number of products, such as cabinet frames, drawers, cabinet doors, worktops, appliances, mixer taps and sinks, and details such as knobs, handles, cabinet fittings and lighting. In addition, kitchen specialists offer their customers services such as kitchen planning assistance, as well as delivery and installation. The development of new functionality and design, for both kitchen solutions and for white goods and other household appliances, encourages consumers to renew their existing kitchen fittings.

In the Nordic region and the UK, kitchens are considered building accessories and included in the sale of an apartment or a house, while a home in France, for example, is usually sold without kitchen fittings and appliances. The project market in Continental Europe is therefore less extensive.

Nobia's position

Nobia is the leading European kitchen specialist and holds a strong position in the mid-price segment with strong local brands. Few players in the European market can match Nobia's size or boast similar opportunities to capitalise on synergy effects. In the UK, Nobia is overall one of the largest players. In the Nordic region, Nobia has a strong position, particularly in relation to professional construction customers. Nobia is also one of the leading kitchen suppliers in Austria. Nobia is a minor player in France and holds a modest share in the German kitchen market. Nobia also caters to consumers in the luxury segment worldwide through the Poggenpohl and unoform brands.

BUSINESS OVERVIEW

	Net sales[1]	Operating profit[2]	Number of employees
UK REGION	 34% 4,140 SEK m	247 SEK m	2,266
NORDIC REGION	 43% 5,028 SEK m	633 SEK m	2,616
CONTINENTAL EUROPE REGION	 23% 2,695 SEK m	–47 SEK m	1,613
GROUP TOTAL	11,773 SEK m	690 SEK m[3]	6,544[4]

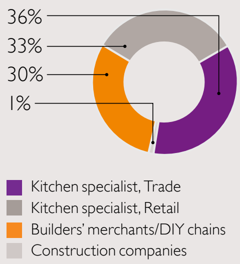
1) Sales to other regions are included in net sales for the regions.
2) Operating profit excluding restructuring costs of SEK 36 million pertaining to the divestment of Optifit in Continental Europe.
3) In addition to the regions' operating profit, the Group's total operating profit includes operating profit from Group-wide items and eliminations.
4) The Group's employees include employees in the Parent Company.

Production units | **Own stores** | **Operational description** | **Sales channels**

Production units: 3

Own stores: 208

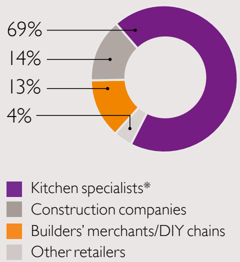
The UK region includes the Magnet, Gower and Interior Solutions operations, as well as kitchen manufacturing for the French Hygena brand. Magnet is a retail chain that caters for consumers (Magnet Retail) and builders (Magnet Trade), while Gower and Interior Solutions supplies kitchens to UK DIY chains.



Production units: 6

Own stores: 71

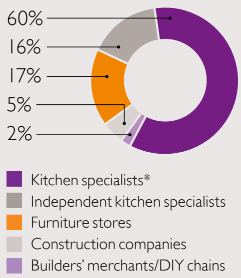
In the Nordic region, Nobia sells kitchens in Sweden under the Marbodal and HTH brands, and in Norway under the HTH, Sigdal, Norema and Marbodal brands. In Denmark, Nobia operates under the HTH, unoform and Invita brands. The Implast worktop operation is also included in Nobia Denmark. In Finland, Nobia sells kitchens under the A la Carte, Parma and Petra brands.



Production units: 3

Own stores: 161

The Continental Europe region comprises three business units. Hygena is a retail chain that sells kitchen solutions to French consumers. Ewe/FM manufactures kitchens that are mainly sold to furniture chains and independent kitchen specialists in Austria. Poggenpohl manufactures kitchens in Germany that are sold to both consumers and professional customers worldwide.



Production units: 12

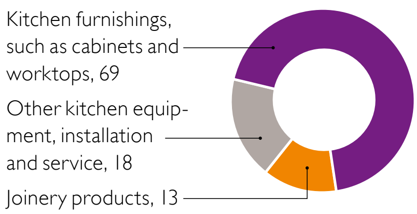
Own stores: 440

* Own stores and franchise.

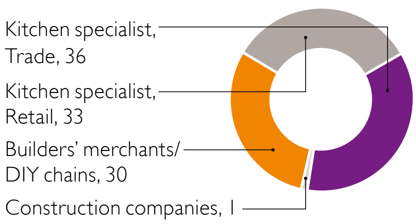
UK REGION

2013	
	Net sales rose organically 6 per cent (neg: 12) to SEK 4,140 million (4,042).
	Operating profit excluding restructuring costs totalled SEK 247 million (181) and the operating margin was 6.0 per cent (4.5).
	Negative currency effects of SEK 35 million (pos: 25) impacted operating profit excluding restructuring costs.
	Sales in stores comprising both Magnet Retail and Magnet Trade were reorganised to one team per store working towards joint targets.
	As of the second quarter, Magnet began transitioning to the Group-wide cabinet standard, which will achieve synergies over time.
	Magnet expanded its customer base through increased promotion to construction companies.

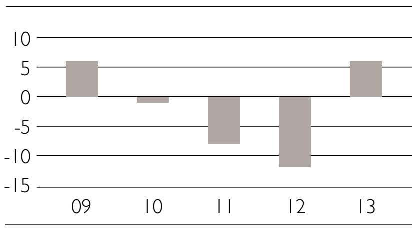
Sales per product, %



Sales channels, %



Organic sales growth, %



MARKET AND NOBIA'S POSITION

The UK kitchen market mainly consists of kitchen specialists and kitchen suppliers that cater for local builders and DIY chains. There is also a market for major new construction and renovation projects.

After several years of negative growth, demand in the UK kitchen market increased in 2013, albeit from a low level. Consumer sentiment strengthened and the macro-economic situation gradually improved throughout the year.

Nobia is a leading player in the UK kitchen market. Magnet operates as a kitchen specialist for consumers and builders with a nationwide store network. Most of the 208 stores are mixed stores, which means that sales to both consumer and builders are conducted in the same store. However, some of the stores are specialised in one of these target groups. Magnet also sells directly to construction companies. In addition, Nobia has a B2B offering for UK DIY chains and the building materials trade. The broad channel presence is an advantage, since demand in the various channels varies during economic fluctuations.

BRANDS

Magnet Gower Interior Solutions

Magnet Retail is a nationwide chain of kitchen stores that caters for UK end-consumers. The kitchen solutions, in the mid-price segment, are rigid and normally sold complete with comprehensive after-sales care.

Magnet Trade is a nationwide chain of kitchen stores that mainly caters for builders and local construction companies. The kitchens are in the mid-price segment and rigid. A limited range is kept in stock and the stores also offer a range of joinery products and windows.

B2B sales are conducted through Gower and Interior Solutions, which mainly sell flat-pack kitchens to retailers operating in the UK building materials trade, including DIY chains. In addition to the actual kitchens, Nobia's offering to retailers includes category management, which means assistance with kitchen displays in the store, advertising and training for personnel.

Own kitchen stores

208

No stores were renovated during the year, and four stores were closed.

Key figures

	2012	2013	Change, %
Net sales, SEK m	4,042	4,140	2
Gross profit excluding restructuring costs, SEK m	1,622	1,652	2
Gross margin excluding restructuring costs, %	40.1	39.9	–
Operating profit excluding restructuring costs, SEK m	181	247	37
Operating margin excluding restructuring costs, %	4.5	6.0	–
Operating profit, SEK m	93	247	–
Operating margin, %	2.3	6.0	–
Operating capital, SEK m	786	699	–11
Return on operating capital, %	12	35	–
Investments, SEK m	134	59	–56
Average number of employees	2,435	2,256	–7
Number of employees at year-end	2,259	2,266	0

NORDIC REGION

2013

Net sales declined organically 2 per cent (1) to SEK 5,028 million (5,233).

Operating profit excluding restructuring costs totalled SEK 633 million (551) and the operating margin was 12.6 per cent (10.5).

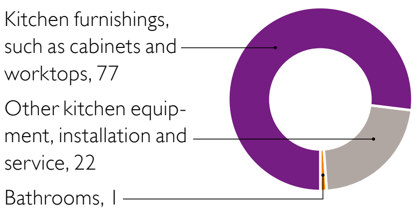
Negative currency effects of SEK 20 million (pos: 20) impacted operating profit excluding restructuring costs.

A decision was made to merge the Myresjökök and Marbodal brands into one powerful brand - Marbodal. The conversion of Myresjökök will take place in close collaboration with customers.

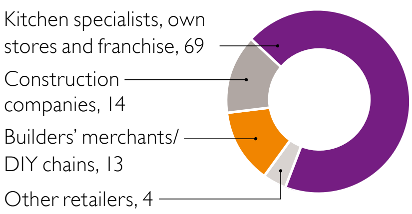
The Finnish franchise concept Nettokeittiöt was discontinued due to the weak performance of this sales channel.

In January 2014, a partnership with the Finnish furniture chain Isku was announced.

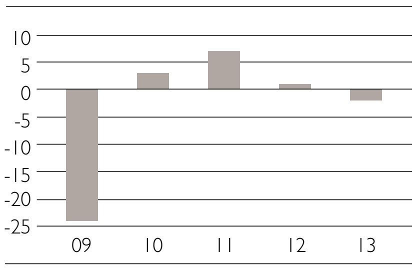
Sales per product, %



Sales channels, %



Organic sales growth, %



MARKET AND NOBIA'S POSITION

In the Nordic region, there are many local, and some regional, kitchen companies and one significant player in the consumer market in the form of furniture company Ikea. The Nordic market also has a relatively large share of project sales, with customers comprising prefab home manufacturers and construction companies that sell kitchens to end-consumers and have lead times of about 8-10 months from construction start to kitchen delivery.

In 2013, demand from Nordic consumers rose slightly, particularly in Sweden and Denmark. However, the professional segment weakened in most markets, which overall resulted in a slightly negative trend for the Nordic market in 2013.

Nobia is a leading kitchen supplier in the Nordic kitchen market. Sales are conducted both through own stores and through stores operated by franchisees or retailers. The distribution structure varies between brands, ranging from Norema, which is sold through own stores, to Marbodal, which is sold through a distinctive franchise organisation. The remaining brands are sold through own stores, as well as franchisees and retailers. In Finland, Nobia does not have its own stores.

Nobia is a leading player in sales to construction companies and prefab home manufacturers, with well-established service concepts and a documented ability to deliver large-scale orders.

BRANDS

HTH offers complete kitchen solutions to both consumers and professional customers. HTH kitchens are mainly delivered rigid, but can also be supplied in flat-packs. Sales are conducted in some 110 stores throughout Denmark, Sweden and Norway and the kitchens are distributed by proprietary carriers.

Invita mainly operates in Denmark and sells rigid kitchens with customised and exclusive design.

unoform is mainly sold in Scandinavia and offers exclusive and expertly handcrafted kitchens with a special design that has remained unchanged for more than 40 years.

Marbodal is sold in Sweden and Norway, and offers complete kitchens to consumers and professional customers.

In 2014, Myresjökök and Marbodal will be merged, entailing a higher share of sales to project customers, which requires large volumes of rigid cabinets with high delivery reliability.

Sigdal operates in Norway and offers rigid kitchens to consumers and professional customers.

Norema operates in Norway and sells rigid kitchens to consumers and construction companies.

Petra, Parma and **A la Carte** are sold in Finland through specialised kitchen stores and builders' merchants, as well as directly to construction companies. Store sales are mainly conducted through the Keittiömaailma franchise chain.

Own kitchen stores

71

No stores were renovated during the year. Eight stores were opened, and eight stores were closed.

Kitchen stores by country

Denmark	47	Finland	–
Norway	14	Other countries	–
Sweden	10		

Key figures

	2012	2013	Change, %
Net sales, SEK m	5,233	5,028	–4
Gross profit excluding restructuring costs, SEK m	2,061	2,048	–1
Gross margin excluding restructuring costs, %	39.4	40.7	–
Operating profit excluding restructuring costs, SEK m	551	633	15
Operating margin excluding restructuring costs, %	10.5	12.6	–
Operating profit, SEK m	534	633	19
Operating margin, %	10.2	12.6	–
Operating capital, SEK m	700	695	–1
Return on operating capital, %	76	91	–
Investments, SEK m	80	89	11
Average number of employees	2,875	2,685	–7
Number of employees at year-end	2,756	2,616	–5

CONTINENTAL EUROPE REGION

2013

Net sales declined organically 5 per cent (neg: 6) to SEK 2,695 million (3,089).

Restructuring costs of SEK 36 million pertaining to the divestment of Optifit were charged to operating profit.

Excluding restructuring costs, operating loss amounted to SEK 47 million (loss: 9) and the operating margin was negative 1.7 per cent (neg: 0.3).

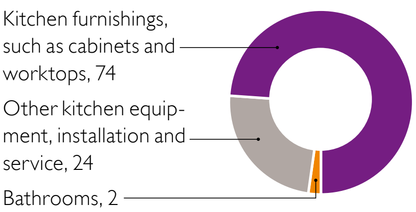
Negative currency effects of SEK 5 million (pos: 5) impacted operating profit excluding restructuring costs.

The production for the French kitchen chain Hygena was relocated from Stemwede in Germany to Darlington in the UK. The remaining operations in Stemwede were divested to the local management team during the second quarter.

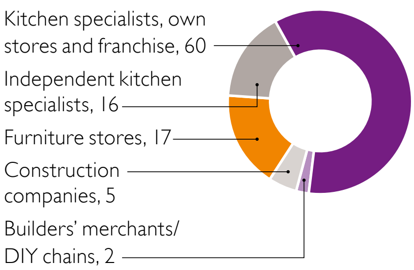
In Hygena, a new management team was recruited and a stricter discount structure was introduced. An action programme was initiated to create profitable growth.

The Goldreif brand was reintroduced in the fourth quarter.

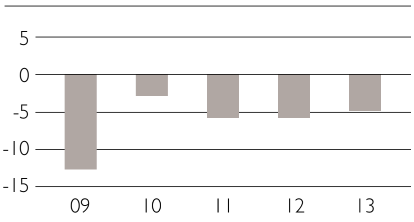
Sales per product, %



Sales channels, %



Organic sales growth, %



MARKET AND NOBIA'S POSITION

Nobia's main markets in Continental Europe are France, Austria and Germany. In France, competition between kitchen specialists, DIY chains and furniture chains is intense. In Austria and Germany, the markets mainly comprise kitchen specialists and furniture stores, and several major kitchen manufacturers in these countries have well-established distribution networks.

Demand in Continental Europe weakened during the year. The economic slowdown led to lower market activity in all of Nobia's main markets throughout the region.

Nobia's share of total kitchen sales in Continental Europe is small. A large percentage of Nobia's sales in the region are conducted through Hygena's 126 stores in France. However, Nobia's strongest market position in the region was in Austria, where the company is a leading kitchen supplier and mainly sells to furniture chains and independent kitchen specialists. Nobia is a relatively minor player in Germany, although the German Poggenpohl brand holds a strong position in the international luxury market.

BRANDS

Hygena is a well-known kitchen chain in France that offers complete, flat-pack kitchen solutions at attractive prices. Installation services are sold as part of the total offering. Hygena kitchens were previously manufactured in Germany but since 2013, have been produced in the UK.

ewe symbolises modern design in the upper-mid-price-segment. The kitchens are mainly sold through furniture chains and independent kitchen specialists in Austria.

FM offers kitchens with traditional design and a high degree of functionality, such as solid-wood doors and height-adjustable cabinets. Sales are mainly conducted through furniture chains and independent kitchen specialists in Austria.

Intuo offers kitchen solutions for the quality-conscious consumer in the upper-mid-price segment and is sold through retailers in Austria.

Poggenpohl is one of the few internationally recognised kitchen brands. These complete and exclusive kitchens are sold through 35 own stores and a large number of retailers to consumers in Europe, the US and Asia. Kitchen solutions from Poggenpohl are also distributed to professional project customers.

Goldreif offers rigid kitchen solutions, including kitchens with traditional design and handle-free fronts. The kitchens are manufactured in Austria. The brand has a long history and the kitchens are sold through Poggenpohl stores.

Own kitchen stores

161

Four stores were renovated during the year. Two stores were opened, and two stores were closed.

Kitchen stores by country

France	126	Germany	7
Austria	1	Other countries	27

Key figures

	2012	2013	Change, %
Net sales, SEK m	3,089	2,695	–13
Gross profit excluding restructuring costs, SEK m	1,253	1,105	–12
Gross margin excluding restructuring costs, %	40.6	41.0	–
Operating profit excluding restructuring costs, SEK m	–9	–47	–
Operating margin excluding restructuring costs, %	–0.3	–1.7	–
Operating profit, SEK m	–213	–83	61
Operating margin, %	–6.9	–3.1	–
Operating capital, SEK m	461	543	18
Return on operating capital, %	–46	–15	–
Investments, SEK m	179	96	–46
Average number of employees	1,993	1,701	–15
Number of employees at year-end	1,873	1,613	–14

RESPONSIBILITY

A SUSTAINABLE NOBIA

Nobia has a fundamental responsibility to maintain and develop a sustainable business at all levels. Sustainability initiatives are based on the Group's economic, environmental and social impact. Nobia's overall responsibility is based on profitability, reduced climate impact and general corporate responsibility.

Nobia's most important stakeholders are customers, employees, suppliers, partners and shareholders. A fundamental strength of the operation from a sustainability perspective is that the products mainly consist of wood, which is a renewable resource. Nobia endeavours to ensure that the products it sells and distributes meet the needs of customers as well as complying with all applicable environmental aspects.

Nobia's overall environmental impact is relatively minor, in terms of both products and manufacturing processes. Nevertheless, the company strives to reduce its environmental impact by restricting the use of hazardous chemicals, conserving resources, introducing more efficient heating systems and optimising transportation.

The company's product development, manufacturing and distribution are mainly conducted in Europe. Most of Nobia's activities are therefore conducted in countries where people have generally made progress in the areas of business ethics, human rights and labour conditions. Nobia's employees and partners are expected to observe the principles described in the company's Code of Conduct in their daily activities.

Key events during 2013

- The Stemwede plant was divested during the year and data from this unit is not included in the reporting for 2013, which affects comparability for Nobia's sustainability-related indicators for 2012 and 2013. Exclusion of the Stemwede unit had a negative impact on key figures per cabinet, since this plant produced relatively large volumes.
- Adjusted for divestment of the Stemwede operation, the Group's CO_2 emissions per produced cabinet declined 3 per cent.
- The number of completed supplier audits rose sharply during the year and amounted to 61.
- The production unit in Farsø was awarded ISO 14001 certification
- A new employee survey was conducted.
- A new leadership academy was launched.
- Over 100 managers underwent training in the company's new Code of Conduct.

Governing documents

In February 2013, the Nobia Board adopted a Code of Conduct for all employees in the Group. Nobia's partners, which includes suppliers, franchisees, retailers and consultants, are also covered by the Code of Conduct and expected to follow its principles. Areas regulated by the Code include business principles, human rights, labour conditions and environmental considerations.

In addition to the Code of Conduct, there is also an operational purchasing procedure that includes a supplier assessment. Supplier-assessment responsibility is organised by the Group's central sourcing team and followed up with each supplier.

Nobia also has other policies for specific areas of sustainability, such as a forest policy for wood suppliers.

SOCIAL RESPONSIBILITY

Nobia's success is largely dependent on employee performance and the ability to face change. The company's responsibility encompasses the workplace environment and learning, and generally responsible business conduct.

Nobia has 6,544 employees in 13 countries. In 2013, the number of employees declined by 390, largely due to cost-saving measures and the divestment of Optifit, which had 225 employees at the beginning of the year.

Joint processes
The process to develop a unified Nobia continued during the year and included employee performance evaluations in which individual goals and development plans were produced. The process commenced with salaried employees, but was introduced for employees in production and logistics in 2013.

Business development
Nobia's new employee survey, MyVoice, was launched in 2013. The survey commenced in the Nordic countries and in central Group functions, and will continue throughout the entire Group during 2014. The results will form a basis for continuous improvements in the working climate, responsible business conduct, leadership, teamwork, customer value, efficiency, motivation and performance management.

Skills development
Many of the Group's units offers internal skills development so that employees can learn about products, sales, design and drawing systems. This is managed by the company's internal training centres, including the Magnet Training Academy in the UK, the Hygena Training Academy in France and the HTH Training Academy in Denmark. A number of online Group-wide initiatives also continued in 2013, such as an online-based language training, offered to all personnel.

Talent management
Wherever possible, Nobia tries to apply internal recruitment and internal promotion. The identification and development of internal talent is key to the Group's continued success. The Group has a centrally controlled talent-management process, where some 400 individuals have been assessed with the objective of identifying leadership potential, development requirements and future succession solutions.

Leadership development
A Group-wide programme, the Nobia Leadership Acceleration Programme, was conducted. One feature of this training programme was that Group management selected a number of real-world business challenges faced by Nobia. These challenges formed the basis for the project work carried out within the programme.

A new leadership academy was also launched in 2013, in which managers were able to develop their expertise in areas such as project management and change management. During the year, more than 80 employees participated in the academy's programmes.

Safe workplace
Nobia works according to a vision of zero accidents in the workplace and work-related injuries. Preventive measures are taken to minimise the risk of accidents, injuries and sickness absence. Workplaces are inspected on a regular basis to ensure a safe work environment and that the necessary equipment is in place. The number of workplace-related accidents during the year was 80 (125).

Introduction of the Code of Conduct
During the year, a new Code of Conduct was implemented through various activities including workshops and exercises. The Code of Conduct is available on the Group-wide intranet, translated into seven languages, and on Nobia's website. To ensure compliance, an anonymous communication channel has been established for employees who want to report suspected breaches of the company's Code of Conduct.

Supplier chain
Suppliers are inspected and assessed in accordance with the Group's guidelines for environmental, health and safety conditions, and social and ethical issues. All suppliers must comply with laws and requirements, the UN Declaration of Human Rights and Nobia's Code of Conduct.

A supplier assessment template with an internal rating system is used to grade the supplier. A low rating leads to corrective measures or not entering into a business relationship. The assessment process aims to develop Nobia's suppliers and answer questions about quality and environmental management systems, products, social and ethical issues, and health and safety conditions.

Audits of new suppliers and those considered high-risk are prioritised in this process. In 2012 and 2013, supplier audits focused on Asia and in 2013, a total of 61 suppliers (15) in several product categories and countries were audited. In total, Nobia has more than 850 suppliers, of which most are based in Europe and about 5 per cent (6) are in Asia.

ENVIRONMENTAL RESPONSIBILITY

Nobia's environmental impact primarily arises from manufacturing, surface treatment, installation and kitchen transportation. Focus areas for environmental activities, to which selected indicators are linked, have been defined at Group-level, although the activities are integrated with the operations of each business unit.

Environmental certification and guidelines

The Nobia Group's products are manufactured at 12 plants and one warehouse unit in eight countries, and all facilities meet the environmental requirements that apply in each country. Nobia's activities that are subject to a permit in Sweden are described in more detail in the Financial overview on page 32.

Nine of the production facilities are certified in accordance with ISO 14001 environmental management system, which entails an annual review of environmental impact, the establishment of new targets and development of specific action plans. Of the facilities not certified according to the ISO standard, two are in Austria and one is in Norway.

Environmental activities and focus areas

Environmental activities at Nobia are delegated and integrated into the operations of each business and production unit. Targets, direction and priorities are determined at Group level. The units then translate these into their own environmental targets and activities based on the Group-wide directives.

A number of areas were identified at Group level as priority focus areas for environmental activities:

- CO_2 emissions – transportation, heating and electricity for manufacturing.
- Energy consumption – both electricity and heat consumption.
- Choice of materials – wood and chemicals.
- Surface treatment – use of water-based paints and emissions from solvents.
- Waste – recycling and reduction.
- Packaging – volumes and types of materials.

Greenhouse-gas emissions

Greenhouse-gas emissions are mainly caused by heating and cooling buildings, electricity use in manufacturing and by transportation. To reduce both costs and our environmental impact, modern systems for cooling, heat recovery and ventilation are continuously introduced.

Nobia mainly transports raw materials and kitchen products by truck. Travel by employees also emits greenhouse gases. About 5 per cent (5) of Nobia's total expenses are attributable to transportation, making this a key focus for resource optimisation and for efforts to reduce the Group's environmental impact.

Surveys and analyses of transport flows are implemented in close collaboration with logistics companies but also with the assistance of external experts, to identify economic and environmental benefits. A key feature of our efforts to reduce greenhouse-gas emissions is load optimisation, where as many rigid or flat-pack products in the least possible space are transported without being damaged. Another focus area is high-quality and reliable deliveries, since error-free deliveries are positive both for environmental reasons and for Nobia's customers. Compared with previous years, average delivery reliability was the highest ever in 2013.

Adjusted for divestment of the Stemwede operation, Nobia's CO_2 emissions per produced cabinets declined 3 per cent in 2013. In 2014, new targets have been adopted for transport costs, fill rates and lower CO_2 emissions from heating and manufacturing.

Energy consumption

Electricity and electricity consumption is another prioritised area in Nobia's environmental initiatives. Electricity and energy are used mainly to operate production equipment, ventilation, fans, lighting, and to heat and cool buildings. Costs for electricity and energy account for less than 1 per cent (1) of Nobia's total expenses. Efforts to reduce electricity and energy consumption include training and involving employees in conserving resources. Other measures include replacing old equipment with energy-efficient alternatives and equipping fans with frequency converters and heat recovery units.

Materials

Wood and wood products in the form of chipboard and MDF are main components in Nobia's products. During the year, the amount of wood, chipboard and MDF amounted to some 182 thousands of tonnes (196). Nobia endeavours to increase the proportion of wood materials certified by the Forest Stewardship Council (FSC), which amounted to 37 per cent (31) in 2013.

Nobia's suppliers of wood and wood products are mainly based in Europe, but also in Asia. All wood suppliers are informed about the Group's sustainable forest management policy and must sign a timber declaration containing requirements relating to:

- Compliance with forest legislation.
- Known origin and details of source.
- Not illegally harvested timber, not wood from intact natural forests or high conservation value forest, not forest materials from protected areas, not timber from plantations in tropical and sub-tropical regions and not wood from tropical trees except those certified by the Forest Stewardship Council (FSC).

Emissions of solvents to air

The reduction of solvents is a key issue in Nobia's environmental work. Solvents are mainly used in surface treatment, and when cleaning painting facilities. Initiatives to reduce the use of solvents include replacing them with water-based and UV-tempered surface coatings and reducing the number of changeovers in production equipment, which reduces the amount of cleaning required and raises productivity. In 2013, the percentage of water-based and UV-tempered surface coatings totalled about 58 per cent (48).

Waste

Timber pallets, corrugated board, shrink-wrap and plastic tape are the main components of the packaging materials used by Nobia. About 82 per cent (90) of this packaging materials is recyclable. A certain amount of waste is produced from the manufacture of products, primarily in the form of timber pallets, and plastic packaging and corrugated board from materials received. This waste is sent for recycling or combustion. Other types of waste include paint, oil and residue from cleaning, which are sorted for combustion or for landfill. During the year, wood waste amounted to about 20 thousands of tonnes (20). The amount of waste excluding wood waste was about 7 thousands of tonnes (7), of which some 49 per cent (43) went to external recycling, about 44 per cent (45) to landfill or incineration and about 8 per cent (12) comprised hazardous waste.

ENVIRONMENTAL DATA

Greenhouse-gas emissions, thousands of tonnes CO_2

	Source	2011[1]	2012	2013[2]
Nordic Region	Transportation	10.1	9.2	9.9
	Heating and manufacturing	31.8	32.6	32.9
Continental Europe Region	Transportation	4.8	7.5	3.4
	Heating and manufacturing	9.1	6.4	5.2
UK Region	Transportation	7.1	9.2	9.9
	Heating and manufacturing	7.9	7.2	8.1

Energy consumption, GWh

	Source	2011[1]	2012	2013[2]
Nordic Region	Electricity	42.6	42.2	41.3
	Energy	41.8	46.5	45.7
Continental Europe Region	Electricity	11.7	21.3	17.4
	Energy	16.3	19.5	16.3
UK Region	Electricity	15.3	14.7	15.5
	Energy	34.3	22.7	11.5

Materials, thousands of tonnes

	Type	2011[1]	2012	2013[2]
Wood and wood products	Wood, chipboard, MDF	218.6	196.3	182.3
FSC-certified wood and wood products	Wood, chipboard, MDF	71.8	60.4	67.5

Emissions of solvents to air, tonnes

	Type	2011[1]	2012	2013[2]
Nordic Region	Volatile organic compounds	168.4	164.5	144.3
Continental Europe Region	Volatile organic compounds	42.3	39.9	33.2
UK Region	Volatile organic compounds	0.0	0.0	0.0

1) In 2011, the warehouse in Arras, France, is not included.
2) In 2013, the production unit in Stemwede, Germany, is not included.

Eco-labelled products

Several of Nobia's Nordic brands and products carry the Nordic Ecolabel. Products under the Marbodal, Norema and Sigdal brands are inspected and certified according to the Nordic Ecolabel scheme and contain a minimum amount of hazardous chemicals. The assessment is based on a lifecycle analysis, in which the environmental impact of each product group is evaluated according to certain criteria, including energy consumption, water consumption, chemicals and waste.

- Door models certified by the Nordic Ecolabel scheme
- Door materials of MDF with low emission levels
- Frame materials of chipboard with extra low emission levels
- Water and UV-based surface coatings that reduce the use of, and emissions from, solvents
- Adhesives with a minimum amount of hazardous chemicals

The range also includes:

- Energy-efficient appliances
- Child-proof solutions
- Solutions for efficient source-separation and storage
- Solutions in the sink cabinet that facilitate cleaning and prevent damage from leaks

EKONOMIC RESPONSIBILITY

Nobia generates economic value for its stakeholders. The company's employees share this value through their salaries and other benefits, suppliers are paid for the purchases they make, customers receive high-quality kitchen products, countries and municipalities receive tax revenue, and shareholders receive dividends and returns on their shares.

Some of the generated value also remains within the company and is used for investment and the development of new products. In 2013, Nobia's total value added, or net sales less costs for materials and services, amounted to SEK 3,713 million (3,568).

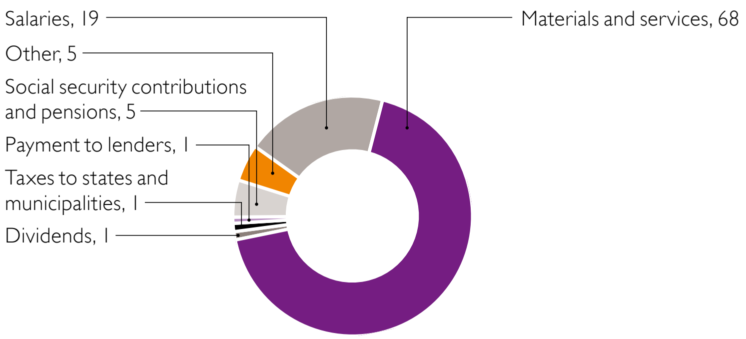
Employees
At the end of 2013, Nobia had 6,544 employees (6,934) in 13 countries, mainly in Europe. Employment terms comply with national laws, regulations and collective agreements and are in line with Nobia's remuneration policy. In 2013, payroll expenses amounted to SEK 2,240 million (2,351), while social security contributions and pension costs amounted to SEK 582 million (604).

Suppliers
The cost of goods and materials is Nobia's single largest type of cost, and includes the purchase of raw materials such as wooden chipboard, and processed products such as appliances and cabinet interiors. In recent years, the purchasing function has been centralised and organised according to category responsibility. In 2013, the share of purchasing from low-cost countries was 14 per cent (13).

Society
Nobia contributes to economic development in the local communities in which the company operates by paying salaries to employees, social security contributions and payments to pension funds, and in the countries in which the company operates by paying taxes. In 2013, Nobia paid income tax in various countries totalling SEK 159 million (155).

Shareholders
Capital from shareholders finances the capital base, which is used to create value. In return, shareholders are entitled to returns and dividends. In 2013, dividends totalling some SEK 84 million were paid for the 2012 fiscal year.

Specification of the Group's costs, %



In 2013, Nobia's total value added amounted to SEK 3,713 million (3,568). The Group's costs were distributed between the company's stakeholders as shown in the diagram above.

SUMMARY

GRI indicators	**Economic Performance Indicators, SEK m**	2011 1)	2012	2013 2)
EC1	Net sales	13,114	12,343	11,773
EC1	Operating expenses (materials and service)	9,391	8,775	8,060
EC1	Payroll expenses incl. social security contributions and pensions	3,103	2,955	2,822
EC1	Taxes to states and municipalities	82	155	159
EC1	Payment to lenders	56	54	53
EC1	Dividends to shareholders	–	–	84
EC1	Retained in operations	482	404	595

	Environmental Performance Indicators			
EN1	Use of materials: Wood, thousands of tonnes	219	196	182
EN1	Use of materials: Packaging materials, kg/cabinet	1.4	1.4	1.2
EN2	Recyclable packaging materials, %	89	90	82
EN3	Energy consumption: Electricity consumption, kWh/cabinet	9.0	10.1	10.7
EN3	Energy consumption: Heating, kWh/cabinet	11.9	11.5	10.6
EN16	Greenhouse-gas emissions from transportation, kg/cabinet	2.8	3.4	3.3
EN16	Greenhouse-gas emissions heating and manufacturing, kg/cabinet	6.3	6.0	6.6
EN20	VOC emissions, kg/100 lacquered details	6.2	5.1	3.8
EN22	Waste (excluding wood waste), kg/cabinet	0.9	0.9	1.1
EN22	Wood waste, thousands of tonnes	21	20	20

	Social Performance Indicators			
LA1	Employees, average number	7,475	7,355	6,690
LA1	Proportion of women, %	32	31	31
LA7	Work-related accidents in production facilities, number	137	125	80
HR2	Audited suppliers and subcontractors, number	5	15	61

1) The Environmental Performance Indicators for 2011 were impacted by exclusion of the warehouse in Arras, France.
2) The production unit in Stemwede, Germany, is not included for 2013.

The Sustainability Report applies the Global Reporting Initiative's G3 Guidelines and is a Level C self-declaration. The report has not been subject to review or audit by an external party. Environmental data, measurements and key figures are reported by calendar year and collected from all of the Nobia Group's production units at least once per year. Environmental data from the supplier chain is not reported. Nobia's sustainability function is organised under the finance department and sustainability-related results are reported to senior management on two occasions per year. For the GRI index, see www.nobia.se under Sustainable Business.

FINANCIAL OVERVIEW

FINANCIAL OVERVIEW

The operation
Nobia AB (Corporate Registration Number 556528-2752) is the leading kitchen specialist in Europe. Nobia sells kitchens under some twenty strong brands, and as a contract manufacturer. The operation covers the entire value chain, from development, manufacturing and installation to sales and distribution, as well as associated service. A kitchen focus makes it possible to leverage joint know-how throughout the entire value chain.

Sales to consumers are conducted through own and franchise stores and through a network of retailers, including furniture stores, builders' merchants, DIY stores and independent kitchen specialists. The products are also sold to professional construction companies which, in turn, sell the kitchens to their end customers.

Nobia is organised into three geographic regions – the UK, Nordic and Continental Europe regions.

Financial targets
Nobia's operations are steered towards three financial targets that aim to generate favourable returns for shareholders and long-term value growth.

Profitability; Nobia's operating margin (EBIT margin) is to amount to at least 10 per cent over a business cycle. Furthermore, Nobia aims at organic growth that is 2–3 per cent higher than market growth and also growth through acquisitions.

Financing; The debt/equity ratio (net debt/shareholders' equity) is not to exceed 100 per cent. A temporary elevation of the debt/equity ratio is acceptable in conjunction with acquisitions.

Dividends; Dividends to shareholders are, on average, to be within the interval of 30-60 per cent of net profit after tax. When decisions about the amount of the dividend are made, the company's capital structure is to be taken into consideration.

Strategy
Nobia endeavours to create profitable growth by capitalising on economies of scale and synergy effects, and developing the company's customer offering and sales channels. The strategy is based on the Efficiency and Growth platform, which includes efficiency-enhancing measures and activities to drive increased sales.

2013
In 2013, Nobia took further steps towards higher productivity, lower costs and greater co-ordination. Despite lower sales volumes, the Group's margins improved. Operating profit for the year improved due to increased sales values, lower prices for materials, productivity enhancements and cost savings.

Significant events
On 1 February, Dominique Maupu took office as Executive President and Head of Hygena. In conjunction with this, the former Head of Hygena left Nobia.

On 12 February, the Nobia Board adopted a new Code of Conduct to achieve the highest-possible standards for ethical conduct.

On 11 April, the Annual General Meeting approved divestment of the remaining Optifit Group operation in Stemwede in Germany, following the relocation of production for the Hygena brand to the

NOBIA GROUP SUMMARY

	2012[1]	2013	Change, %
Net sales, SEK m	12,343	11,773	–5
Gross margin, %	40.3	41.0	–
Operating margin before depreciation/amortisation and impairment (EBITDA), %	7.8	9.2	–
Operating profit, SEK m (EBIT)	565	690	22
Operating margin, %	4.6	5.9	–
Profit after financial items, SEK m	469	596	27
Profit/loss after tax incl. restructuring, SEK m	–545[2]	350	–
Earnings per share, after dilution excl. restructuring, SEK	2.06	2.29	11
Earnings/loss per share, after dilution incl. restructuring, SEK	–3.27[2]	2.10	–
Operating cash flow, SEK m	237	601	–
Return on capital employed, %	–5.3	14.6	–
Return on shareholders' equity, %	–17.7	12.0	–
Number of employees at year-end	6,934	6,544	–6

Profit/loss after tax, operating cash flow, return on capital employed and return on shareholders' equity are recognised including restructuring costs. In the calculation of earnings/loss per share excluding restructuring costs, an adjustment is also made for nonrecurring tax effects.

1) The figures for 2012 have been restated due to the amended IAS 19.
2) Affected by impairment of goodwill of SEK 492 million and impairment of deferred tax assets of SEK 49 million.

UK, to the management team of Optifit. The operation, comprising production and sales of kitchens and bathrooms to external retailers in Germany, was divested on 30 April 2013.

Rolf Eriksen, who declined re-election, stepped down from the Nobia Board at the 2013 Annual General Meeting.

Introduction of the now-approved Group-wide range was completed in markets in France, the UK and the Nordic region. In the UK, Magnet began transitioning to the joint cabinet standard from the second quarter.

On 9 September, Nobia announced that the Marbodal and Myresjökök brands would be merged into one powerful joint brand – Marbodal.

In September, the Goldreif brand was reintroduced. Goldreif's kitchen solutions are being sold in Poggenpohl stores since the fourth quarter of 2013.

In December, Bad & Kökguiden magazine announced Marbodal's Arkitekt Plus kitchen series (PLUS series), as winner of the 2013 Kitchen of the Year competition.

The store network decreased during the year and at the end of 2013, amounted to 440 own stores (444). At year-end, Nobia also had a network of about 180 franchise stores (180) and retailers.

Consolidated net sales

Net sales amounted to SEK 11,773 million (12,343) and were distributed as follows: UK region, SEK 4,140 million (4,042); Nordic region, SEK 5,028 million (5,233) and Continental Europe region, SEK 2,695 million (3,089). Sales to other regions are also included in net sales for the region.

The Group's organic growth, meaning the change in net sales for comparable units and adjusted for currency effects, totalled 0 per cent (neg: 5) compared with the preceding year. Organic growth in the UK region was 6 per cent (neg: 12). Growth was negative 2 per cent (pos: 1) in the Nordic region and negative 5 per cent (neg: 6) in Continental Europe.

The Group's earnings

The Group's operating profit including restructuring costs amounted to SEK 654 million (loss: 274). Restructuring costs totalled SEK 36 million (839). The operating margin was 5.6 per cent (neg: 2.2). Operating profit excluding restructuring costs amounted to SEK 690 million (565) and the corresponding operating margin was 5.9 per cent (4.6). The effect of lower volumes on operating profit for the year was offset by lower costs and higher prices.

In the UK region, operating profit increased to SEK 247 million (93) due to higher sales values and cost savings. No restructuring costs were charged to operating profit during the year (SEK 88 million). Currency effects had a negative impact of SEK 35 million (pos: 25) on operating profit excluding restructuring costs.

In the Nordic region, operating profit increased to SEK 633 million (534). The improvement was due to a higher gross margin, lower prices for materials and productivity enhancements, and cost savings. No restructuring costs were charged to operating profit during the year (SEK 17 million). Currency effects had a negative impact of SEK 20 million (pos: 20) on operating profit excluding restructuring costs.

In the Continental Europe region, operating loss improved to SEK 83 million (loss: 213), due to a higher gross margin, cost savings and lower restructuring costs of SEK 36 million (204). Currency effects had a negative impact of SEK 5 million (pos: 5) on operating profit excluding restructuring costs.

Group-wide items and eliminations reported an operating loss of SEK 143 million (loss: 688).

Financial items amounted to an expense of SEK 94 million (expense: 96). Net financial items included the net of return on pension assets and interest expense for pension liabilities corresponding to an expense of SEK 41 million (expense: 42).

Profit after financial items improved to SEK 560 million (loss: 370).

Tax expense amounted to SEK 195 million (155).

Profit after tax increased to SEK 350 million (loss: 545).

Earnings per share for the year after dilution amounted to SEK 2.10 (loss: 3.27). Earnings per share for the year after dilution and excluding restructuring costs amounted to SEK 2.29. In 2012, earnings per share for the year after dilution and excluding restructuring costs amounted to SEK 2.06, adjusted for the tax effect of taxable contributions to subsidiaries and impairment of previously capitalised loss carryforwards.

Investments, cash flow and financial position

Investments in fixed assets amounted to SEK 251 million (393), of which SEK 87 million (217) pertained to investments in the store network.

Operating cash flow rose to SEK 601 million (237), due to higher earnings generation and lower payments for investments and restructuring measures.

The Group's capital employed amounted to SEK 4,620 million (4,546) at the end of the period.

At year-end, net debt totalled SEK 1,176 million (1,707). Provisions for pensions, which are included in net debt, amounted to SEK 654 million (819) at the end of the period, while net borrowing amounted to SEK 522 million (888).

At year-end, the debt/equity ratio was 37 per cent (64).

Shareholders' equity at year-end amounted to SEK 3,158 million (2,662).

The equity/assets ratio at year-end was 44 per cent (37).

Nobia's credit frameworks, which are valid until 2015 and 2017 respectively, amounted to SEK 2.8 billion, excluding overdraft facilities, at the end of 2013. Some SEK 1.5 billion of the overdraft facilities has since been terminated at the company's own request. At the end of December 2013, SEK 2 billion of the credit frameworks was unutilised.

Restructuring costs

Nobia has carried out a number of restructuring measures in recent years to lower its cost base. Savings from these measures enable investments in acquisitions, product and service development, brand-enhancement measures, support for digital sales and store development and training initiatives for Nobia's sales personnel.

In 2013, a total of SEK 36 million (839) was charged to operating profit, which pertained, in its entirety, to costs for the divestment of Optifit. Restructuring measures valued at SEK 133 million (224) were charged to cash flow for 2013, of which the entire amount (167) derived from restructuring measures in previous years. At the end of 2013, remaining restructuring reserves amounted to SEK 84 million (225).

In 2012, restructuring costs amounted to SEK 839 million, net, and mainly related to impairments of goodwill and fixed assets, cost-savings programmes, store refurbishments, costs for introducing the Group-wide range and costs related to the divestment of Optifit.

Divestment of Optifit

During the second quarter of 2013 Nobia divested its operations in the Optifit Group to the management of Optifit. The background to this divestment was a relocation of the manufacturing under the Hygena brand from Stemwede to the Group's production unit in Darlington in the UK. The remaining operations in Stemwede would generate a negative result and also not have any other positive effect for Nobia. Furthermore, the costs for divesting the continuing operations would be significant.

The divestment resulted in an expense of SEK 150 million for the fourth quarter of 2012 and for the second quarter of 2013 an additional expense of SEK 36 million. Of the expenses for the divestment of Optifit, about SEK 60 million affects cash flow, of which about SEK 40 million impacted the cash flow for 2013 and the remaining amount will affect the cash flow in 2014.

The production relocation and the divestment of Optifit are expected to have a positive effect of approximately SEK 25 million per year on Nobia's operating profit and also entail lower sales of approximately SEK 380 million per year.

Significant events after the end of the year

On 8 January 2014, it was announced that Nobia would take over kitchen sales in the Finnish furniture chain Isku. This has been enabled by a partnership agreement between Nobia and Isku, whereby Nobia has acquired exclusive rights to sell kitchens in Isku stores. Isku manufactures and sells furniture for the home and public premises and has a total of 27 stores in Finland and kitchen sales amounting to some EUR 10 million.

Future outlook

Demand for kitchens normally follows the same business cycle as other consumer discretionary products. Given the prevailing economic climate, future demand trends are considered uncertain for all markets. In total, market conditions in 2014 are expected to remain challenging. Nobia will continue to focus on increasing efficiency over time, and taking greater advantage of the Group's size, while also making significant investments in order to generate profitable growth.

Personnel

In 2013, the average number of employees was 6,690 (7,355). The decline is mainly attributable to the divestment of Optifit, which had 225 employees at the beginning of 2013, but also to cost-saving measures in the UK and France. The number of employees at year-end was 6,544 (6,934).

Financial instruments

The carrying amounts of the Group's financial assets and liabilities are an approximation of their fair values. Financial instruments measured at fair value in the balance sheet are forward agreements comprised of assets at a value of SEK 10 million (31 Dec 2012: 6), and liabilities at a value of SEK 7 million (31 Dec 2012: 6) respectively. The measurement of these items is attributable to level 2 of the fair value hierarchy, meaning based directly or indirectly on observable market data.

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, logistics and sourcing. In 2013, the production facility in Tidaholm affected the external environment through mainly noise and emissions to air in conjunction with the surface treatment of wooden items. 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 twelve production units, located in seven European countries, satisfy the environmental requirements determined by each country and nine of these have been awarded ISO 14001 certification.

Nobia works consistently to reduce the Group's CO_2 emissions. In 2013, the Group's CO_2 emissions per produced cabinet declined 3 per cent, adjusted for divestment of the operation in Stemwede. Other key sustainability-related performance indicators for Nobia, such as the number of work-related accidents and number of supplier audits, also showed a positive trend in 2013.

Nobia's sustainability initiatives are presented in more detail on pages 24–29.

Parent Company

The Parent Company Nobia AB's operations comprise 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 profit after net financial items amounted to SEK 113 million (98) and mainly consisted of Group contributions received and dividends from subsidiaries.

The share and ownership structure

The Nobia share has been listed on the NASDAQ OMX in Stockholm since 2002. Nobia's share capital amounts to SEK 58,430,237, divided between 175,293,458 shares with a quotient value of SEK 0.33. Nobia has only one class of share. Each share, apart from bought-back own shares, entitle the holder to one vote and an equal share in the company's capital and profit.

In 2007 and 2008, Nobia repurchased a total of 8,162,300 own shares at a value of SEK 468,056,934 under the authorisation mandate granted by the 2007 and 2008 Annual General Meetings. All bought-back shares, held as treasury shares, correspond to 4.7 per cent of the total number of shares. The aim was to enable whole or partial acquisition financing through payment using own shares, but also to adjust the company's capital structure and thereby contribute to higher shareholder value. The 2013 Annual General Meeting authorised the Board to make a decision regarding a buy-back of up to 10 per cent of the company's own shares, but no additional shares were bought back in 2013.

At the beginning of 2014, the ten largest owners held about 64 per cent of the shares. The single largest shareholder, Nordstjernan, represented 20.8 per cent of the shares. Investmentaktiebolaget Latour held 13.2 per cent of the shares and If Skadeförsäkring 12.0 per cent.

Nobia's lenders have prepared a clause that may entail termination of 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 Group management. 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 86–87.

Remuneration guidelines and other employment conditions for Group management 2013

The guidelines for 2013 essentially correspond with the proposed guidelines for 2014.

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 to reach decisions on remuneration proposals for managers who report directly to the President. The Remuneration Committee performs annual follow-ups and evaluations of the ongoing variable-remuneration programmes, and the programmes completed during the year. The Remuneration Committee also monitors and evaluates the application of the principles for remuneration and other employment conditions for Group management concerning remuneration structures and remuneration levels, and otherwise considers needs for changes.

Following on from its evaluations, the Remuneration Committee stated that remuneration to senior executives in 2013 conformed to the remuneration guidelines decided at the 2013 Annual General Meeting. In the Remuneration Committee's opinion, the guidelines were appropriate and the application of them was correct.

To strengthen senior managers' commitment to and ownership in the company, and to attract, motivate and retain key employees in the Group, Nobia has implemented long-term performance-based remuneration schemes since 2005, following resolutions by each Annual General Meeting.

The remuneration schemes adopted for the years 2005-2011 – of which the 2011 scheme remains outstanding – were based on employee share options.

A resolution was made at the 2012 and 2013 Annual General Meetings to establish a new long-term share-based remuneration scheme ("Performance Share Plan 2012 and Performance Share Plan 2013") based on matching and performance shares, instead of employee share options. The Remuneration Committee's evaluation concluded that the conditions established for the Performance Share Plans 2012 and 2013 are deemed appropriate and relevant, and in the Remuneration Committee's opinion, there is reason to continue with a long-term share-based remuneration scheme based on the same principles as those for the Performance Share Plans 2012 and 2013.

Proposal on remuneration guidelines and other employment conditions for Group management 2014

The Board of Directors of Nobia AB proposes that the 2014 Annual General Meeting decide on the following proposal pertaining to guidelines for determining remuneration and employment conditions for the President and other members of Group management. Group management, including the President, currently comprises ten individuals.

Basing its opinion on, for example, the evaluation performed by the Remuneration Committee, the Board believes that the proposed proposal on remuneration guidelines and other employment conditions for Group management – which essentially conform to those guidelines adopted by the 2012 Annual General Meeting – represents an appropriate balance between fixed cash salary, variable cash salary, long-term share-based remuneration, pension conditions and other benefits. Nobia's policy stipulates that the total remuneration is to correspond to market levels. A continuous international position evaluation is performed to ensure the market levels in each country.

Members of Group management receive both a fixed and a variable salary portion. The fundamental principle is that the variable salary portion may amount to a maximum of 30 per cent of fixed annual salary. The exception to this principle is the President whose variable salary portion may amount to a maximum of 50 per cent of fixed annual salary. Exceptions may also be made for other senior executives following a decision by the Board. The variable salary portion is normally divided between several targets, such as the Group's earnings, earnings in the business unit for which the manager is responsible and individual/quantitative targets. The variable salary portion is based on a period of service of one year. The targets for the President are determined by the Board. The targets for other senior executives are determined by the President following recommendations from the Board's Remuneration Committee.

In the event of a maximum outcome, which presupposes that all bonus-related targets are fulfilled, the variable salary costs for Group management are estimated to amount to approximately SEK 10,500,000 (excluding social security contributions). The calculation is based on the current composition of Group management. Members of Group management employed in Sweden are entitled to a pension under the ITP system or equivalent. The age of retirement is 65. In addition to the ITP plan, members of Group management are entitled to an increased occupational pension premium on salary portions amounting to more than 30 basic amounts.

Employment contracts for Group management include provisions regulating remuneration and termination of employment. In accordance with these agreements, employment may usually be terminated at the request of the employee with a period of notice of six months and at the request of the company with a period of notice of 12 months.

Following decisions taken at each of the Annual General Meetings, the Group implemented an annual employee share option scheme during the period 2005–2011. Within the framework of each scheme, employee share options were allotted free of charge, but exercising the options is conditional on a rising scale based on the average increase in earnings per share during a three-year vesting period. The employee share options may lead to costs for the Nobia Group in the form of social security contributions when the options are exercised, and accounting costs as stipulated in IFRS 2, in accordance with the figures reported to shareholders at the Annual General Meeting. The vesting periods for the 2005 to 2010 schemes have expired and the schemes did not entitle any of the participants to exercise the allotted options. The vesting period for the 2011 scheme expired on 31 December 2013. The scheme encompasses a total of 105 senior executives, including Group management. Based on the annual increase in earnings per share during the vesting period and the proportion of employee share options that under the conditions may therefore be exercised, the estimated costs for social security contributions in the 2011 scheme, on full exercise, are about SEK 1.6 million.

A resolution was made at the 2012 and 2013 Annual General Meetings to establish a long-term, share-based remuneration scheme based on matching and performance shares rather than employee share options. The schemes, which encompass some 100 individuals comprising senior executives and managers appointed by senior management, are based on the participants investing in Nobia shares that are "locked into" the plan. Each Nobia share invested in under the framework of the plan entitles the participant, following a vesting period of about three years and provided that certain conditions are fulfilled, to allotment (for no consideration) of one matching share and a maximum of four performance shares in Nobia. The conditions are linked to the participant's continued employment and ownership of invested shares, and to the degree of target fulfilment within an interval determined by the Board, in relation to Nobia's accumulated earnings per share during the 2012 and 2013 fiscal years. The minimum level adopted by the Board for allotment of performance share rights under the Performance Share Plan 2012 was accumulated earnings per share excluding restructuring costs of SEK 5.00. Since the accumulated earnings per share excluding restructuring costs for the 2012 and 2013 fiscal years amounted to SEK 4.36, the Board's target figure was not achieved and no performance share rights under the Performance Share Plan 2012 will be allotted. As reported at the 2012 and 2013 Annual General Meetings, the estimated costs for the performance share plans, including social security contributions, are about SEK 25 million and SEK 26 million, respectively.

The Board is entitled to deviate from the guidelines described above if the Board finds that particular reasons warrant this in a specific case.

The Board has proposed that the 2014 Annual General Meeting resolve on a new share-based, long-term remuneration scheme ("Performance Share Plan 2014"). The scheme is based on the same principles as previously adopted Performance Share Plans. The estimated costs for the plan for the President and Group management are based on the accounting policies in accordance with IFRS 2 and, given a share price of SEK 58.00, will amount to approximately SEK 9.9 million. This amount includes estimated costs for social security contributions. The costs are distributed over the three-year qualification period.

The Board is entitled to deviate from the guidelines described above if the Board finds that particular reasons warrant this in a specific case.

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	1,793,079,098
Net profit for the year	113,253,901
Total SEK	**1,958,558,485**

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

Dividend of SEK 1.00 per share to be paid to shareholders	167,131,158
To be carried forward	1,791,427,327
Total SEK	**1,958,558,485**

The Board proposes a dividend of SEK 1.00 per share (0.50) for the 2013 fiscal year. The proposed record day for the right to receive a dividend is Monday, 14 April 2014. If the Annual General Meeting resolves in accordance with the proposal, the dividend is expected to be paid on 17 April 2014.

RISKS AND RISK MANAGEMENT

RISKS AND RISK MANAGEMENT

Nobia is exposed to both commercial and financial risks. Commercial risks can be divided into strategic, operating, sustainability-related and political and legal risks. Financial risks are attributable to currencies, interest rates, liquidity, borrowing and credit granting, financial instrument and pensions.

All business operations are associated with risks. Risks that are well-managed can create opportunities, whereas risks that are not managed correctly may lead to damage and losses. The aim of Nobia's risk management is to create awareness of risks and consequently limit, control and manage them, while safeguarding business opportunities and strengthening profitability.

Identified materials risks are managed on an ongoing basis at all levels in Nobia and in strategic planning. The Board of Directors is responsible to the shareholders for the company's risk management. Company management regularly reports on risk issues to the Board.

Strategic risks

Corporate-governance and policy risks

Corporate-governance and policy risks are managed by Nobia continuously developing its internal control.

The internal dissemination of appropriate information is ensured through the company's management systems and processes. A more detailed description is provided in the Group Management section of the Corporate Governance Report on page 40.

Business-development risks

Risks associated with business development, such as major structural changes, are managed by the Group's central programme office and by specific project groups organised for the various projects. Continuous follow-ups are carried out compared with plans and expected outcomes. More long-term risks are initially addressed by the Board in its Group strategy planning. In conjunction with this, Nobia's business development is evaluated and discussed based on external and internal considerations.

Operating risks

Market and competition

Nobia operates in markets exposed to competition and mature markets, which means that underlying demand in normal market circumstances is relatively stable. However, price competition remains intense. In France, for example, competition increased and the weak economic trend in 2013 had a negative impact on demand.

Demand for Nobia's products is influenced by trends in the housing market, whereby prices, the number of transactions and access to financing are key factors. Four-fifths of the European kitchen market is estimated to comprise purchases for renovation, and one-fifth for new builds. Nobia's strategy is based on large-scale product supply, product development and the utilisation of the positioning of the Group's strong brands in the various markets and sales channels. Nobia's various offerings are also based on the strategy of offering added value to customers in the form of complete solutions with accessories and installation.

In 2013, demand in the Nordic countries showed an overall weak trend, while demand in the UK rose from a low level. In Continental Europe, demand weakened during the year. The company's cyclical nature does not deviate from that of other companies in the industry. Nobia has a structured and proactive method for following demand fluctuations. Robust measures and cost-saving programmes for adjusting capacity have proven that Nobia can adjust its cost level when demand for the Group's products falls. In 2013, Nobia continued to increase its prices where possible, which had a positive impact on net sales compared with 2012.

Customers

Kitchens to end-customers are sold through 440 own stores and a network of franchise stores, as well as DIY stores, furniture chains and other retailers. Conducting sales through own and franchise stores is a deliberate strategy to achieve greater influence over the kitchen offering to end-customers, which contributes to better co-ordination of the Group's supply chain. A higher percentage of own stores entails a larger share of fixed costs, which increases risk but also provides more opportunities for Nobia to profile its concepts with greater added value. Another risk is that retailers are unable to fulfil their commitments under established contracts, which may have a negative effect on sales.

Sales to professional customers, also known as project sales, are conducted directly with regional and local construction companies via a specialised sales organisation or directly through the store network. Concentrating on these large separate customers entails an elevated risk of losing sales if a large customer is lost as well as increased credit risk.

Supply chain

Nobia's cost structure in 2013 comprised about 60 per cent variable costs (raw materials, components, accessories), about 30 per cent semi-variable costs (personnel costs, marketing and maintenance) and about 10 per cent fixed costs (rents, depreciation, insurance). The division of costs is relatively equal between the primary markets, except that the UK and France have a slightly higher percentage of fixed costs due to their extensive store networks.

Nobia's proprietary production mainly comprises the production and installation of cabinets and doors, together with purchased components.

In 2013, Nobia purchased materials and components valued at about SEK 4.9 billion, of which some 15 per cent pertained to raw materials (such as chipboard), about 60 per cent to components (such as handles and hinges) and about 25 per cent to goods for resale (such as appliances). The underlying raw materials that the Group is primarily exposed to are wood, steel, aluminium and plastics. Cost variations can be caused by changes in the prices of raw materials in the global market or the company's suppliers' ability to deliver. Nobia's sourcing organisation works closely with its suppliers to ensure efficient flows of materials. Average market prices of raw materials fell slightly in 2013 despite rising prices during the second half of the year. Compared with 2012, the cost of chipboard, for example, was about 4 per cent lower in the Nordic region, 2 per cent lower in the Continental Europe region and unchanged in the UK region. Chipboard prices rose at the end of 2013 due, in part, to higher demand for biomass. This trend is expected to continue. The Group's sourcing and production are continuously evaluated to secure low product costs.

Property risks in the form of loss of production, for example, in the event of a fire at manufacturing units, are minimised by Nobia conducting annual technical risk inspections jointly with the Group's insurers and the risk consulting firm AON that reports on deviations from Nobia's "Standard for Loss-Prevention Measures." Preventive measures are continuously implemented to reduce the risk of disruptions in the operations.

Strategy and restructuring

Nobia's ability to increase profitability and returns for shareholders is heavily dependent on the Group's success in developing innovative products, maintaining cost-efficient manufacturing and capitalising on synergies. Managing restructuring measures is a key factor in maintaining and enhancing Nobia's competitiveness. In 2013, the Group's product-range development, production and sourcing continued to be co-ordinated. The brand portfolio and commercial strategy were also evaluated. The strategic direction is described in more detail on pages 8–11. The implementation of these plans entails operating risks, which are addressed every day in the ongoing change process. Restructuring is a complex process that requires the management of a series of different activities and risks.

Restructuring costs in 2013 were related to costs that arose in association with divestment of the Optifit Group.

Human capital risks

Nobia endeavours to be an attractive employer, which is a key success factor. To ensure availability of and skills development for motivated employees, manager sourcing and managerial development is administered by a central unit at Nobia.

Sustainability-related challenges and opportunities

Nobia's products are encompassed by international and local regulations regarding environmental impact and other effects arising in the production and transportation of kitchens, for example, the release of exhaust fumes and emissions, noise, waste and safety. Nobia works continuously with its operations to adjust to the necessary expectations and requirements. The company is well aware of the demands in these areas for the near future and, provided that they do not significantly change, the current products and ongoing development activities are deemed to be sufficient to meet such requirements.

Political and legal risks

Changes in local tax legislation in the countries in which Nobia conducts operations may affect demand for the company's products. Subsidies for new builds and/or refurbishment or changes to the taxation of residential properties may influence demand. Tax deductions on labour for home renovations, for example, have had a positive effect on demand in several Nordic countries.

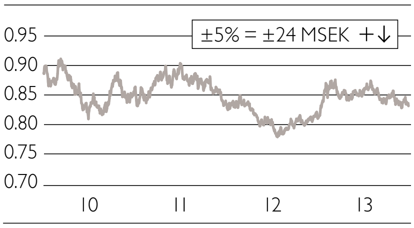
Financial risks

In addition to strategic and operating risks, Nobia is exposed to various financial risks. These are mainly attributable to currencies, interest rates, liquidity, borrowing and credit granting, financial instrument and pensions. All of these risks are managed in accordance with the finance policy, which has been adopted by the Board.

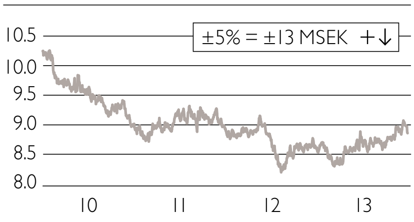
Currency exposure

Nobia's manufacturing and sales presence in several countries balances currency effects to a certain extent. Transaction flows have the greatest impact on currency – when sourcing and/or production is conducted in one currency, and sales are conducted in another. The Group uses currency derivatives to hedge a portion of the currency exposure that arises. Currency hedging means that the impact of

EUR/GBP



EUR/SEK



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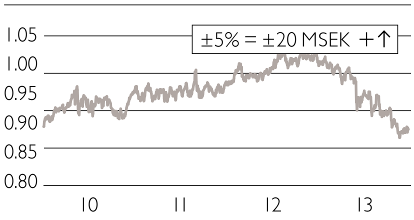
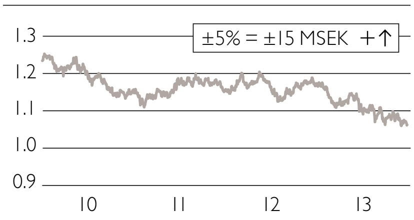


NOK/SEK



currency movements occurring today will be delayed to some extent. Nobia is also affected by translation differences when consolidated sales and operating income are translated into SEK.

Sensitivity analysis – transaction effects of currencies

The diagrams shows the major currency pairs and the trend since 2010. The impact of a weak EUR and DKK, and a strong NOK and GBP, on Nobia's earnings is generally favourable.

A significant portion of the UK operation's components are purchased in EUR, while finished products are subsequently sold in GBP. One of the UK operation's production facilities delivers to the Group's company in France, where sales are conducted in EUR, which partly offsets the exposure to EUR. The net effect of this currency pair means that a weak EUR against the GBP is positive for the Group.

A proportion of the Swedish operation's costs for material purchases are conducted in EUR. A strong SEK against the EUR is therefore positive for the Group. A significant portion of the Swedish production of components and finished products is sold in Norway. A weak SEK against the NOK is therefore positive for the Group.

The Danish unit conducts a significant portion of its sales in Norway, but also in Sweden. A weak DKK against the NOK and the SEK is therefore positive for the Group.

For a more detailed description and a sensitivity analysis, refer to Note 2 Financial risks on page 63.

Changes in value in balance sheet

In addition to the financial risks that are regulated in the finance policy adopted by the Board, there is also a risk for changes in value in the balance sheet.

A structured work model is applied to testing the value of assets and liability items in the balance sheet.

Impairment testing of goodwill

Nobia's balance sheet includes acquisition goodwill totalling SEK 2,153 million (2,102). The value of this asset item is tested annually and more often if there is any indication of impairment requirement. In 2013, testing did not indicate any impairment requirement. In 2012, goodwill was impaired in the following amounts: SEK 492 million pertaining to Hygena, SEK 14 million pertaining to Optifit and SEK 7 million pertaining to HTH. For a more detailed description, refer to Note 1 Significant accounting policies on page 57 and Note 14 Intangible assets on page 72.

Calculation of pension liabilities

Nobia's balance sheet includes pension liabilities of SEK 654 million (819) that pertain to defined-benefit pension plans in the UK, Germany, Norway and Sweden. All pension plans are calculated every year by actuaries in accordance with IAS 19.

For a more detailed description, refer to Note 1 Significant accounting policies on page 57 and Note 25 Provisions for pensions on page 78.

Deferred tax assets

The Group's loss carryforwards for which deferred tax assets were recognised in the amount of SEK 238 million (187). The value of this asset item is tested annually and more often if there is any indication of impairment requirement. The taxable profit in the parts of the Group that generate tax-loss carryforwards is expected to improve in future years. The Group's restructuring measures over the past years are generating considerable cost savings that are expected to result in a marked improvement in earnings. However, there is a risk that it will not be possible to utilise portions of the carrying amount of deferred tax assets against taxable surpluses in the future. In 2012, impairment of deferred tax assets of SEK 49 million pertaining to Hygena was charged to net profit for the year. This amount was recognised in the consolidated income statement on the tax line. For more information about tax, refer to Note 26 Deferred tax on page 80 and Note 1 Significant accounting policies on page 57.

CORPORATE GOVERNANCE REPORT

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 basis for the control of the Group includes the Swedish Corporate Governance Code, the Articles of Association, the Swedish Companies Act and the regulations issued by the NASDAQ OMX Stockholm.

Nobia has applied the Swedish Corporate Governance Code (the Code) since 1 July 2005 and in 2013, the company had no deviations to report. Nobia also applies the Swedish Annual Accounts Act concerning the company's corporate governance reporting. Nobia monitors developments in the area of corporate governance and continuously adapts its corporate-governance principles to create value for its owners and other stakeholders. No violations of applicable stock exchange regulations were reported.

2013 Annual General Meeting

The right of shareholders to make decisions concerning the affairs of Nobia is exercised at the Annual General Meeting. A notice convening the Annual General Meeting is issued pursuant to the Swedish Companies Act and the company's Articles of Association. The 2013 Annual General Meeting was held on 11 April at Lundqvist & Lindqvist Klara Strand Konferens, Klarabergsviadukten 90 in Stockholm. Some 106 shareholders participated in the 2013 Annual General Meeting, representing 68 per cent of the capital and votes in Nobia. The Board of Directors, members of Group management and auditors were present at the Meeting. Board Chairman, Johan Molin, was elected Chairman of the Meeting. In accordance with the Board of Directors' recommendation, the Annual General Meeting resolved on a dividend of SEK 0.50 per share to shareholders. The Meeting also resolved that the number of Board members should be six without any deputy members until the conclusion of the next Annual General Meeting, as well as fees to the Board and Board Chairman and elected Board members and auditors. Rolf Eriksen declined re-election. All other Board members were re-elected and Johan Molin was re-elected Board Chairman. In accordance with the Board of Directors' recommendation, the Annual General Meeting resolved to authorise the Board of Directors to make decisions regarding acquisitions and sales of own shares.

The complete minutes from the Annual General Meeting are available on Nobia's website.

Individual shareholders wishing to have a specific matter addressed by the Annual General Meeting can do so by submit a request to the Board in good time prior to the Meeting, to the address published on the Group's website.

Articles of Association

Nobia's Articles of Association regulate such matters as the focus of the operations, information about share capital and how notification of the Annual General Meeting is to take place. The full text of the Articles of Association is available on Nobia's website.

On 31 December 2013, the share capital in Nobia AB amounted to SEK 58,430,237 divided between 175,293,458 shares. All of the shares are of the same class. The share's quotient value is SEK 0.33. All shares, except for bought-back own shares, entitle owners to a share of the company's assets and profit. The Nobia share and ownership structure are described in more detail on pages 86–87.

Nomination Committee

In accordance with the principles for the composition of the Nomination Committee adopted at the 2008 Annual General Meeting, the Chairman of the Board is responsible for convening the company's four largest shareholders not later than the end of the third quarter, each of whom are offered an opportunity to appoint one member of the Nomination Committee. Should any of the four largest shareholders refrain from appointing a member, the next largest owner shall be presented with the opportunity to appoint a member. Should more than one shareholder refrain from its right to appoint a member of the Nomination Committee, only the next eight largest owners shall be asked to appoint a member, unless more than these eight largest shareholders are to be asked in order for the Nomination Committee to comprise at least three members. In addition, the Chairman of the Board may be appointed as a member of the Nomination Committee. In accordance with the Code, the Nomination Committee should be chaired by an owner representative. The tasks of the Nomination Committee are to submit proposals to the Annual General Meeting on the election of the Board of Directors, the Chairman and auditors, on fees for the Board of Directors, the Chairman and auditors and on the Chairman of the Annual General Meeting. In addition, the Nomination Committee shall submit proposals to the Annual General Meeting, where appropriate, on decisions for the principles of the composition of the Nomination Committee.

Prior to the 2014 Annual General Meeting, the members of the Nomination Committee comprised Tomas Billing, (Nomination Committee Chairman) Nordstjernan; Fredrik Palmstierna, Latour; Björn Franzon, Swedbank Robur Funds and Ricard Wennerklint, If Skadeförsäkring and, following a decision by the other members of the Nomination Committee, Board Chairman Johan Molin. The members of the Nomination Committee represent approximately 52 per cent of the shares and votes in the company. No remuneration is paid to the Committee members.

The Nomination Committee held three minuted meetings prior to the 2014 Annual General Meeting. Based on the company's strategy and priorities, the Nomination Committee's work included an evaluation of the results of the Board of Directors' own evaluation, its size and composition and the election of an auditor.

The Nomination Committee's proposals prior to the 2014 Annual General Meeting are incorporated in the notice of the Annual General Meeting, which was published on Nobia's website on 10 March. The principles for the composition of the Nomination Committee and the Nomination Committee's explanatory statement for proposing the election of the Board of Directors and so forth are also included.

Shareholders are welcome to contact the Nomination Committee and submit proposals via post to Nobia AB, Valberedningen, Box 70376, SE-107 24 Stockholm, Sweden.

Work of the Board of Directors

In accordance with Nobia's Articles of Association, the Board is, to the extent appointed by the General Meeting, to comprise not fewer than three and not more than nine members, with not more than three deputy members. The 2013 Annual General Meeting resolved that the Board was to comprise six members with no deputy members. The Board also includes two members, with two deputy members, who are appointed by employees' organisation in accordance with the Swedish Board Representation (Private Sector Employees) Act. The Code also contains certain requirements regarding the composition of the Board of Directors, for example, the majority of the Board members elected by the Annual General Meeting are to be independent in relation to the company and company management. Furthermore, at least two of these Board members are also to be independent in relation to the company's largest shareholders. Nobia's Board of Directors fulfils these requirements. The President is proposed as a member of the Board proposed to the 2014 Annual General Meeting. This has been the case in earlier years, except for 2010 when the then President decided to retire. Other executives in the company participate at Board meetings to make presentations and to serve as secretary. The Board held eight scheduled meetings during the 2013 fiscal year.

The work of the Board of Directors follows a fixed agenda for each Board meeting, including such matters as business status, investments, budget, interim reports and annual accounts. The Chairman leads and delegates the work of the Board and ensures that matters not included in the fixed agenda are addressed. The Board's work is regulated by the rules of procedure adopted annually by the Board and by the instruction regarding the distribution of duties between the Board and the President. In 2013, the strategy of achieving the Group's operating margin target of 10 per cent continued to receive a great deal of focus in the Board of Directors' work. Issues relating to brands, range, production consolidation and supply chain were key components of these efforts. The focus on efficiency and growth continued. In parallel with offensive investments, potential acquisitions for generating profitable growth were evaluated during the year.

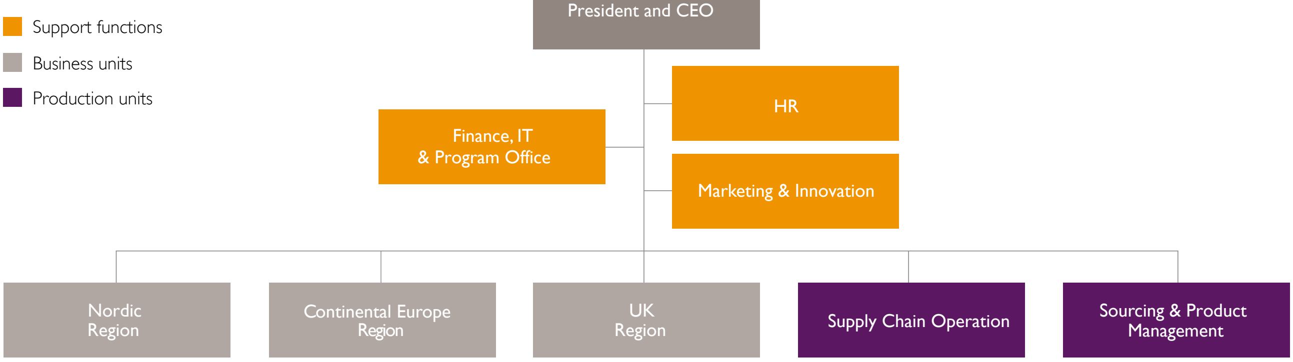
In the summer of 2013, the Board of Directors visited Nobia's facilities in Denmark. The Board members are presented on pages 42–43. Attendance at Board meetings is shown in the table on page 40.

The work of the Board in 2013 was evaluated by all Board members completing a number of questions specifically related to the Board's work. The members' responses were compiled and subsequently presented and discussed by the Board. The Board decided that the same evaluation method would be employed for the forthcoming year. The Board also evaluates the President on an ongoing basis throughout the year.

The Board does not have a separate Audit Committee. Instead, control issues to be discussed by such a Committee are managed by the Board in its entirety, except for the President who does not participate in these issues. Accordingly, the Board can monitor significant issues regarding the company's financial reporting and its internal control, and risk management of financial issues. The same applies to significant issues related to the audit of the annual report and consolidated financial statements and the impartiality and independence of the auditors. To ensure that the Board's information requirements are met in this respect, the company's auditors report to the Board at least three times a year. Part of the auditors' presentation of information to the Board takes place in the absence of the company's executives. The form in which these reports are to be prepared is documented in the Board's rules of procedure. Furthermore, the Board assists in the preparation of the Nomination Committee's proposals for the Annual General Meeting's decision regarding the election of auditors.

One occasion is primarily devoted to the planning of the year's audit. In the hard-close audit at the end of September, the

Nobia's organisation



Board of Directors in 2013

		Board meetings, 8 meetings in total	Remuneration Committee, 3 meetings in total	Year of birth	Board member since	Nationality	Independence
Johan Molin	Chairman	8	3	1959	2010	Swedish	Dependent[2]
Morten Falkenberg	President and CEO	8		1958	2011	Danish	Dependent[3]
Lilian Fossum Biner	Board member	8		1962	2012	Swedish	Independent
Rolf Eriksen[1]	Board member	0		1944	2010	Danish	Independent
Nora Førisdal Larssen	Board member	8	3	1965	2011	Norwegian	Dependent[2]
Thore Olsson	Board member	7		1943	2007	Swedish	Independent
Fredrik Palmstierna	Board member	8	3	1946	2006	Swedish	Dependent[2]
Per Bergström	Employee representative	8		1960	2000	Swedish	
Olof Harrius[4]	Employee representative	2		1949	1998	Swedish	
Marie Ströberg[5]	Employee representative	8		1973	2007	Swedish	
Patrik Falck[6]	Employee representative	7		1965	2011	Swedish	
Terese Asthede[6,7]	Employee representative	6		1971	2013	Swedish	

1) Left Board on 11 April 2013
2) Dependent in relation to major shareholders
3) President
4) Employee representative until 25 March 2013
5) Ordinary employee representative from 25 March 2013
6) Deputy
7) Employee representative from 25 March 2013

company's processes for internal control are also addressed. Finally, reporting is received in conjunction with the adoption of the annual accounts. In addition, the auditors also present an annual account of the consulting assignments that have been performed by the audit firm.

In April 2013, the auditors presented and discussed the focus and scope of the audit, which also took particular consideration of the risk perspective regarding internal control. At the meeting in October, the auditors reported on the control self-assessment and IT-audit that the company's commercial units perform annually. Also at this meeting, the auditors presented their observations from the hard-close audit. The examination of the annual accounts for 2013 was presented at the Board meeting in February 2014.

In 2013, the Group's CFO served as the Board of Directors' secretary.

Remuneration Committee

The Board appoints a Remuneration Committee from within its ranks, which for the period from the 2013 Annual General Meeting until the 2014 Annual General Meeting comprised Johan Molin (Chairman), Fredrik Palmstierna and Nora Førisdal Larssen.

The Committee's 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 Annual General Meeting regarding principles for remuneration and other employment terms for senior executives and monitors and evaluates the ongoing schemes for variable remuneration to senior executives, and the schemes concluded during the year, and the implementation of the Annual General Meeting's decision on guidelines for remuneration to senior executives.
The Committee held three meetings during the year.

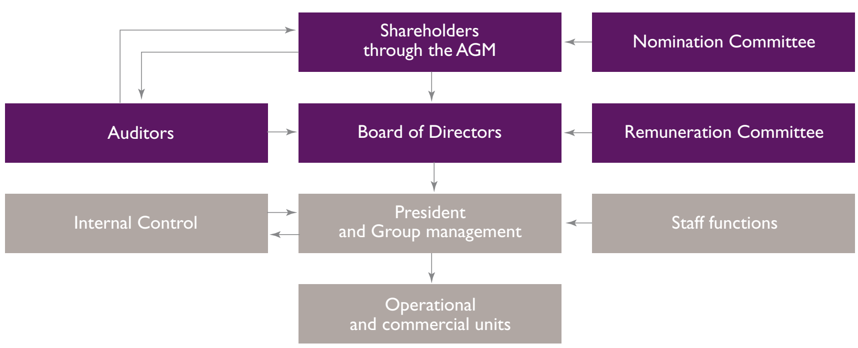
Remuneration to senior executives

The members of Group management receive both fixed and variable remuneration. The basic principle is that the variable remuneration may comprise a maximum of 30 per cent of fixed annual salary. The exception is the President whose variable salary portion may total a maximum of 50 per cent of fixed annual salary. Exceptions may also be made for senior executives following decisions by the Board. The variable salary portion is normally divided between several targets, for example, the Group's earnings, earnings in the business unit for which the manager is responsible and individual/quantitative targets. The variable salary portion is based on an earnings period of one year. The targets for the President are established by the Board. The targets for the other senior executives are established by the President following recommendations by the Board's Remuneration Committee.

Key external regulatory frameworks:
- The Swedish Companies Act
- IFRS and the Swedish Annual Accounts Act
- NASDAQ OMX Stockholm's issuer rules
- The Swedish Corporate Governance Code, www.corporategovernanceboard.se

Key internal regulatory frameworks:
- Articles of Association
- The Board's rules of procedure and instructions on the distribution of duties between the Board and President, internal policies, guidelines, manuals, codes and checklists
- Nobia Financial & Accounting Manual
- Risk Management Processes

Overview of governance at Nobia



In the period 2005–2011, Nobia implemented annual employee share option schemes for senior managers. These schemes encompassed about 100–200 managers and employees every year. The Remuneration Committee's follow-ups and monitoring of the Group's former employee share option schemes indicated a need for certain structural changes. The 2012 Annual General Meeting resolved to introduce a new share-based scheme based on matching and performance shares ("Performance Share Plan 2012"). Unlike the former scheme, this Plan also requires that participants acquire shares in Nobia. The 2013 Annual General Meeting resolved to introduce a new long-term remuneration scheme ("Performance Share Plan 2013") based on the same principles as Performance Share Plan 2012. The remuneration schemes are described in more detail in the Financial overview of the Board of Directors' report on pages 33–34. The remuneration and benefits of senior executives are described in Note 4 on pages 67–70.

Group management

The President and Group management, see pages 44–45, hold regular Group management meetings. In addition, the President and the CFO meet the management team of each commercial business unit three times per year at local management team meetings.

Auditors

KPMG AB was elected as the company's auditor for a mandate period of one year until the conclusion of the 2014 Annual General Meeting. The Auditor in Charge is Authorised Public Accountant Helene Willberg. Helene Willberg cannot be proposed as Auditor in Charge at the 2014 Annual General Meeting due to rotation rules under the Swedish Companies Act. The Nomination Committee's proposals for auditing firm and Auditor in Charge prior to the 2014 Annual General Meeting were presented in the notice of the Annual General Meeting, which was published on Nobia's website on 10 March. The interaction of the auditors with the Board is described above. Nobia's purchases of services from this firm in 2013, in addition to audit assignments, are described in Note 6 on page 71.

The Board's description of internal control and risk management systems regarding the financial reporting for the 2013 fiscal year

The Board of Directors is responsible for the internal control of the company in accordance with the Swedish Companies Act and the Code. This description has been prepared in accordance with Chapter 6, Section 6, second paragraph, second point of the Swedish Annual Accounts Act, and is thereby limited to the internal control and risk management of the financial reporting. The description of the Group's internal control and risk management systems also includes the description of the company's systems.

Control environments and governing documents

The structure of Nobia is organised so that the first stage of the value chain, sourcing/purchasing, production and logistics have Group-wide management functions. The main task of these operating units is to capitalise on opportunities for economies of scale within each area. The commercial units are responsible for developing Nobia's sales channels and brands in line with Nobia's strategy.

The basis for the internal control of financial reporting is the control environment that comprises the company's organisation, decision-making procedures, authority and responsibility, as documented and communicated in governing documents such as internal policies, guidelines, manuals and codes. Examples include the division of responsibility between the Board on one hand and the President and other bodies established by the Board on the other, instructions for authorisation, and instructions for accounting and reporting.

Documentation concerning the principles and forms for reporting, internal governance, control and monitoring is compiled in Nobia's Financial & Accounting Manual. This Manual is available to all relevant employees on Nobia's intranet.

Each unit manager is responsible for ensuring effective internal control, and the financial manager of each unit is responsible for monitoring and ensuring compliance with Nobia's accounting procedures and principles. These are documented in the aforementioned manual. All financial managers from the various units meet once a year to discuss various topics relevant to financial reporting.

Risk management

The Group has methods for risk assessment and risk management to ensure that the risks to which the Group is exposed are managed within the established frameworks. The risks identified concerning financial reporting are managed in the Group's control structure and are continuously monitored and assessed. One of the tools for this purpose is self-assessments, which are conducted annually by local management teams and evaluated according to established procedures. Risk assessments are described in more detail on pages 35–37.

Financial information

The Group has established information and communication channels in order to support the completeness and accuracy of the financial reporting, for example, through governing documents in the form of internal policies, guidelines, manuals and codes regarding the financial reporting applied by relevant personnel.

The Group monitors compliance with these governing documents and measures the efficiency of control structures.

In addition, the Group's information and communication channels are monitored to ensure that these channels are appropriate for the financial reporting. Furthermore, the Group has developed checklists to ensure compliance with the disclosure requirements in the financial statements.

Monitoring by the Board

The outcome of the Group's risk assessment and risk management processes is addressed each year by the Board, which ensures that these processes include all material areas and provide balanced guidelines for the various executives.

The Board receives periodic financial reports and each Board meeting addresses the company's and Group's financial position.

The Group's internal control function, which is an integrated part of the central finance function, monitored viewpoints that emerged during the year from the internal control self-assessment at some of the larger units.

Nobia does not currently have an internal audit function. The Board has discussed this matter and found the existing monitoring and assessment structure of the Group to be satisfactory. External services may also be engaged in the context of certain special examinations. This decision is reviewed annually.

BOARD OF DIRECTORS

1 Johan Molin

Born 1959.
B.Sc. Business Administration. President and CEO of ASSA ABLOY. Chairman of the Board since 2011. Board member since 2010. Dependent in relation to major shareholders.
Board assignments: Board member of ASSA ABLOY.
Previous employment: CEO of Nilfisk-Advance and Head of division at Atlas Copco.
Holding in Nobia: 283,051 shares, 400,000 call options.

4 Lilian Fossum Biner

Born 1962.
B.Sc. Business Administration. Board member since 2012. Independent.
Board assignments: Board member of Oriflame, Cloetta, Thule, Givaudan, Melon Fashion Group OJSC and a-connect AG.
Previous employment: Vice President and CFO Axel Johnsson, Senior Vice President and HR Director at Electrolux.
Holding in Nobia: 6,000 shares.

2 Morten Falkenberg

Born 1958.
B.Sc. Business Administration. President and CEO of Nobia. Board member since 2011.
Board assignments: Board member of Velux Group.
Previous employment: Executive Vice President and Head of Floor Care and Small Appliances at Electrolux, senior positions in TDC Mobile and the Coca-Cola Company.
Holding in Nobia: 403,126 shares (private and occupational pension), 500,000 call options and 70,000 employee share options.
Holding in related companies: –

5 Thore Ohlsson

Born 1943.
President of Elimexo. Board member since 2007. Independent.
Board assignments: Chairman of Bastec, Thomas Frick and Frisk-vårdscenter AB. Board member of Tretorn, Cobra inc., Elite Hotels AB and Puma SE.
Previous employment: President and CEO of Aritmos with wholly owned companies ABU-Garcia, Etonic Inc., Monark-Crescent, Stiga, Tretorn and Puma AG (84%). President of Trianon, Etonic Inc. and Tretorn. CEO of Tretorn.
Holding in Nobia: 70,000 shares, 250,000 call options.

3 Nora Førisdal Larssen

Born 1965.
B.Sc. Business Economics, MBA. Senior Investment Manager at Nordstjernan. Board member since 2011. Dependent in relation to major shareholders.
Board assignments: Chairman of Etac and Emma S, Board member of Ekornes and Filippa K.
Previous employment: Product Line manager at Electrolux and Partner in McKinsey & Co.
Holding in Nobia: 5,000 shares.

6 Fredrik Palmstierna

Born 1946.
B.Sc. Business Administration, MBA. Board member since 2006. Dependent in relation to major shareholders.
Board assignments: Chairman of Investment AB Latour. Board member of Securitas, Hultafors, Fagerhult, Academic Work and the Viktor Rydberg Schools Foundation.
Holding in Nobia: 351,338 shares.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7 Per Bergström

Born 1960.
Employee representative since 2000.
Employed at Nobia Production Sweden since 1976.
Board assignments: Board member of Tidaholms Energi AB and Elnät AB.
Holding in Nobia: 5,000 call options.

9 Patrik Falck

Born 1965.
Deputy Board member. Employee representative since 2011.
Employed at Nobia Production Sweden since 1986.
Holding in Nobia: –

8 Marie Ströberg

Born 1973.
Employee representative since 2007.
Employed at Nobia Svenska Kök since 2007.
Holding in Nobia: 1,500 call options.

10 Terese Asthede

Born 1971.
Deputy Board member. Employee representative since 2013.
Employed at Nobia Svenska Kök since 2006.
Holding in Nobia: –

Auditors

KPMG AB

Auditor in Charge,
Authorised Public Accountant:

Helene Willberg

Other auditing assignments: Cloetta, Cision, Höganäs, Thule, Traction and PostNord.

GROUP MANAGEMENT


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1 Morten Falkenberg

Born 1958. President and CEO.
Employed at Nobia since 2010.
Board assignments: Board member of Velux Group.
Previous employment: Executive Vice President and Head of Floor Care and Small Appliances at Electrolux, senior positions in TDC Mobile and the Coca-Cola Company.
Holding in Nobia: 403,126 shares (private and occupational pension), 500,000 call options and 70,000 employee share options.
Holding in related companies: –

4 Christian Rösler

Born 1967.
Executive Vice President and Head of Continental European and CEE Professional.
Employed at Nobia since 2007.
Previous employment: Management positions at Ikea Austria.
Holding in Nobia: 50,000 employee share options.

2 Mikael Norman

Born 1958. CFO.
Employed at Nobia since 2010.
Previous employment: Group controller at Electrolux.
Holding in Nobia: 30,000 shares, 100,000 call options and 50,000 employee share options.

5 Peter Kane

Born 1965.
Executive Vice President and Head of UK Retail.
Employed at Magnet since 1984.
Previous employment: Management positions at Magnet.
Holding in Nobia: 26,371 shares, 50,000 employee share options.

3 Ingemar Tärnskär

Born 1961.
Executive Vice President and Head of Supply Chain Operation.
Employed at Nobia since 1998.
Previous employment: Management positions at Nobia.
Holding in Nobia: 15,400 shares, 70,000 call options and 50,000 employee share options.

6 Titti Lundgren

Born 1966.
Executive Vice President and Head of Group Marketing.
Employed at Nobia since 2012.
Previous employment: President of Natural Fragrance of Sweden, management positions at SSL International and Scholl.
Holding in Nobia: 4,832 shares.

7 Lars Völkel

Born 1975.
Executive Vice President and Head of Luxury Retail & Professional.
Employed at Nobia since 2011.
Previous employment: Senior positions at Electrolux and EDS.
Holding in Nobia: 50,000 employee share options.

8 Lars Bay-Smidt

Born 1968.
Executive Vice President and Head of Nobia Denmark.
Employed at Nobia since 2008.
Previous employment: Senior sales positions at HTH Køkkener A/S, Actona Company A/S, Bøg Madsen A/S and Gasa Aarhus A/S.
Holding in Nobia: 20,000 employee share options.

9 Thomas Myringer

Born 1960.
Executive Vice President and HR Director.
Employed at Nobia since 2003.
Previous employment: Senior HR positions in the Skanska Group.
Holding in Nobia: 8,124 shares, 30,000 call options and 30,000 employee share options.

10 Dominique Maupu

Born 1963.
Executive Vice President and Head of Hygena.
Employed at Nobia since 2013.
Previous employment: Management positions Darty, KparK and Lapeyre.
Holding in Nobia: 1,427 shares.

FINANCIAL STATEMENTS
THE GROUP AND PARENT COMPANY

CONSOLIDATED INCOME STATEMENT

SEK m	Note	2012	2013
Net sales	3	12,343	11,773
Cost of goods sold	4, 7, 10, 11, 25	–7,552	–6,949
Gross profit		**4,791**	**4,824**
Selling expenses	4, 7, 10, 11, 25	–4,283	–3,475
Administrative expenses	4, 6, 7, 10, 11, 25	–731	–688
Other operating income	8	84	76
Other operating expenses	9	–135	–83
Operating profit/loss		**–274**	**654**
Financial income	12	11	13
Financial expenses	12	–107	–107
Profit/loss after financial items		**–370**	**560**
Tax on net profit for the year	13, 26	–155	–195
Net profit/loss for the year from continuing operations		**–525**	**365**
Profit/loss from discontinued operations, net after tax	32	–20	–15
Net profit/loss for the year		**–545**	**350**
Net profit/loss for the year attributable to:			
Parent Company shareholders		–546	351
Non-controlling interests		1	–1
Net profit/loss for the year		**–545**	**350**
Earnings/loss per share, before dilution, SEK[1]	23	–3.27	2.10
Earnings/loss per share, after dilution, SEK[1]	23	–3.27	2.10
Earnings/loss per share from continuing operations, before dilution, SEK	23	–3.15	2.19
Earnings/loss per share from continuing operations, after dilution, SEK	23	–3.15	2.19
Number of shares before dilution[2]	23	167,131,158	167,131,158
Average number of shares before dilution[2]	23	167,131,158	167,131,158
Number of shares after dilution[2]	23	167,131,158	167,351,279
Average number of shares after dilution[2]	23	167,131,158	167,309,523

1) Earnings/loss per share attributable to Parent Company shareholders.
2) Shares outstanding, less bought-back shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Note	2012	2013
Net profit/loss for the year		–545	350
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange-rate differences attributable to translation of foreign operations	22	–100	109
Cash-flow hedges before tax	22	11	4
Tax attributable to hedging reserve for the period	22	–3	–1
Items that will not be reclassified to profit or loss			
Remeasurements of defined-benefit pension plans	25	–108	150
Tax attributable to remeasurements of defined-benefit pension plans		21	–37
		–87	**113**
Other comprehensive income/loss for the year		**–179**	**225**
Comprehensive income/loss for the year		**–724**	**575**
Comprehensive income/loss for the year attributable to:			
Parent Company shareholders		–725	576
Non-controlling interests		1	–1
Comprehensive income/loss for the year		**–724**	**575**

COMMENTS AND ANALYSIS OF INCOME STATEMENT

Net sales declined 5 per cent to SEK 11,773 million (12,343). For comparable units and adjusted for currency effects, the change in net sales was 0 per cent. The relationship is shown in the table below.

	2013				2013	
Analysis of net sales, %	I	II	III	IV	%	SEK m
2012						12 343
Organic growth	–2	2	2	–1	0	–13
- of which, UK region[1]	2	8	10	8	6	251
- of which, Nordic region[1]	–7	1	0	–3	–2	–109
- of which, Continental Europe region[1]	1	–6	–7	–9	–5	–153
Changed reporting period in UK	2	0	0	–2	0	–9
Currency effect	–4	–5	–1	–1	–3	–347
Divested operations[2]	–	–1	–3	–2	–2	–201
2013	**–4**	**–5**	**–2**	**–6**	**–5**	**11,773**

1) Organic growth for each organisational region.
2) Pertains to the sale of Optifit on 1 May 2013.

Net sales and profit/loss per region

	UK Region		Nordic region		Continental Europe region		Group-wide and eliminations		Group	
SEK m	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Net sales from external customers	4,030	4,055	5,232	5,027	3,081	2,691	–	–	12,343	11,773
Net sales from other regions	12	85	1	1	8	4	–21	–90	–	–
Total net sales	**4,042**	**4,140**	**5,233**	**5,028**	**3,089**	**2,695**	**–21**	**–90**	**12,343**	**11,773**
Gross profit excluding restructuring costs	1,622	1,652	2,061	2,048	1,253	1,105	43	19	4,979	4,824
Gross margin excluding restructuring costs, %	40.1	39.9	39.4	40.7	40.6	41.0	–	–	40.3	41.0
Operating profit/loss excluding restructuring costs	181	247	551	633	–9	–47	–158	–143	565	690
Operating margin excluding restructuring costs, %	4.5	6.0	10.5	12.6	–0.3	–1.7	–	–	4.6	5.9
Operating profit/loss	93	247	534	633	–213	–83	–688	–143	–274	654
Operating margin, %	2.3	6.0	10.2	12.6	–6.9	–3.1	–	–	–2.2	5.6

Depreciation/amortisation of and impairment losses on fixed assets for the year amounted to SEK 390 million (1,013).

Specification of restructuring costs [1]

SEK m	2012	2013
Restructuring costs by function		
Cost of goods sold	–188	–
Selling and administrative expenses	–595	–
- of which impairment of goodwill in Hygena	–492	–
Other income/expenses	–56	–36
Total restructuring costs	**–839**	**–36**
Restructuring costs per region		
UK	–88[2]	–
Nordic	–17[3]	–
Continental Europe	–204[4]	–36
Group-wide and eliminations	–530[5]	–
- of which impairment of goodwill in Hygena	–492	–
Group	**–839**	**–36**

1) Pertains to costs that impact operating profit
2) Impairment amounted to SEK 16 million and pertained to kitchen displays.
3) Impairment amounted to SEK 11 million and pertained to goodwill, buildings and machinery.
4) Impairment amounted to SEK 71 million and pertained mainly to building and machinery.
5) Impairment amounted to SEK 519 million and pertained to goodwill and building.

Impact of exchange rate (Operating profit excluding restructuring costs)

	Translation effect		Transaction effect		Total effect	
	2012	2013	2012	2013	2012	2013
UK region	5	–10	20	–25	25	–35
Nordic region	–10	–10	30	–10	20	–20
Continental Europe region	0	0	5	–5	5	–5
Group	**–5**	**–20**	**55**	**–40**	**50**	**–60**

Quarterly data per region

	2012				2013			
	I	II	III	IV	I	II	III	IV
Net sales, SEK m								
UK	973	1,084	967	1,018	991	1,086	1,034	1,029
Nordic	1,319	1,481	1,101	1,332	1,200	1,449	1,104	1,275
Continental Europe	645	888	802	754	622	756	685	632
Group-wide and eliminations	–3	–4	–7	–7	–9	–29	–25	–27
Group	**2,934**	**3,449**	**2,863**	**3,097**	**2,804**	**3,262**	**2,798**	**2,909**
Gross profit excluding restructuring costs, SEK m								
UK	387	431	384	420	394	429	407	422
Nordic	500	590	422	549	476	612	439	521
Continental Europe	244	357	334	318	240	300	288	277
Group-wide and eliminations	14	6	8	15	8	3	5	3
Group	**1,145**	**1,384**	**1,148**	**1,302**	**1,118**	**1,344**	**1,139**	**1,223**
Gross margin excluding restructuring costs, %								
UK	39.8	39.8	39.7	41.3	39.8	39.5	39.4	41.0
Nordic	37.9	39.8	38.3	41.2	39.7	42.2	39.8	40.9
Continental Europe	37.8	40.2	41.6	42.2	38.6	39.7	42.0	43.8
Group	**39.0**	**40.1**	**40.1**	**42.0**	**39.9**	**41.2**	**40.7**	**42.0**
Operating profit/loss excluding restructuring costs, SEK m								
UK	27	51	37	66	32	77	65	73
Nordic	106	179	101	165	111	224	136	162
Continental Europe	–76	22	42	3	–48	–10	9	2
Group-wide and eliminations	–35	–47	–38	–38	–33	–42	–30	–38
Group	**22**	**205**	**142**	**196**	**62**	**249**	**180**	**199**
Operating margin excluding restructuring costs, %								
UK	2.8	4.7	3.8	6.5	3.2	7.1	6.3	7.1
Nordic	8.0	12.1	9.2	12.4	9.3	15.5	12.3	12.7
Continental Europe	–11.8	2.5	5.2	0.4	–7.7	–1.3	1.3	0.3
Group	**0.7**	**5.9**	**5.0**	**6.3**	**2.2**	**7.6**	**6.4**	**6.8**
Operating profit/loss, SEK m								
UK	27	8	36	22	32	77	65	73
Nordic	106	171	101	156	111	224	136	162
Continental Europe	–79	11	17	–162	–48	–46	9	2
Group-wide and eliminations	–44	–47	–38	–559	–33	–42	–30	–38
Group	**10**	**143**	**116**	**–543**	**62**	**213**	**180**	**199**
Operating margin, %								
UK	2.8	0.7	3.7	2.2	3.2	7.1	6.3	7.1
Nordic	8.0	11.5	9.2	11.7	9.3	15.5	12.3	12.7
Continental Europe	–12.2	1.2	2.1	–21.5	–7.7	–6.1	1.3	0.3
Group	**0.3**	**4.1**	**4.1**	**–17.5**	**2.2**	**6.5**	**6.4**	**6.8**

CONSOLIDATED BALANCE SHEET

SEK m	Note	31 Dec 2012	31 Dec 2013
ASSETS			
Intangible assets	14		
Goodwill		2,102	2,153
Other intangible assets		197	176
		2,299	**2,329**
Tangible fixed assets	15		
Land and buildings		837	784
Investments in progress and advance payments		18	13
Machinery and other technical equipment		754	725
Equipment, tools, fixtures and fittings		352	354
		1,961	**1,876**
Interest-bearing long-term receivables (IB)	16	5	6
Other long-term receivables	16	48	49
Deferred tax assets	26	469	410
Total fixed assets		**4,782**	**4,670**
Inventories			
Raw materials and consumables		278	261
Products in progress		69	69
Finished products		411	373
Goods for resale		171	146
		929	**849**
Current receivables			
Tax assets		81	91
Accounts receivable	2	941	949
Derivative instruments	2,18	6	10
Interest-bearing current receivables (IB)		0	2
Other receivables	2	90	91
Prepaid expenses and accrued income	19	207	230
Assets held for sale	33	71	15
		1,396	**1,388**
Cash and cash equivalents (IB)	20	171	278
Total current assets		**2,496**	**2,515**
Total assets		**7,278**	**7,185**
Of which interest-bearing items (IB)		176	286

SEK m	Note	31 Dec 2012	31 Dec 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to Parent Company shareholders			
Share capital	21	58	58
Other contributed capital		1,458	1,463
Reserves	22	–472	–366
Profit brought forward		1,613	1,999
		2,657	**3,154**
Non-controlling interests		5	4
Total shareholders' equity		**2,662**	**3,158**
Provisions for guarantees		14	11
Provisions for pensions (IB)	25	819	654
Deferred tax liabilities	26	161	162
Other provisions	27	288	198
Liabilities to credit institutions (IB)	2, 28	936	806
Other liabilities (IB)	2	1	0
Total long-term liabilities		**2,219**	**1,831**
Liabilities to credit institutions (IB)	2, 28	0	1
Overdraft facilities (IB)	2, 20	127	0
Other liabilities (IB)	2	0	1
Advance payments from customers		223	209
Accounts payable	2	860	860
Current tax liabilities		78	87
Derivative instruments	2, 18	6	7
Other liabilities	2	320	341
Accrued expenses and deferred income	29	674	688
Liabilities attributable to assets held for sale	33	109	2
Total current liabilities		**2,397**	**2,196**
Total shareholders' equity and liabilities		**7,278**	**7,185**
Of which interest-bearing items (IB)		1,883	1,462

Information on consolidated pledged assets and contingent liabilities is provided in Note 31 on page 82.

COMMENTS AND ANALYSIS OF BALANCE SHEET

Goodwill
Information on goodwill, including comments, is provided in Note 14 on page 72.

Financing
Net debt declined to SEK 1,176 million (1,707) at the end of the period. A positive operating cash flow of SEK 601 million and remeasurements of defined-benefit pension plans of SEK 150 million reduced net debt. The increase in net debt derived from interest paid of SEK 54 million, change in pension liabilities of SEK 43 million and dividends of SEK 84 million. The debt/equity ratio amounted to 37 per cent at the end of the year (64 per cent at the beginning of the year). The lower debt/equity ratio was attributable to a decline in net debt and an increase in shareholders' equity. Shareholders' equity increased primarily as a result of net profit for the year of SEK 350 million. Remeasurements of defined-benefit pension plans contributed to the lower debt/equity ratio by reducing net debt by SEK 150 million and simultaneously increase shareholders' equity by SEK 119 million. The change in net debt is shown in the table below.

Analysis of net debt

	Group	
SEK m	2012	2013
Opening balance	1,586	1,707
Changed accounting policy for pensions	184	–
Divestment of operations	–	38
Translation differences	–37	1
Operating cash flow	–237	–601
Interest	54	54
Remeasurements of defined-benefit pension plans	108	–150
Change in pension liabilities	49	43
Dividend	–	84
Closing balance	**1,707**	**1,176**

The components of net debt are shown in the table below.

Components of net debt

	Group	
SEK m	2012	2013
Bank loans, etc.	1,063	808
Provisions for pensions	819	654
Leasing	1	–
Cash and cash equivalents	–171	–278
Other financial receivables	–5	–8
Total	**1,707**	**1,176**

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	Non-controlling interests	Total shareholders' equity
Opening balance, 1 January 2012	**58**	**1,459**	**–370**	**–8**	**2,382**	**3,521**	**4**	**3,525**
Changed accounting policy for pensions	–	–	–	–	–138	–138	–	–138
Restated opening balance, 1 January 2012	**58**	**1,459**	**–370**	**–8**	**2,244**	**3,383**	**4**	**3,387**
Net loss for the year	–	–	–	–	–546	–546	1	–545
Other comprehensive income for the year	–	–	–100	8	–87	–179	0	–179
Comprehensive income for the year	**–**	**–**	**–100**	**8**	**–633**	**–725**	**1**	**–724**
Dividend	–	–	–	–	–	–	–	–
Allocation of employee share option schemes and performance share plans	–	–1	–	–	–	–1	–	–1
Closing balance, 31 December 2012	**58**	**1,458**	**–470**	**0**	**1,611**	**2,657**	**5**	**2,662**
Opening balance, 1 January 2013	**58**	**1,458**	**–470**	**0**	**1,611**	**2,657**	**5**	**2,662**
Net profit for the year	–	–	–	–	351	351	–1	350
Other comprehensive income for the year	–	–	109	3	113	225	0	225
Comprehensive income for the year	**–**	**–**	**109**	**3**	**464**	**576**	**–1**	**575**
Dividend	–	–	–	–	–84	–84	–	–84
Allocation of employee share option schemes and performance share plans	–	5	–	–	–	5	–	5
Closing balance, 31 December 2013	**58**	**1,463**	**–361**	**3**	**1,991**	**3,154**	**4**	**3,158**

CONSOLIDATED CASH-FLOW STATEMENT AND COMMENTS

SEK m	Note	2012	2013
Operating activities			
Operating profit/loss		–274	654
Depreciation/amortisation/impairment		1,013	390
Other adjustments for non-cash items		114	18
Income tax paid		–155	–159
Change in inventories		16	105
Change in operating receivables		205	–11
Change in operating liabilities		–359	–166
Cash flow from operating activities		**560**	**831**
Investing activities			
Investments in tangible fixed assets		–382	–227
Investments in intangible assets		–11	–24
Sale of tangible fixed assets		93	36
Interest received		11	4
Decrease in interest-bearing assets		0	–2
Other items in investing activities		–23	–15
Divestment of operations		–	–38
Cash flow from investing activities		**–312**	**–266**
Operating cash flow before acquisitions/divestments of subsidiaries, interest, increase/decrease in interest-bearing assets		**237**	**601**
Operating cash flow after acquisitions/divestments of subsidiaries, interest, increase/decrease in interest-bearing assets		**248**	**565**
Financing activities			
Interest paid		–65	–58
Decrease in interest-bearing liabilities		–159[1]	–318[2]
Dividend		–	–84
Cash flow from financing activities		**–224**	**–460**
Cash flow for the year excluding exchange-rate differences in cash and cash equivalents		**24**	**105**
Cash and cash equivalents at the beginning of the year		**152**	**171**
Cash flow for the year		24	105
Exchange-rate differences in cash and cash equivalents		–5	2
Cash and cash equivalents at year-end		**171**	**278**

1) Repayment of loans comprising SEK 160 million.
2) Repayment of loans comprising SEK 130 million.

Comments on the cash-flow statement
The cash flow from operating activities amounted to SEK 831 million (560). Working capital decreased cash flow by SEK 72 million (neg.138) and is primarily attributable to lower current liabilities. Adjustments for non-cash items amounted to SEK 18 million (114) as specified in the table below.

Adjustments for non-cash items

SEK m	2012	2013
Capital gains/losses on fixed assets	–7	–18
Provisions	120	37
Other	1	–1
Total	**114**	**18**

Investments in fixed assets amounted to SEK 251 million (393).

Operating cash flow, that is, the cash flow after investments but excluding the acquisitions and divestments of companies, interest and increases/decreases in interest-bearing assets, amounted to SEK 601 million (237).

PARENT COMPANY

Parent Company income statement

SEK m	Note	2012	2013
Net sales		65	77
Administrative expenses	4, 6, 11, 25	–157	–167
Other operating expenses	8,9	–	–
Operating loss		**–92**	**–90**
Profit from participations in Group companies	12	231	244
Financial income	12	31	39
Financial expenses	12	–72	–80
Profit after financial items		**98**	**113**
Tax on net profit for the year	13	0	0
Net profit for the year		**98**	**113**

Parent Company statement of comprehensive income

SEK m	Note	2012	2013
Net profit for the year		98	113
Other comprehensive income for the year		–	–
Comprehensive income for the year		**98**	**113**

Parent Company cash-flow statement

SEK m	Note	2012	2013
Operating activities			
Operating loss		–92	–90
Adjustments for non-cash items		–1	3
Dividend received	12	231	244
Interest received	12	31	39
Interest paid	12	–72	–80
Tax paid		0	0
Cash flow from operating activities before changes in working capital		**97**	**116**
Change in liabilities		–113	–221
Change in receivables		42	279
Cash flow from operating activities		**26**	**174**
Investing activities			
Provisions for pensions		2	1
Cash flow from investing activities		**2**	**1**
Financing activities			
Dividend		–	–84
Cash flow for the year		**28**	**91**
Cash and cash equivalents at beginning of the year		**33**	**61**
Cash flow for the year		28	91
Cash and cash equivalents at year-end		**61**	**152**

Parent Company balance sheet

SEK m	Note	2012-12-31	2013-12-31
ASSETS			
Fixed assets			
Financial fixed assets			
Shares and participations in Group companies	16,17	2,229	2,231
Other securities held as fixed assets		0	0
Total fixed assets		**2,229**	**2,231**
Current assets			
Current receivables			
Accounts receivable		15	13
Receivables from Group companies		2,792	2,501
Other receivables		7	6
Prepaid expenses and accrued income	19	32	47
Cash and cash equivalents	20	61	152
Total current assets		**2,907**	**2,719**
Total assets		**5,136**	**4,950**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital[1]	21	58	58
Statutory reserve		1,671	1,671
		1,729	**1,729**
Non-restricted shareholders' equity			
Share premium reserve		52	52
Buy-back of shares		–468	–468
Profit brought forward		2 242	2,261
Net profit for the year		98	113
		1,924	**1,958**
Total shareholders' equity		**3,653**	**3,687**
Provisions for pensions	25	10	11
Long-term liabilities			
Liabilities to credit institutions	28	800	800
Current liabilities			
Liabilities to credit institutions		127	0
Accounts payable		16	14
Liabilities to Group companies		501	406
Other liabilities		5	4
Accrued expenses and deferred income	29	24	28
Total current liabilities		**673**	**452**
Total shareholders' equity, provisions and liabilities		**5,136**	**4,950**
Pledged assets	31	–	–
Contingent liabilities	31	294	172

1) The number of shares outstanding was 167,131,158 (167,131,158).

Parent Company change in shareholders' equity

SEK m	Share capital	Statutory reserve [1]	Share premium reserve	Buy-back shares	Profit brought forward	Total share-holders' equity
Opening balance, 1 January 2012	**58**	**1,671**	**52**	**–468**	**2,245**	**3,558**
Net profit for the year	–	–	–	–	98	98
Comprehensive income for the year	**–**	**–**	**–**	**–**	**98**	**98**
Allocation of employee share option scheme and performance share plan	–	–	–	–	–3	–3
Shareholders' equity, 31 December 2012	**58**	**1,671**	**52**	**–468**	**2,340**	**3,653**
Opening balance, 1 January 2013	**58**	**1,671**	**52**	**–468**	**2,340**	**3,653**
Net profit for the year	–	–	–	–	113	113
Comprehensive income for the year	**–**	**–**	**–**	**–**	**113**	**113**
Dividend	–	–	–	–	–84	–84
Allocation of employee share option scheme and performance share plan	–	–	–	–	5	5
Shareholders' equity, 31 December 2013	**58**	**1,671**	**52**	**–468**	**2,374**	**3,687**

1) Of the Parent Company statutory reserve, SEK 1,390 million (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 approved 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 19 March 2014.

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 principles 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:

- Impairment testing of goodwill
Goodwill is recognised at cost less any accumulated impairment. The Group regularly performs impairment tests of goodwill in accordance with the accounting policies described under Note 14 Intangible assets on page 72. The assumptions and assessments made pertaining to expected cash flows and the discount rate in the form of weighted average cost of capital are described under Note 14, "Intangible assets."

- Deferred tax assets
The Group's loss carryforwards for which deferred tax assets have been capitalised have a carrying amount of SEK 238 million (187). Deferred tax assets pertaining to loss carryforwards are capitalised to the extent it is probable that carryforwards can be offset against surpluses in future taxation. Particularly high demands are placed on the assessment if the company, to which the loss carryforwards are attributable, has recognised losses in recent years. The amounts of capitalised and non-capitalised loss carryforwards in the Group are presented in Note 26 "Deferred tax." If the probability that non-capitalised loss carryforwards could be utilised in future taxation in future annual accounts is deemed to be high, additional amounts may be capitalised, with a corresponding positive amount recognised in profit or loss. The reverse applies if markets were to significantly deteriorate in forthcoming years. The current assessment is that the probability of such increases or declines in the value in the balance sheet during the forthcoming year is not high, although this cannot be ruled out if conditions in the kitchen markets were to change more than expected.

Changed accounting policies
The changed accounting policies applied by the Group from 1 January 2013 are described below. Other IFRS changes applied from 2013 did not have any material effect on the Group's financial statements.

Amended IAS 1 Presentation of Financial Statements (Presentation of other comprehensive income). This amendment pertains to how items in other comprehensive income are presented. The items are divided into two categories: items that will be reclassified to net profit/loss for the year, and items that will not be reclassified. Items reclassified include translation differences and gains/losses on cash-flow hedges. Items that are not reclassified include actuarial gains and losses on defined-benefit pension plans. Comparative figures are presented in accordance with the new presentation format.

Amended IAS 19 Employee Benefits. This amendment entails that the corridor method used in the recognition of defined-benefit pension plans will be discontinued. Actuarial gains and losses (remeasurement according to the new terminology) are to be immediately recognised in other comprehensive income. The return on plan assets that is recognised in profit or loss is to be based on the discount rate for pension commitments. This means that the net interest on the net pension liability is now comprised of interest expense on the pension liability and interest income on the plan assets. The difference between the actual and estimated return on the plan assets is recognised as a portion of the remeasurements in other comprehensive income. The effects in other comprehensive income in 2012 amounted to a negative SEK 108 million and a tax effect of SEK 21 million. Refer to the table below for the effects on the opening balance 2012 and the closing balance 2012. The return on plan assets recognised in profit or loss was not materially affected by the changed calculation.

Balance sheet, SEK m	Jan 1, 2012 [1]	Adjustment	New IAS 19
Deferred tax assets	456	46	502
Other assets	7,960		7,960
Total assets	**8,416**	**46**	**8,462**
Shareholders' equity	3,525	-138	3,387
Pension liabilities	565	184	749
Other liabilities	4,326		4,326
Total liabilities and shareholders' equity	**8,416**	**46**	**8,462**

1) SAs previously recognised

Balance sheet, SEK m	Dec 31, 2012 [1]	Adjustment	New IAS 19
Deferred tax assets	402	67	469
Other assets	6,809		6,809
Total assets	**7,211**	**67**	**7,278**
Shareholders' equity	2,885	-223	2,662
Pension liabilities	529	290	819
Other liabilities	3,797		3,797
Total liabilities and shareholders' equity	**7,211**	**67**	**7,278**

1) As previously recognised

The amendment was applied retrospectively in accordance with IAS 8 and impacted the financial statements for the current period, previous period and accumulated opening balance for the comparative period. The effect of the restatements is presented in an appendix published on Nobia's website under Investors/Reports-and-presentations.

IFRS 13 Fair Value Measurement is a new uniform standard for measuring fair value and expanded disclosure requirements. The standard did not have any effect on the fair value measurement performed. The new disclosure requirements only had a marginal impact on the notes.

The amendment to IAS 36 Impairment of Assets regarding recoverable amount disclosures for non-financial assets entails that the disclosure requirement for the estimated recoverable amount per (group of) cash-generating units containing significant goodwill is eliminated. This amendment, which is to be applied not later than 2014, is applied in advance in this Annual Report. In practice, this means that no additions have been made to the disclosures about such recoverable amount, for cases in which no impairment is recognised, introduced under IAS 36 when application of IFRS 13 began in 2013.

New IFRSs that have not yet been applied

A number of new or amended IFRSs will come into effect during the current fiscal year, and have not been applied in advance when preparing these financial statements. There are no plans to apply any new or amended accounting policies with future application in advance.

IFRS 9 Financial Instruments is intended to replace IAS 39 Financial Instruments: Recognition and Measurement on an as yet unspecified future date. The IASB has published parts regarding classification and measurement of financial assets and liabilities, and parts addressing hedge accounting. The initial impression is that IFRS 9 will not have any discernable effects on Nobia's financial statements.

The following amendments to accounting policies with future application are not deemed to have any material effect on the Group's financial statements:

- Amendments to IAS 32 Financial Instruments: Presentation pertaining to clarification of the rules for when offsetting financial assets and liabilities is permitted
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interest in Other Entities
- Amended IAS 27 Consolidated and Separate Financial Statements
- Amended IAS 28 Investments in Associates
- Amended IAS 39 Financial Instruments: Recognition and Measurement. Novation of derivative and continuous application of hedge accounting
- Amended IAS 19 Employee Benefits. Defined Benefit Plans: Employee Contributions
- IFRIC 21 Levies
- Transition rules (amendments in IFRS 10-12)
- Investment Entities (amendments to IFRS 10, 12 and IAS 27)
- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

Classification, etc.

Fixed assets and long-term liabilities essentially comprise amounts that are expected to be recovered or paid more than 12 months after the closing date. Current assets and current liabilities essentially comprise amounts that are expected to be recovered or paid within the 12 months after the closing date.

Consolidation principles and business combinations

Subsidiaries

Subsidiaries are companies subject to the controlling influence of Nobia AB. A controlling influence entails the direct or indirect right to shape a company's financial or operational strategies in a bid to receive financial benefits. When assessing whether a controlling influence exists, potential voting shares that can be immediately utilised or converted must be taken into account.

Business combinations are recognised in accordance with the acquisition method. According to this method, an acquisition of a subsidiary is considered a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The Group-wise cost is determined by an acquisition analysis in conjunction with the acquisition. The analysis determines the cost of the participations or business activities, and the fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities on the acquisition date.

As of 2010, goodwill in business combinations is calculated as the total of the consideration transferred, any non-controlling interests (previously termed minority interests) and fair value of previously owned participations (for step acquisitions) less the fair value of the subsidiary's identifiable assets and assumed liabilities. When the difference is negative, it is recognised directly in net profit for the year. Goodwill from acquisitions prior to 2010 is calculated as the total of the consideration transferred and acquisition costs less the fair value of acquired identifiable net assets for each part acquisition, whereby the costs for goodwill from all potentially historic part acquisitions are aggregated. As of 2010, transaction costs arising from business combinations are expensed but for acquisitions prior to 2010, transaction costs are included in goodwill.

As of 2010, contingent consideration in acquisitions is measured at fair value on both the acquisition date and continuously thereafter, with changes in value recognised in profit or loss. For acquisitions prior to 2010, contingent consideration is only recognised when a probable and reliable amount can be calculated and any later adjustments are recognised against goodwill.

For acquisitions of subsidiaries as of 2010 involving non-controlling interests, the Group recognises net assets attributable to non-controlling interests either at fair value of all of the net assets except goodwill, or at fair value of all net assets including goodwill. The principle is decided individually for each acquisition.

Ownership in companies that grow through acquisitions on several occasions are recognised as step acquisitions. For step acquisitions that lead to a controlling interest in 2010 or later, the previously acquired participations are remeasured according to the most recent acquisition and the arising gains or losses are recognised in profit or loss. For acquisitions prior to 2010, step acquisitions are recognised as an aggregation of costs from each acquisition date, and any remeasurement at the acquisition of control is recognised against the revaluation reserve in shareholders' equity.

When controlling interests are achieved, changes in ownership are recognised as a reallocation of shareholders' equity between the Parent Company's owners and the non-controlling interest, without any remeasurement of the subsidiary's net assets. For changes in ownership with retained controlling interests that took place prior to 2010, the difference between consideration and the transaction's share of recognised, identifiable net assets was recognised against goodwill.

From 2010 or later, if ownership is reduced to such an extent that controlling interests are lost, any remaining holdings are recognised at fair value and the change in value is recognised in profit or loss. For changes in ownership prior to 2010, no remeasurement was carried out if the remaining holdings comprised a joint venture or associated company.

When acquisitions of subsidiaries involve acquisitions of net assets that are not part of the operations, the acquisition cost is distributed between the individual identifiable assets and liabilities based on their fair value on the acquisition date.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the controlling interest arises and are included in the consolidated financial statements until the date on which the controlling interest ceases.

Transactions that are eliminated through consolidation

Intra-Group receivables and liabilities, income or expenses and unrealised gains or losses that arise from intra-Group transactions between Group companies, are eliminated in their entirety in the preparation of the consolidated financial statements.

Translation of foreign subsidiaries

The financial statements of subsidiaries are prepared in the local currency, or the 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 reporting currency. This means that the earnings and financial position of all Group companies that have a functional currency that is different to the reporting currency are translated to the Group's reporting 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.

	Closing-date rate		Average	
Significant exchange rates	Dec 31, 2012	Dec 31, 2013	2012	2013
DKK	1.16	1.20	1.17	1.16
EUR	8.62	8.94	8.71	8.65
GBP	10.49	10.73	10.73	10.19
NOK	1.17	1.06	1.16	1.11
USD	6.52	6.51	6.78	6.51

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 Continental Europe regions. The division of the units per region is based on the geographic domicile of the units. Refer to Note 3 on page 66 for a more detailed description of this divisions and a presentation of the operating segments.

Revenue recognition
The company recognises revenue when the risk and benefit associated with the goods has been transferred to the customer in accordance with the terms of delivery. In cases where installation services are provided, revenue is recognised when the service has been completed. Sales are recognised net after VAT, discounts and exchange-rate differences for sales in foreign currency and returns.

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 for 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 on receivables and interest expense on liabilities are calculated in accordance with the effective interest rate method. The effective interest rate is the interest rate that results in the present value of all future receipts and disbursements during the interest-rate maturity period becoming equal to the carrying amount of the receivable or liability. The calculation includes all fees paid or received by contractual parties that are part of the effective interest rate, meaning transaction costs and surplus and deficit values.

Taxes
Tax costs for the year comprise current tax and deferred tax. Income taxes are recognised in net profit for the year 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 date of acquisition 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 possible impairments. Cost includes expenses that can be directly attributed to the acquisition. Costs for improvements to the asset's performance, exceeding the original level, increase the asset's carrying amount. The borrowing costs of the cost of any assets established from 1 January 2009 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 divestment group held for sale as well as subsidiaries that are acquired for the purpose of subsequently being sold. Profit after tax from discontinued operations 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. Changes in value are recognised in profit or loss.

Intangible assets
Goodwill comprises the amount by which the cost of the acquired operation exceeds the established fair value of identifiable net assets, as recognised in the acquisition analysis. In connection with the acquisition of operations, goodwill is allocated to cash-generating units. Since goodwill has an indeterminable useful life, it is not amortised annually. Instead, goodwill is subject to impairment testing either annually or when an indication of an impairment requirement arises. The carrying amount comprises the cost less any accumulated impairment losses. A description of the method and assumptions applied when conducting impairment tests is found under Note 14 Intangible Assets on page 72.

Other intangible assets are recognised at cost less accumulated amortisation and possible impairments. 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).

Research and 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. This development is relatively fast, which is the reason that no portion of the costs for product development is recognised as an intangible asset. The Group does not carry out research and development in the true sense of such work, or to any significant extent.

Leasing agreements

Leasing agreements concerning fixed assets in which the Group essentially carries the same risks and enjoys the same benefits that direct ownership would entail are classified as financial leasing. Financial leasing is recognised at the start of the leasing period at the lower of the leasing object's fair value and the present value of minimum leasing fees. Financial leasing agreements are recognised in the balance sheet as fixed assets and financial liabilities, respectively. Future leasing payments are divided between repayment of the liabilities and financial expenses whereby each accounting period is charged with an amount of interest corresponding to a fixed-interest rate on the liability recognised during the respective period. Leasing assets are amortised according to the same principles that apply to other assets of the same type. Costs for leasing contracts are divided between amortisation and interest in the income statement.

Leasing of assets, where the lessor essentially remains the owner of the asset, is classified as operational leasing. Leasing fees are recognised on a straight-line basis during the leasing period. Operational leasing agreements are recognised in profit or loss as an operating expense. Leasing of cars and computers is normally treated as operational leasing. The value of these leasing agreements is not considered to be significant.

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.

Deductions are made for inter-Group profits arising in conjunction with deliveries between companies in the Group.

Financial instruments

Financial instruments recognised in the balance sheet include cash and cash equivalents, loans receivable, accounts receivable and derivative instruments on the asset side. On the liability side, there are accounts payable, loan liabilities and derivative instruments.

- Recognition in and derecognition from the balance sheet

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. Accounts receivable are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has performed a service and a contractual payment obligation arises, even if an invoice has not been received. Accounts payable are recognised when an invoice has been received.

A financial asset is derecognised from the balance sheet when the rights resulting from the agreement have been realised, expire or the company loses control over them. The same applies to a part of a financial asset. 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. The same applies to a part of a financial liability.

A financial asset and a financial liability may only be offset against each other and recognised net in the balance sheet if there is a legal right to offset the amounts and the intention is to settle the items in a net amount or to simultaneously sell the asset and settle the debt. The acquisition or divestment of financial assets is recognised on the date of transaction for on demand transactions, which is the date when the company undertakes to acquire or sell the asset.

- Classification and measurement

Financial instruments that are not derivative instruments are initially recognised at cost corresponding to the instrument's fair value plus transaction costs. On initial recognition, a financial instrument is classified on the basis of the purpose underlying the acquisition of the instrument. This classification determines how the financial instrument is measured after initial recognition, in the manner described below. For the recognition of derivative instruments, refer to Cash-flow hedges below.

- Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are valued at the closing-date rate. Exchange-rate fluctuations pertaining to operating receivables and liabilities are recognised in operating profit, while exchange-rate fluctuations pertaining to financial receivables and liabilities are recognised in net financial items.

- Loans and accounts receivable

Long-term loans receivable recognised as fixed assets and accounts receivable recognised as current assets comprise financial assets that are not derivatives, which has determined or determinable payments and are not listed on an active market. These assets are valued at amortised cost. Amortised cost is determined based on the effective rate calculated on the acquisition date. Loan and accounts receivable are recognised at the amounts that are expected to be received, meaning less any provisions for decreases in value. Receivables with short maturities are not discounted.

- Cash and cash equivalents

Cash and cash equivalents are defined as cash and bank balances and short-term investments with maturities not exceeding three months from the acquisition date.

- Financial liabilities

All transactions pertaining to financial liabilities are recognised on the settlement date. Liabilities are valued at amortised cost.

- Cash-flow hedges of uncertainty in forecasted sales and material purchases in foreign currency

The currency forward contracts used for hedging highly probable forecasted sales and material purchases in foreign currency are recognised in the balance sheet at fair value. Changes in their value are recognised in other comprehensive income and the accumulated changes in value in a separate component of shareholders' equity (the hedging reserve) until the hedged flow impacts net profit for the year, whereby the accumulated changes in value of the hedging instrument are reclassified to net profit for the year.

Impairment losses

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 IAS 39, 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 value of the asset is tested in accordance with IAS 36 (see below). For goodwill, the recoverable value 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 recoverable value. Impairment losses are charged against profit or loss. Impairment losses related to assets attributable to a cash-generating unit are primarily al-

located to goodwill. Subsequently, a proportional impairment of other assets included in the unit (group of units) is effected.
The recoverable value 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).

- Impairment testing of financial assets
At every reporting occasion, the company evaluates whether there is any objective evidence to suggest that a financial asset or group of assets is subject to an impairment requirement. Objective evidence comprises observable conditions that have occurred and that have had a negative impact on the ability to recover the cost. For accounts receivable, objective evidence comprises, for example, payment difficulties among customers or imminent corporate reconstructions. Accounts receivable that require impairment are recognised at the present value of expected future cash flows.

- Impairment reversal
An impairment loss on assets that come under the scope of IAS 36 is reversed if there is an indication that the impairment requirement is no longer pertinent and that there has been a change in the assumptions upon which the calculation of the recoverable value was based. However, an impairment loss on goodwill is never reversed. A reversal is only performed to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount that would have been recognised, less depreciation wherever applicable, if no impairment had been posted.
An impairment loss on loans receivable and accounts receivable recognised at amortised cost is reversed if the previous reasons for the impairment loss no longer exist and full payment can be expected to be received from the customer.

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 publically 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 repurchased, 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's 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 employee share options issued to employees and share rights (matching and performance shares). The options are dilutive if the profit targets of the share option scheme have been fulfilled on the reporting date and if the exercise price is lower than the share price. Dilution is greater, the greater the difference between the exercise price and the share price. 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. For the options, the exercise price is adjusted by a supplement to the value of future services calculated as remaining cost to recognise in accordance with IFRS 2. A corresponding adjustment is carried out for the share rights, but without the existence of an underlying exercise price.

Employee benefits
- Pensions
Within the Group, there are a number of both defined-contribution and defined-benefit pension plans. In Sweden, Norway, the UK and in some Group companies in Germany, employees are covered by defined-benefit pension plans. In other countries and companies, employees are covered by defined-contribution pension plans. Effective 2010, all new vesting in the UK comes under defined-contribution pension plans. As previously, all new vesting in Germany comes under defined-contribution pension 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 pension 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 obligations 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 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 Norway, the UK and Germany, 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 obligations 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.

- Other long-term remuneration

The Group operates schemes for remuneration in connection with anniversaries and to employees with long service.

Actuarial gains and losses may arise when the present value of commitments and the fair value of plan assets are established, which are recognised in operating profit.

The discount rate is established on the basis of high-quality corporate bonds or government bonds issued in the same currency as the remuneration that is to be paid and with maturities equivalent to the commitments in question.

- Share-based remuneration schemes

Share-based payment pertains to employee benefits, including senior executives in accordance with the employee share option scheme, allotted by Nobia between 2005 and 2011 and the Performance Share Plans that were initiated in 2012 and 2013. 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).

The vesting of share options depends on the scheme participant remaining in employment and that Nobia's earnings per share show a sufficiently positive trend. The Performance Share Plan contains two types of rights. Matching share rights give entitlement to Nobia shares if the participant remains in employment and retains the Saving Share that must initially be purchased. Performance shares give entitlement to shares under the same conditions and if the accumulated earnings per share are sufficiently high during the vesting period. The recognised cost is initially based on, and regularly adjusted in relation to, the number of share options/share rights that are expected to be vested by considering how many participants are expected to remain in service during the vesting period and the expected and actual fulfilment of the terms and conditions for earnings per share. No such adjustment is carried out for the number of share options that are expected to be exercised and are actually exercised depending on whether the level of the exercise price gives rise to the exercise. Neither is such an adjustment carried out when participants lose share rights due to selling the saving shares that they were required to purchase and must retain. In this case, the entire remaining cost is immediately recognised instead.

When share options are exercised or shares are matched, 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 options/share rights that are expected to be vested and the fair value of the share options/share rights on each reporting date and finally, for the exercise/matching.

- Short-term remuneration

Short-term remuneration to 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

The aforementioned changed accounting policies for the Group for 2013 also apply to the Parent Company, with the exception of the amendments to IAS 19 (see policies below).

- 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, shareholders' equity and the existence of provisions as a separate heading in the balance sheet.

- Subsidiaries

Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method. This means that transaction costs are included in the carrying amount of the holdings in subsidiaries. In the consolidated financial statements, transaction costs are recognised directly in profit or loss when they arise. Contingent considerations are 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.

- Leased assets
All leasing agreements in the Parent Company are recognised in accordance with operational leasing regulations.

- 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 employee share options and share saving schemes issued to employees of subsidiaries as shareholders' contributions by recognition in shareholders' equity and the value of the shares in the subsidiary.

- Group contributions
The Parent Company recognises Group contributions received as dividends and Group contributions paid as investments in shares in subsidiaries. Prior to 2011, Group contributions were recognised directly in shareholders' equity.

- 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.

- Financial instruments
Due to the connection between reporting and taxation, the regulations regarding financial instruments and hedge accounting provided in IAS 39 are not applied in the Parent Company.

- Financial guarantees
The Parent Company's financial guarantee agreements primarily comprise guarantees on behalf of subsidiaries, joint ventures and associated companies. Under a financial guarantee, the company has an obligation to compensate the holder of a debt instrument for losses incurred by this holder due to a specific debtor not fulfilling their payment duties that are due in accordance with the terms and conditions of the agreement. In the recognition of financial guarantee agreements, the Parent Company applies a relaxation rule permitted by the Financial Reporting Board, in contrast to the provisions of IAS 39. This relaxation rule pertains to financial guarantee agreements issued on behalf of subsidiaries, associated companies and joint ventures. The Parent Company recognises financial guarantee agreements as a provision in the balance sheet when the company has a commitment for which it is probable that payment will be required to settle the commitment.

NOTE 2 FINANCIAL RISKS

Foreign exchange risk
Nobia's policy is to hedge approximately 80 per cent of the forecast flows, 0-3 months in the future, 60 per cent 4-6 months in the future, 40 per cent 7-9 months in the future and 100 per cent of contracted projects. The principal currency combinations were the EUR against the GBP, the NOK against the SEK and NOK against the DKK. Total exposure in 2013, expressed in SEK and after offsetting counteracting flows, amounted to SEK 2,150 million, of which SEK 1,333 million was hedged. At year-end 2013, the hedged volume amounted to SEK 660 million. 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-per cent strengthening of the SEK compared with other currencies on 31 December 2013 would entail a decrease in shareholders' equity of SEK 442 million (decrease: 362) and a decrease in profit of SEK 35 million (increase: 8). The sensitivity analysis is based on the assumption that all other factors (for example, interest) are unchanged. The same conditions were applied to 2012.

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 shall 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 1,374 million (1,255). The credit quality of financial assets that have neither fallen due for payment or that 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, which minimises the effects of exchange-rate fluctuations on profits. As a supplementary measure, currency contracts may be entered into to avoid exposure. Given the current debt/equity ratio and currency distribution of capital employed, approximately 16 per cent 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 Group's tax situation. Nobia's financial exposure policy does not involve hedging equity.

	2012		2013	
SEK m	Capital employed per currency	Interest-bearing loans and lease liabilities	Capital employed per currency	Interest-bearing loans and lease liabilities
SEK	827	925	976	887
EUR	958	230	925	64
GBP	1,938	673	1,855	501
DKK	654	1	713	0
USD	89	48	108	0
NOK	62	6	31	10
Other	18	0	12	0
Total	**4,546**	**1,883**	**4,620**	**1,462**

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. Nobia's approach is that times of high interest rates usually coincide with healthy demand in society at large. However, since the long-term interest rates at the end of 2011 were very low compared with short-term rates, Nobia chose to fix the interest rates

for loans of SEK 400 million at a term of five years through an interest swap. The fixed-interest-rate term for remaining loans was 3 months.

Refinancing risk

Nobia applies a centralised approach to the Group's financing, which means that all financing takes place in Nobia AB or Nobia Sverige AB. In 2010, Nobia raised a bond loan of SEK 800 million from AB SEK Securities (Swedish export Credit Corporation), which has a term of seven years with a right of termination for Nobia AB after five years. In 2010, the company also raised a syndicated bank loan of SEK 2,000 million with four banks. The term is five years. After the end of the accounting period, SEK 1,500 million of the syndicated loan was voluntarily terminated by the company. The loan has three covenants: leverage (net debt to EBITDA), gearing (net debt to equity) and interest cover (EBITDA to net interest expenses). Nobia meets all covenants with a satisfactory margin. 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 local overdraft facilities.

The table below shows the maturity of all of Nobia's loans:

Year of maturity, SEK m	2012			2013		
	2013	2015	2017	2014	2015	2017
Loans and lines of credit	–	2,000	800	–	2,000	800
Of which, utilised	–	128	800	–	–	800

Capital management

The debt/equity ratio is not to exceed 100 per cent. A temporary elevation of the debt/equity ratio is acceptable. Dividends are, on average, to be within the interval of 30-60 percent of net profit after tax. The debt/equity ratio amounted to 37 per cent (64). Nobia considers recognised shareholders' equity of SEK 3,158 (2,662) 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.

Interest-rate maturity period - borrowing	2012		2013	
Group, SEK m	0-3 months	four years	0-3 months	three years
SEK	400	400	400	400
EUR	80	–	–	6
USD	48	–	–	–

	2012							2013						
Commercial exposure	USD	EUR	NOK	CHF	GBP	SEK	DKK	USD	EUR	NOK	CHF	GBP	SEK	DKK
Currency contracts on closing date														
Local currency, m	0	39	–281	–1	–1	–55	–	0	35	–249	–2	–1	–58	–
Total, SEK m[1]	1	340	–328	–10	–14	–55	–	2	311	–263	–12	–14	–58	–
Fair value, SEK m	0	3	–3	0	0	0	–	0	–4	7	0	0	0	–
Net flow calendar year														
Net flow, local currency, m	–15	–95[3]	704	3	4	178	17	–10	–94[4]	642	3	2	200	–37
Net flow, SEK m[2]	–98	–829[3]	819	19	48	178	20	–65	–811[4]	712	20	23	200	–42
Hedged volume, SEK m[2]	20	646	563	18	26	144	–	9	580	598	18	23	105	–

1) Flows restated at closing-date rate, SEK.
2) Restated at average rate in 2012, 2013
3) In addition, EUR 42 m pertains to flows against DKK, corresponding to SEK 362 m.
4) In addition, EUR 32 m pertains to flows against DKK, corresponding to SEK 277 m.

Sensitivity analysis	2012			2013		
Currencies[1] and interest rates[2]	Change	Impact on profit before tax, SEK m	Impact on shareholders' equity, SEK m	Change	Impact on profit before tax, SEK m	Impact on shareholders' equity, SEK m
EUR/SEK	5%	7.7	6.0	5%	7.4	5.7
NOK/SEK	5%	9.9	7.7	5%	8.8	6.9
EUR/GBP	5%	12.0	9.3	5%	14.5	11.6
NOK/DKK	5%	13.9	10.4	5%	12.8	9.7
SEK/DKK	5%	4.2	3.2	5%	4.5	3.4
Interest-rate level	100 pkt	5.3	4.1	100 pkt	4.0	3.1

1) Transaction effects after hedges.
2) After interest-rate hedging

Analysis of maturity for financial liabilities including accounts payable

Group, SEK m	Currency	2012 Nominal amount, original currency	2012 Total	2012 Within 1 month	2012 1-3 months	2012 3 months –1 year	2012 1–5 years	2012 5 years or longer	2013 Nominal amount, original currency	2013 Total	2013 Within 1 month	2013 1-3 months	2013 3 months –1 year	2013 1–5 years	2013 5 years or longer
Bank loans (IB)															
Bank loans	SEK	800	932	2	5	22	903	–	800	907	2	5	21	879	–
Bank loans	EUR	10	92	0	0	3	89	–	1	6	0	0	2	4	–
Bank loans	USD	7	51	0	0	1	50	–	–	–	–	–	–	–	–
Other liabilities															
Forward agreements[1]	SEK		1	0	0	1	–	–		0	0	0	0	–	–
Forward agreements[1]	EUR		2	1	1	0	–	–		5	1	1	3	–	–
Forward agreements[1]	GBP		0	0	0	0	–	–		1	0	0	1	–	–
Forward agreements[1]	NOK		3	0	1	2	–	–		0	0	0	0	–	–
Forward agreements[1]	CHF		0	0	0	0	–	–		0	0	0	0	–	–
Forward agreements[1]	USD		0	0	0	0	–	–		1	0	0	1	–	–
Current account credit (IB)	SEK		127	–	–	127	–	–		0	–	–	0	–	–
Financial lease liabilities (IB)	SEK		–	–	–	–	–	–		–	–	–	–	–	–
Other liabilities (IB)	SEK		1	–	–	1	–	–		2	–	2	0	–	–
Accounts payable and other liabilities	SEK		1,180	972	171	25	12	–		1,201	866	226	106	3	–
Total			**2,389**	**975**	**178**	**182**	**1,054**	**–**		**2,123**	**869**	**234**	**134**	**886**	**–**
Interest-bearing liabilities (IB)			1,064							808					

1) The value of forward agreements is included in the item "Derivatives" in the balance sheet.

Age analysis, accounts receivable and other receivables

SEK m	2012 Gross	2012 Of which, impairment losses	2013 Gross	2013 Of which, impairment losses
Non-due accounts receivable	742	–	773	–
Past-due accounts receivable 0-30 days	212	7	193	8
Past-due accounts receivable > 30 days-90 days	71	9	60	3
Past-due accounts receivable > 90 days-180 days	28	9	26	12
Past-due accounts receivable > 180 days-360 days	15	16	18	8
Past-due accounts receivable > 360 days	46	42	41	40
Total receivables	**1,114**	**83**	**1,111**	**71**

Deposit account for impairment of accounts receivable and other receivables

SEK m	2012	2013
Opening balance	108	83
Reversal of previously recognised impairment losses	–42	–17
Impairment for the year	27	11
Confirmed losses	–7	–7
Translation difference	–3	1
Closing balance	**83**	**71**

An impairment loss is recognised when obvious reasons are deemed to exist that the company will not receive the entire or part of the amount due. Obvious reasons may, in this context, pertain to external information that establishes that a receivable is doubtful. An impairment loss is initially recognised for each individual receivable. Group-wise impairment losses are recognised for a group of receivables with similar credit properties and characteristics.

Offsetting of financial instruments

Nobia has binding framework agreements for derivatives trading, which entails that financial assets can be offset - or "netted" - in the event of insolvency or similar situation. The tables below show the amounts encompassed by netting agreements at 31 December 2013 and 31 December 2012.

Offset agreements

2013 SEK m	Financial assets	Financial liabilities
Recognised amounts in statement of financial position	10	7
Amounts encompassed by netting	–7	–7
Amounts after netting	**3**	**0**

2012 SEK m,	Financial assets	Financial liabilities
Recognised amounts in statement of financial position	6	6
Amounts encompassed by netting	–6	–6
Amounts after netting	**0**	**0**

NOTE 3 OPERATING SEGMENTS

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 Group management monitors the earnings, returns and cash flow generated by the Group's regions. These regions comprise the Group's operating segments since Group management 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 Group management can monitor the performance and earnings of all of the regions. The following operating segments were identified: UK region, Nordic region and Continental Europe region.

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/loss per region

	UK region		Nordic region		Continental Europe region		Group-wide and eliminations		Group	
SEK m	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Net sales from external customers	4,030	4,055	5,232	5,027	3,081	2,691	–	–	12,343	11,773
Net sales from other regions	12	85	1	1	8	4	–21	–90	–	–
Total net sales	**4,042**	**4,140**	**5,233**	**5,028**	**3,089**	**2,695**	**–21**	**–90**	**12,343**	**11,773**
Depreciation/amortisation	–124	–121	–125	–114	–122	–121	–24	–21	–395	–377
Operating profit/loss	**93**	**247**	**534**	**633**	**–213**	**–83**	**–688**	**–143**	**–274**	**654**
Financial income									11	13
Financial expenses									–107	–107
Profit/loss before tax and discontinued operations									**–370**	**560**
Impairment	–16	–6	–12	0	–71	–7	–519[1]	–	–618	–13
Restructuring costs in EBIT	–88	–	–17	–	–204	–36	–530[1]	–	–839	–36

1) Impairment of goodwill in Hygena totalling SEK 492 million.

Total liabilities and assets per region

	UK region		Nordic region		Continental Europe region		Group-wide and eliminations		Group	
SEK m	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Total operating assets	**1,484**	**1,438**	**1,611**	**1,561**	**1,264**	**1,169**	**2,193**	**2,228**	**6,552**	**6,396**
Total operating assets include:										
Investments in fixed assets	134	59	80	89	179	96	0	7	393	251
Total operating liabilities	**698**	**739**	**911**	**866**	**803**	**626**	**82**	**84**	**2,494**	**2,315**

Geographic areas, Group

	Income from external customers[1]		Fixed assets[2]	
SEK m	2012	2013	2012	2013
Sweden	1,084	1,059	251	260
Denmark	1,713	1,647	680	665
Norway	1,656	1,552	147	132
Finland	779	771	160	162
UK	4,156	4,187	1,701	1,656
France	1,350	1,246	743	714
Germany	403	232	216	235
Austria	501	447	303	315
Netherlands	35	19	1	1
USA	159	168	51	58
Other countries	507	445	7	7
Total	**12,343**	**11,773**	**4,260**	**4,205**

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.

NOTE 4 COSTS FOR EMPLOYEE BENEFITS AND REMUNERATION TO SENIOR EXECUTIVES

	2012			2013		
SEK m	Salaries and other remuneration	Social security costs	Total	Salaries and other remuneration	Social security costs	Total
Total subsidiaries	2,312	579	**2,891**	2,183	552	**2,735**
- of which pension costs		187	**187**		170	**170**
Parent Company	40	25	**65**	50	30	**80**
- of which pension costs		12	**12**		13	**13**
Group[1]	2,352	604	**2,956**	2,233	582	**2,815**
- of which pension costs		199	**199**		183	**183**

1) Excludes costs for share-based remuneration.

Total costs for employee benefits

SEK m	2012	2013
Salaries and other remuneration	2,352	2,233
Social security costs	405	399
Pension costs - defined-contribution plans	138	128
Pension costs - defined-benefit plans	54	48
Costs for special employer's contributions and tax on returns	7	7
Costs for allotted employee share options		
2010-2014	–6	–
2011-2015	4	3
Costs for the Performance Share Plan		
2012-2015	1	2
2013-2016	–	2
Total costs for employees	**2,955**	**2,822**

Salaries and other remuneration for the Parent Company

SEK m	2012	2013
Senior management[1]	19	25
Other employees	21	25
Total Parent Company[2]	**40**	**50**

1) In 2013, the number of individuals was 6 (6).
2) Excludes costs for share-based remuneration.

Salaries and other remuneration for subsidiaries

SEK m	2012	2013
Board and President of subsidiaries[1]	29	33
Other employees of subsidiaries	2,283	2,150
Total subsidiaries	**2,312**	**2,183**

1) In 2013, the number of individuals was 15 (15).

Remuneration and other benefits, 2013 SEK m	Basic salary, Director's fee	Variable remuneration	Other benefits	Pension cost	Share-based remuneration	Other remuneration	Total	Pension commitments	Number of individuals
Chairman of the Board									
Johan Molin	0.9	–	–	–	–	–	0.9	–	1
Board members									
Nora Førisdal Larssen	0.3	–	–	–	–	–	0.3	–	1
Lilian Fossum Biner	0.3	–	–	–	–	–	0.3	–	1
Fredrik Palmstierna	0.3	–	–	–	–	–	0.3	–	1
Thore Ohlsson	0.3	–	–	–	–	–	0.3	–	1
Former Board member									
Rolf Eriksen	0.1	–	–	–	–	–	0.1	–	0.25
President									
Morten Falkenberg	7.0	3.4	0.2	2.6	0.7	–	13.9	–	1
Other members of Group management	23.0	5.5	0.8	4.1	1.6	–	35.0	0.4	10
-of which, from subsidiaries	11.9	2.3	0.5	1.1	0.6	–	16.4	–	5
Total	**32.2**	**8.9**	**1.0**	**6.7**	**2.3**	**–**	**51.1**	**0.4**	**16.25**

Remuneration and other benefits, 2012 SEK m	Basic salary, Director's fee	Variable remunera-tion	Other benefits	Pension cost	Share-based remu-neration	Other remunera-tion	Total	Pension commitments	Number of indivi-duals
Chairman of the Board									
Johan Molin	0.8	–	–	–	–	–	0.8	–	1
Board members									
Nora Førisdal Larssen	0.3	–	–	–	–	–	0.3	–	1
Lilian Fossum Biner	0.2	–	–	–	–	–	0.2	–	0.75
Fredrik Palmstierna	0.3	–	–	–	–	–	0.3	–	1
Thore Ohlsson	0.3	–	–	–	–	–	0.3	–	1
Rolf Eriksen	0.3	–	–	–	–	–	0.3	–	1
Former Board members									
Lotta Stalin	0.2	–	–	–	–	–	0.2	–	0.25
Bodil Eriksson	0.2	–	–	–	–	–	0.2	–	0.67
President									
Morten Falkenberg	6.7	1.0	0.2	2.5	0.3	–	10.7	–	1
Other members of Group management	23.5	1.9	0.8	4.3	–0.1	–	30.4	0.9	10
-of which, from subsidiaries	13.0	1.1	0.5	1.5	0	–	16.1	–	5
Total	**32.8**	**2.9**	**1.0**	**6.8**	**0.2**	**–**	**43.7**	**0.9**	**17.67**

The average number of employees and number of men and women among Board members and senior managers are described in Note 5, see page 70.

Remuneration to senior management

- 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. No special fees are paid for committee work. Board members who are employed by Nobia do not receive a separate Directors' fee. Board members elected by the Annual General Meeting received a fixed fee of SEK 335,000 per member and the Chairman received SEK 900,000. The Board received a total of SEK 2,370,000. Employee representatives receive a study and preparation fee of SEK 26,000 per person per year.

- President

In the 2013 fiscal year, the President received SEK 7,267,287 in salary and benefits, plus a variable salary portion related to results for 2013 of SEK 3,361,099. 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 per cent of pensionable salary. Pensionable salary means fixed annual salary. For 2013, the premium cost was SEK 2,108,925. The retirement age 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 Group management

Group management, which comprised nine individuals in 2013, of whom four are employed in the Parent Company, received salaries and benefits during the fiscal year amounting to SEK 23,800,868 plus variable salary portions based on results for 2013 of SEK 5,533,709. Group management has the right to ITP pensions or an equivalent scheme. The age of retirement is 65. In addition, management in Sweden has the right to an increased occupational pension premium of 20 per cent on salary portions amounting to more than 30 basic amounts, following a Board decision.

- Variable salary portion

The fundamental principle for the variable salary portion for the unit managers and Group management is that such portions may amount to a maximum bonus of 30 per cent of fixed annual salary. The exception is the President whose variable salary portion may amount to a maximum bonus of 50 per cent of fixed annual salary. Exceptions may also be made for other senior managers following a decision 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 to reach decisions on remuneration proposals for managers that report directly to the President. For information about the Committee and its members, see page 40.

- Group management'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.

- Share option scheme 2011-2015

At the 2011 Annual General Meeting, a resolution was made in accordance with the Board's proposal to continue the same incentive scheme implemented in previous years in the form of a performance-based employee share option scheme. This means that approximately 100 senior executives in the Nobia Group will be allotted a total of 1,640,000 employee share options. Each employee share option carries entitlement to the acquisition of shares in Nobia AB during the period from and including 31 May 2014 up to and including 31 December 2015 at a predetermined exercise price of SEK 54.10. The right to utilise these employee share options requires that on the exercise date the holder is an employee of the Nobia Group and that during the 2011-2013 fiscal years, the Nobia Group increases its earnings per share compared with the average for the 2009 and 2010 fiscal years, adjusted for structural nonrecurring costs, such that the total increase in earnings per share corresponds to an average annual increase in earnings per share of at least 5.0 per cent and a maximum of 15.0 per cent. The annual increase in earnings per share influences the number of options that can be received.

- Performance Share Plan 2012-2015

At the 2012 Annual General Meeting, a resolution was made in accordance with the Board's proposal to introduce an incentive scheme in the form of a Performance Share Plan. The basic motivation for the Performance Share Plan is the same as for the incentive scheme implemented in previous years in Nobia. The Performance Share Plan encompasses about 100 individuals, consisting of senior executives and managers as appointed by Nobia senior management. Participation in the plan requires an investment in Nobia shares corresponding to 50, 75 or 100 per cent of the employee's monthly salary (gross). At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled. A participant's entitlement to receive shares in Nobia for matching share rights requires continued employment in the Nobia Group during the vesting period, May 2012 - April/May 2015, and that entire investment in Nobia shares has remained during the same period. Matching takes place at a ratio of 1:1. Allotment of shares based on performance shares also requires fulfilment of a financial performance target linked to accumulated earnings per share, adjusted for structural nonrecurring costs and structural nonrecurring income during the same period, during the 2012-2013 fiscal years. For category 1 comprising the President of the company, each saving share entitles the holder to four performance share rights. For category 2 comprising other members of Group management, each saving share entitles the holder to three performance share rights. For category 3 comprising other senior executives and managers, each saving share entitles the holder to one performance share right. The maximum number of shares that can be allocated under the plan is limited to 1,500,000. The value of the share rights is based on the closing price of the Nobia share on the allocation date in mid-May 2012, with deductions for the present value of the estimated dividend during the 2012-2014 fiscal years. The share rights were attributed a value of SEK 19.76. Nobia does not compensate plan participants for dividends made during the vesting period in respect of the shares for which each share right is qualified.

- Performance Share Plan 2013-2016

At the 2013 Annual General Meeting, a resolution was made in accordance with the Board's proposal to continue with the same incentive scheme as applied in 2012 in the form of a Performance Share Plan. The basic motivation for the Performance Share Plan is the same as for the incentive scheme implemented in previous years in Nobia. The Performance Share Plan encompasses about 100 individuals, consisting of senior executives and managers as appointed by senior management. Participation in the plan requires an investment in Nobia shares corresponding to 25, 50, 75 or 100 per cent of the employee's monthly salary (gross). At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled. A participant's entitlement to receive shares in Nobia for matching share rights requires continued employment in the Nobia Group during the vesting period, May 2013 - April/May 2016, and that entire investment in Nobia shares has remained during the same period. Matching takes place at a ratio of 1:1. Allotment of shares based on performance shares also requires fulfilment of a financial performance target linked to accumulated earnings per share, adjusted for structural nonrecurring costs and structural nonrecurring income during the same period, during the 2013-2014 fiscal years. For category 1 comprising the President, each saving share entitles the holder to four performance share rights. For category 2 comprising the other approximately ten members of Group management, each saving share entitles the holder to three performance share rights. For category 3 comprising approximately five other individuals who report to the President of the company but are not member of Group management, each saving share entitles the holder to two performance share rights. For category 4 comprising approximately 85 other senior executives and managers, each saving share entitles the holder to one performance share right. The maximum number of shares that can be allocated under the plan is limited to 1,500,000. The value of the share rights is based on the closing price of the Nobia share on the allocation date in mid-May 2013, with deductions for the present value of the estimated dividend during the 2013-2015 fiscal years. The share rights were attributed a value of SEK 33.30. Nobia does not compensate plan participants for dividends made during the vesting period in respect of the shares for which each share right is qualified.

The table below is a summary of key data concerning the share option scheme. Fair value has been established using the Black & Scholes valuation model:

	Share option scheme 2011-2015					
Scheme	Exercise period	Exercise price, SEK per share	Theoretical value of the options, SEK per share	Share value at allotment, SEK per share	Volatility in per cent	Risk-free interest rate in per cent
2011–2015	31 May 2014-31 December 2015	54.1	9.1	47.7	33	2.55

Premature exercise is expected to occur during the exercise period. This entails that exercise is expected to occur in the middle of each particular option scheme. Historical volatility is assumed to match the estimation of future volatility.

The entitlement to exercise the employee share options presupposes that the option holder remains an employee of the Nobia Group and that earnings per share increases to the extent that the total increase in earnings per share corresponds to an average annual increase in earnings per share of at least 5.0 per cent and a maximum of 15.0 per cent compared with the average for a certain defined period.

Assuming a maximum increase in earnings and full exercise, the number of employee share options from the various schemes will be as follows:

	Allotment of employee share options				
Scheme	President	Other members of Group management	Other employees	Total	Original allotment
2011–2015	70,000	350,000	655,000	1,075,000	1,640,000
	70,000	**350,000**	**655,000**	**1,075,000**	**1,640,000**

The costs of the schemes are presented in the table below:

	Accumulated costs			2012[1]			2013[2]		
Scheme	IFRS 2[3] cost	Social security contributions	Total cost	IFRS 2[3] kostnad	Social security contributions	Total cost	IFRS 2[3] cost	Social security contributions	Total cost
2011–2015	9	1	10	4	0	4	2	1	3
	9	**1**	**10**	**4**	**0**	**4**	**2**	**1**	**3**

1) Price on 31 December 2012 = SEK 26.50 per share
2) Price on 31 December 2013 = SEK 54.50 per share
3) See Note 1 Share-based remuneration schemes on page 62

Changes in the number of outstanding share options and their weighted average exercise price were as follows:

	2012		2013	
	Average exercise price, SEK per share	Number of options	Average exercise price, SEK per share	Number of options
As per 1 January	46.37	3,230,000	54.10	1,395,000
Allotted	–	0	–	0
Expired	–	0	–	0
Forfeited	40.49	–1,835,000	54.10	–320,000
Exercised	–	0	–	0
As per 31 December	**54.10**	**1,395,000**	**54.10**	**1,075,000**

Of the 1,075,000 outstanding options (1,395,000), it was possible to exercise 0 options (0) since the date of expiry had not yet fallen.

Outstanding share options at year-end had the following expiry dates and exercise prices:

	Options		
Expiry date	Exercise price, SEK per share	2012	2013
31 december 2015	54.1	1,395,000	1,075,000
		1,395,000	**1,075,000**

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

	Accumulated costs			2012 1)			2013 2)		
Performance Share Plan	IFRS 2 3) cost	Social security contributions	Total cost	IFRS 2 3) kostnad	Social security contributions	Total cost	IFRS 2 3) cost	Social security contributions	Total cost
2012–2015	2	1	3	1	0	1	1	1	2
2013-2016	1	1	2	–	–	–	1	1	2
	3	**2**	**5**	**1**	**0**	**1**	**2**	**2**	**4**

1) Price on 31 December 2012 = SEK 26.50 per share 2) Price on 31 December 2013 = SEK 54.50 per share3) See Note 1 Share-based remuneration schemes on page 62

No. of share rights	2012	2013
As per 1 January	–	513,462
Allotted	536,122	344,030
Expired	–22,660	–348,768
As per 31 December	**513,462**	**508,724**

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

	Share rights	
Expiry date	2012	2013
April/May 2015	513,462	164,694
April/May 2016	–	344,030
	513,462	**508,724**

Of the outstanding share rights, 278,659 are matching shares and 230,065 are performance shares.

NOTE 5 AVERAGE NUMBER OF EMPLOYEES

	2012		2013	
Subsidiaries in:	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Sweden	772	552	695	500
Denmark	1,336	961	1,282	906
Norway	325	153	308	136
Finland	451	319	415	292
Germany	577	403	400	270
Austria	425	339	410	322
UK	2,476	1,818	2,299	1,713
France	868	483	767	393
USA	49	15	48	10
Switzerland	24	18	26	21
Poland	22	9	7	3
Netherlands	2	2	2	2
Japan	3	1	3	1
Total subsidiaries	**7,330**	**5,073**	**6,662**	**4,569**
Parent Company	25	11	28	14
Group	**7,355**	**5,084**	**6,690**	**4,583**

	2012		2013	
	Number on closing date	Of whom, men, %	Number on closing date	Of whom, men, %
Board members	66	86	60	95
President and other senior executives	81	83	76	84
Group	**147**	**80**	**136**	**84**

Several people are members of more than one of the subsidiaries' Boards of Directors or management groups.

	2012		2013	
	Number on closing date	Of whom, men, %	Number on closing date	Of whom, men, %
Board members	11	73	10	60
President and other senior executives	11	91	10	90
Parent Company	**22**	**82**	**20**	**75**

NOTE 6 REMUNERATION TO AUDITORS

Specification by type of costs

	Group		Parent Company	
SEK m	2012	2013	2012	2013
KPMG				
Audit assignment	11	9	3	3
Audit activities other than audit assignment	0	1	0	1
Tax advice	1	2	0	0
Other assignments	1	1	1	0
Other auditors				
Audit assignment	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 losses	
Group, SEK m	2012	2013	2012	2013
Cost of goods sold	–153	–150	–84	0
Selling expenses	–201	–188	–531	–13
Administrative expenses	–41	–39	–3	0
Total depreciation/amortisation and impairment	**–395**	**–377**	**–618**	**–13**

NOTE 8 OTHER OPERATING INCOME

	Group		Parent Company	
Group, SEK m	2012	2013	2012	2013
Gains attributable to sale of fixed assets	7	18	–	–
Exchange-rate gains from operating receivables/liabilities	38	39	–	–
Other	39	19	–	–
Total other operating income	**84**	**76**	**–**	**–**

NOTE 9 OTHER OPERATING EXPENSES

	Group		Parent Company	
SEK m	2012	2013	2012	2013
Exchange-rate losses from operating receivables/liabilities	–64	–45	–	–
Capital loss attributable to divestment of subsidiaries	–	–36	–	–
Loss attributable to sale of fixed assets	0	0	–	–
Other	–71	–2	–	–
Total other operating expenses	**–135**	**–83**	**–**	**–**

NOTE 10 SPECIFICATION BY TYPE OF COST

SEK m	2012	2013
Costs for goods and materials	–4,985	–4,604
Costs for remuneration to employees	–2,913	–2,781
Depreciation and impairment (Note 7)	–1,013	–390
Freight costs	–643	–579
Operational leasing costs, primarily stores (Note 11)	–649	–637
Other operating expenses	–2,498	–2,204
Total operating expenses	**–12,701**	**–11,195**

NOTE 11 OPERATIONAL LEASE CONTRACTS

The nominal values of contracted future leasing fees where the remaining term exceeds one year, are specified as follows (pertains mainly to rental contracts for premises):

	Group		Parent Company	
SEK m	2012	2013	2012	2013
Expensed during the year	649	637	1	1
Falling due for payment within one year	622	512	0	0
Falling due for payment between one and five years	1,575	1,151	0	0
Falling due for payment later	885	722	0	0
Total	**3,082**	**2,385**	**0**	**0**

The nominal values of rental contracts that are re-let, where the remaining term exceeds one year, are specified as follows:

	Group		Parent Company	
SEK m	2012	2013	2012	2013
Falling due for payment within one year	77	61	–	–
Falling due for payment between one and five years	234	153	–	–
Falling due for payment later	3	3	–	–
Total	**314**	**217**	**–**	**–**

NOTE 12 FINANCIAL INCOME AND EXPENSES

	Group		Parent Company	
SEK m	2012	2013	2012	2013
Profit from participations in Group companies				
Dividends	–	–	110	100
Group contributions received	–	–	121	144
Financial income				
Interest income, current	6	4	15	31
Exchange-rate differences	5	9	16	8
Financial expenses				
Interest expense	–63	–57	–72	–80
Interest expense pertaining to pension liability	–42	–41	–	–
Exchange-rate differences	–2	–9	0	0
Total	**–96**	**–94**	**190**	**203**

NOTE 13 TAX ON NET PROFIT FOR THE YEAR

	Group		Parent Company	
SEK m	2012	2013	2012	2013
Current tax expenses for the period	–158	–169	–	–
Deferred tax	3[1)]	–26	0	0
Tax on net profit for the year	**–155**	**–195**	**0**	**0**

1) This amount includes impairment of deferred tax assets at an amount of SEK 49 m.

Reconciliation of effective tax

Parent Company, %	2012	2013
Tax rate in the Parent Company	26.3	22.0
Tax relating to earlier periods	–	–
Non-tax deductible income	–	0.0
Non-deductible costs	0.2	0.5
Non-tax deductible dividend	–29.4	–19.5
Non-capitalised loss carryforwards	2.9	–3.3
Other	–0.1	0.1
Recognised effective tax	**–0.1**	**–0.2**

The difference between the nominal and effective tax rates for the Parent Company primarily pertain to dividends from subsidiaries and a non-capitalised loss carryforward. The loss carryforward is capitalised at Group level.

Tax expense on net profit for the year for the Group comprised 35.3 per cent of profit before tax. In 2012, tax expense accounted for negative 40.3 per cent of profit before tax. On 1 January 2014, corporation tax in Denmark was lowered from 25.0 per cent to 24.5 per cent, in Norway from 28.0 per cent to 27.0 per cent and in Finland from 24.5 per cent to 20.0 per cent. On 1 April 2014, corporation tax in the UK will be lowered, from 23.0 per cent to 21.0 per cent and on 1 April 2015 it will be lowered again from 21.0 per cent to 20.0 per cent. Nobia's deferred tax liabilities and receivables from these countries are thus recognised at this new tax rate from 31 December 2013, with a marginal effect in the income statement and the balance sheet. The difference between recognised tax (35.3 per cent) and anticipated tax in consolidated profit before tax calculated using the local tax rate for Sweden (22.0 per cent) is explained in the table below.

Reconciliation of effective tax

Group, %	2012	2013
Local tax rate in Sweden	26.3	22.0
Different local tax rates	1.1	6.7
Taxes attributable to previous periods	0.5	–1.1
Non-tax deductible income	3.9	–1.4
Non-deductible costs	–5.2	3.4
Changed tax rate	–0.5	1.5
Reconsideration of previously capitalised loss carryforwards	–12.6	1.2
Reconsideration of previously not capitalised loss carryforwards	–	–4.5
Taxable contribution to subsidiary	–19.5	7.0
Impairment of goodwill	–33.4	–
Other	–0.9	0.5
Recognised effective tax	**–40.3**	**35.3**

Note 26 on page 80 explains the calculation of deferred tax assets and liabilities.

NOTE 14 INTANGIBLE ASSETS

Goodwill, SEK m	2012	2013
Opening cost	2,681	2,102
Goodwill arising from acquisition of net assets	–	2
Impairment	–513	–
Translation differences	–66	49
Closing carrying amount	**2,102**	**2,153**

Impairment testing of goodwill

At the end of 2013, recognised goodwill amounted to SEK 2,153 million (2,102). The carrying amount of goodwill is specified by cash-generating units as follows:

SEK m	2012	2013
Nobia UK	1,026	1,050
Hygena	311	322
Nobia DK	296	307
Nobia SweNo	157	147
Other	312	327
Total	**2,102**	**2,153**

Goodwill has been allocated to cash-generating units (CGU) when these units were acquired. Nobia has seven CGUs, which in organisational terms correspond to the company's business units. Goodwill is subject to an annual impairment test by calculating the expected recoverable amount of each CGU. The recoverable amount is calculated as the expected cash flow discounted by a weighted average cost of capital (WACC) after tax for each CGU. The recoverable amount calculated in conjunction with this is compared with the carrying amount, including goodwill, for each CGU.

The starting point of the calculation is the estimated future cash flows based on the financial budget for the forthcoming fiscal year. A forecast for the next four years is prepared based on this budget and expectations regarding market trends in the years ahead.

Significant assumptions applied to the calculation of the expected cash flow include the growth in net sales and operating margin. Various economic indicators are used to analyse the business climate, as well as external and internal analyses of these. Development of the operating margin is based on cost of goods sold and operating expenses in relation to sales. The assumptions are also based on the effects of the Group's long-term strategic initiatives, comprising differentiated brands, a Group-wide range, central sourcing and product development. In order to extrapolate the cash flows outside the first five years, a growth rate of 2 per cent is applied to all CGUs.

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 2013, the Group's weighted cost of capital before tax amounted to 12.1 per cent (13.7) and after tax to 9.6 per cent (9.8). In total, the utilised cost of capital after tax for 2013 is in the interval 8.9-12.2 per cent (8.8-12.4).

Testing of goodwill did not lead to any impairment of goodwill in 2013. In 2012, goodwill in Hygena was impaired due to the increasingly negative market trend in France during the fourth quarter of 2012. Future forecasted sales and operating profit have been adjusted downwards despite the numerous internal efficiency measures implemented in recent years, such as refurbishing 118 stores, harmonising the product range and reducing the number of employees. As a result, the risk premium for the company-specific risk and uncertainty from a macro perspective was increased to 5 per cent (2.5), which entailed a higher return requirement for Hygena. The weighted average capital cost used in the test increased to 16.4 per cent (13.9) before tax, and 12.4 per cent (9.5) after tax. Recognised goodwill for Hygena was therefore impaired by SEK 492 million to SEK 311 million. The impairment was allocated to Group-wide and eliminations, see Note 3 Operating segments on page 66.

In addition to impairment of Hygena, recognised goodwill was impaired to the amount of SEK 14 million in the fourth quarter of 2012 prior to the divestment of the Optifit Group and SEK 7 million in HTH, which was attributable to HTH's jointly owned subsidiary in Poland.

For testing in 2013, a high risk premium and similar forecasted flows continued to be applied to Hygena. A reasonable potential change in important assumptions may lead to further impairment. An impairment requirement could arise in the event of perpetual growth of negative 1.2 per cent after the first five years or in the event of a discount rate before tax of 18.3 per cent. An impairment requirement could also arise if the long-term forecasted EBIT margin were to fall by 2 percentage points or if the average sales growth for the next five years were to fall by 2 percentage points.

Assumptions for calculating recoverable amounts:

Discount rate before tax

%	2012	2013
Nobia UK	13.2	12.2
Hygena	16.4	15.7
Nobia DK	11.8	11.3
Nobia SweNo	12.7	12.3
Other	12.6–13.0	10.9-12.2

Other intangible assets

SEK m	2012	2013
Opening cost	487	473
Investments for the year	11	22
Sales and scrapping	–10	0
Divestment of operations	–	–17
Reclassifications	0	2
Translation differences	–15	14
Closing accumulated cost	**473**	**494**
Opening amortisation	238	276
Sales and scrapping	–8	0
Amortisation for the year	51	49
Divestment of operations	–	–17
Reclassifications	2	0
Impairment	2	0
Translation differences	–9	10
Closing accumulated amortisation	**276**	**318**
Closing carrying amount	**197**	**176**
Of which:		
Software	136	112
Brands	18	20
Other	43	44
Closing carrying amount	**197**	**176**

NOTE 15 TANGIBLE FIXED ASSETS

	Group	
Buildings, SEK m	2012	2013
Opening cost	1,904	1,881
Investments for the year	23	12
Sales and scrapping	–126	–6
Divestment of operations	–	–123
Reclassifications	131	1
Translation differences	–51	45
Closing cost including written-up amount	**1,881**	**1,810**
Opening depreciation and impairment	1,102	1,197
Sale and scrapping	–99	–4
Divestment of operations	–	–123
Reclassifications	83	0
Depreciation for the year	85	79
Impairment	57	6
Translation differences	–31	29
Closing depreciation and impairment	**1,197**	**1,184**
Closing carrying amount	**684**	**626**
Closing accumulated depreciation	**1,096**	**1,171**

	Group	
Land and land improvements, SEK m	2012	2013
Opening cost	203	190
Investments for the year	–	1
Sales and scrapping	–18	–
Divestment of operations	–	–14
Reclassifications	12	0
Translation differences	–7	6
Closing cost including written-up amount	**190**	**183**
Opening depreciation and impairment	30	37
Sales and scrapping	–6	–
Divestment of operations	–	–14
Reclassifications	4	0
Depreciation for the year	–	1
Impairment	10	0
Translation differences	–1	1
Closing depreciation and impairment	**37**	**25**
Closing carrying amount	**153**	**158**
Closing accumulated depreciation	**25**	**24**

	Group	
Investments in progress, SEK m	2012	2013
Opening balance	19	17
Investments initiated during the year	12	16
Investments completed during the year[1]	–7	–20
Translation differences	–7	0
Closing carrying amount	**17**	**13**

1) Assets reclassified as other tangible fixed assets.

Machinery and other technical equipment, SEK m	Group 2012	Group 2013
Opening cost	2,847	2,492
Investments for the year	189	92
Sales and scrapping	–226	–52
Divestment of operations	–	–112
Reclassifications	–257	14
Translation differences	–61	60
Closing cost including written-up amount	**2,492**	**2,494**
Opening depreciation and impairment	2,055	1,738
Sales and scrapping	–223	–51
Divestment of operations	–	–112
Reclassifications	–212	0
Depreciation for the year	148	149
Impairment	17	4
Translation differences	–47	41
Closing depreciation and impairment	**1,738**	**1,769**
Closing carrying amount	**754**	**725**
Closing accumulated depreciation	**1,695**	**1,752**

Equipment, tools, fixtures and fittings, SEK m	Group 2012	Group 2013
Opening cost	1,135	1,391
Investments for the year	158	106
Sales and scrapping	–142	–92
Divestment of operations	–	–17
Reclassifications	281	–4
Translation differences	–41	24
Closing cost	**1,391**	**1,408**
Opening depreciation and impairment	811	1,039
Sales and scrapping	–100	–76
Divestment of operations	–	–16
Reclassifications	226	–11
Depreciation for the year	111	99
Impairment	19	3
Translation differences	–28	16
Closing depreciation and impairment	**1,039**	**1,054**
Closing carrying amount	**352**	**354**
Closing accumulated depreciation	**989**	**1,020**

Advance payments for tangible fixed assets, SEK m	Group 2012	Group 2013
Opening balance	1	1
Expenses during the year	0	0
Reclassifications	0	–1
Closing carrying amount	**1**	**0**

Impairment for the year for tangible fixed assets amounted to SEK 13 million (103). Of this amount SEK 6 million (16) was charged to the UK region and pertained to buildings. SEK 7 million (69) was charged to the Continental Europe region and pertained to machinery and kitchen displays. SEK 0 million (5) was charged to the Nordic region. No impairment (13) was recognised under Group-wide and eliminations. Impairment was recognised at fair value less selling expenses based on the estimated price in the relevant location.

NOTE 16 FINANCIAL FIXED ASSETS

Other long-term receivables, SEK m	Group 2012	Group 2013
Deposits	46	48
Long-term loans to retailers	1	1
Other interest-bearing receivables	2	2
Other	4	4
Total	**53**	**55**

Shares and participations in Group companies, SEK m	Parent Company 2012	Parent Company 2013
Opening cost	1,250	2,229
Inter-Group sales	–	–
Shareholders' contribution	981	–
Other changes	–2	2
Closing cost	**2,229**	**2,231**

NOTE 17 SHARES AND PARTICIPATIONS IN SUBSIDIARIES

Nobia AB's holdings of shares and participations in operating Group companies, %

	Corporate Registration Number	Domicile	Share of equity, %	No. of shares	Carrying amount 2012	Carrying amount 2013
Nobia Sverige AB	556060-1006	Stockholm	100	100	1,256	1,256
Sigdal Kjøkken AS		Kolbotn	100			
Nobia Production Sweden AB	556038-0072	Tidaholm	100			
Marbodal OY[1)]		Helsinki	100			
Nobia Denmark A/S		Ølgod	100			
HTH Kök Svenska AB	556187-3190	Helsingborg	100			
Nobia Denmark Retail A/S		Ølgod	100			
HTH Kuchni Ekspert w. Kuchni S.p.z.o.o.		Warsaw	100			
Novart OY		Nastola	100			
Nobia Holding (UK) Limited		Darlington	100			
Magnet Ltd		Darlington	100			
Larkflame Ltd		Darlington	100			
Magnet (Isle of Man) Limited		Man	100			
Aqua Ware Ltd[1)]		Darlington	100			
Magnet Group Trustees Ltd[1)]		Darlington	100			
Magnet Group Ltd[1)]		Darlington	100			
Flint Properties Ltd[1)]		Darlington	100			
Eastham Ltd[1)]		Darlington	100			
Hyphen Fitted Furniture Ltd[1)]		Darlington	100			
Magnet Distribution Ltd[1)]		Darlington	100			
The Penrith Joinery Company 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			
Firenzi Kitchens Ltd[1)]		Darlington	100			
Gower Group Ltd		Halifax	100			
Gower Furniture Ltd		Halifax	100			
Charco Ninety-Nine Ltd		Halifax	100			
WOR Ltd[1)]		Halifax	100			
Gower Windows Ltd[1)]		Halifax	100			
Eurostyle Furniture Ltd[1)]		Halifax	100			
Beverly Doors Ltd[1)]		Halifax	100			
Working Systems Ltd[1)]		Halifax	100			
Perfectshot Ltd[1)]		Halifax	100			
Addspace Products Ltd[1)]		Halifax	100			
Gower Garden Furniture Ltd[1)]		Halifax	100			
Lovene Dörr AB[1)]	556038-1724	Stockholm	100			
Star Möbelwerk GmbH[1)]		Herford	100			
Swedoor Bauelementevertrieb Gmbh[1)]		Herford	100			
Nobia Svenska Kök AB	556048-3256	Tidaholm	100	30,000	92	92
Poggenpohl Möbelwerke GmbH		Herford	98.57		713	713
Poggenpohl Group UK Ltd		London	100			

	Corporate Registration Number	Domicile	Share of equity, %	No. of shares	Carrying amount 2012	Carrying amount 2013
Norman Glen Kitchens & Interiors Ltd		London	100			
Wigmore Street Kitchens Ltd		London	100			
Ultimate Kitchens (Pimlico) Ltd		London	100			
Poggenpohl Austria Gmbh		Vienna	100			
Poggenpohl France SARL		Paris	100			
Poggenpohl Nederland BV		Veldhoven	100			
SA Poggenpohl Belgium NV[1)]		Ghent	100			
Poggenpohl US Inc.		Fairfield NJ	100			
Poggenpohl Group Schweiz AG		Littau	100			
Poggenpohl AB	556323-2551	Stockholm	100			
Poggenpohl A/S[1)]		Copenhagen	100			
Poggenpohl Japan Co Ltd		Tokyo	100			
Möbelwerkstätten Josef Ritter GmbH[1)]		Herford	100			
Poggenpohl Forum Gmbh		Herford	100			
Goldreif Küchen GmbH		Herford	100			
WKF Wehdemer Komponentfertigung Gmbh[1)]		Herford	100			
OP Vermögensförwaltungsgesellschaft mbH[1)]		Herford	100			
MB Vermögensförwaltungsgesellschaft mbH[1)]		Herford	100			
Nobia Holding France SAS		Seclin	100			
Hygena Cuisines SAS		Seclin	100			
Norema ASA		Jevnaker	100	20,000	154	154
Invita Retail A/S		Ølgod	100			
Nobia Beteiligungs-GmbH		Wels	100		2[2)]	2[2)]
Nobia Liegenschafts- und Anlagenverwaltungs-GmbH		Wels	100		1[2)]	1[2)]
EWE Küchen GmbH		Wels	100			
FM Küchen GmbH		Linz	100			
Other					11	13
Total					**2,229**	**2,231**

1) The company is dormant.
2) The company is one-per cent-owned by Nobia AB and 99-per cent-owned by the subsidiary, Nobia Sverige AB. The details concern the one-per cent holding.

NOTE 18 DERIVATIVE INSTRUMENTS

SEK m	Group Carrying amount 2013	Group Fair value 2013	Parent Company Carrying amount 2013	Parent Company Fair value 2013
Forward agreements, transaction exposure - assets	10	10	–	–
Forward agreements, transaction exposure - liabilities	7	7	–	–
Total	**3**	**3**	**–**	**–**

Unrealised gains and losses totalling a net profit of SEK 3 million in shareholders' equity for forward agreements as per 31 December 2013 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 on page 63. Last year´s unrealised gains and losses totalling a net profit of SEK 0 million was reversed in profit or loss in its entirety in 2013.

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

SEK m	Group 2012	Group 2013	Parent Company 2012	Parent Company 2013
Prepaid rent	66	73	–	0
Bonus from suppliers	56	69	27	43
Prepaid bank charges	9	5	–	–
Insurance policies	6	5	0	0
Other	70	78	5	4
Total	**207**	**230**	**32**	**47**

NOTE 20 CASH AND CASH EQUIVALENTS

	Group		Parent Company	
SEK m	2012	2013	2012	2013
Cash and bank balances	171	278	61	152

Unutilised credit facilities, which are not included in cash and cash equivalents, totalled SEK 383 million (343) in the Group, and SEK 333 million (243) in the Parent Company at year-end. In addition to the overdraft facilities, the company has unutilised credit commitments of SEK 2,000 million (1,872).

NOTE 21 SHARE CAPITAL

	No. of registered shares	No. of outstanding shares
As per 1 January 2012	175,293,458	167,131,158
As per 31 December 2012	175,293,458	167,131,158
As per 31 December 2013	175,293,458	167,131,158

The share capital amounts to SEK 58,430,237. The par value per share is SEK 0.33. All of the registered shares are fully paid. All shares are ordinary shares of the same type. Nobia owns 8,162,300 bought-back shares (8,162,300). Bought-back shares are not reserved for issue according to the option agreement or other sale.

NOTE 22 RESERVES IN SHAREHOLDERS' EQUITY

A specification of changes in shareholders' equity is provided on pages 53 and 56.

SEK m	Translation reserve	Hedging	Total
Opening balance, 1 January 2012	**–370**	**–8**	**–378**
Exchange-rate differences attributable to translation of foreign operations	–100	–	–100
Cash-flow hedges, before tax	–	11	11
Tax attributable to change in hedging reserve for the year	–	–3	–3
Closing balance, 31 December 2012	**–470**	**0**	**–470**
Opening balance, 1 January 2013	**–470**	**0**	**–470**
Exchange-rate differences attributable to translation of foreign operations	109	–	109
Cash-flow hedges, before tax	–	4	4
Tax attributable to change in hedging reserve for the year	–	–1	–1
Closing balance, 31 December 2013	**–361**	**3**	**–358**

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 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 the Parent Company's shareholders by the weighted average number of outstanding ordinary shares during the period.

	2012	2013
Profit attributable to Parent Company's shareholders, SEK m	–546	351
Profit from continuing operations, SEK m	–526	366
Profit from discontinued operations, SEK m	–20	–15
Weighted average number of outstanding ordinary shares before dilution	167,131,158	167,131,158
Earnings per share before dilution, SEK	–3.27	2.10
Earnings per share before dilution, from continuing operations, SEK	–3.15	2.19
Earnings per share before dilution, for discontinued operations, SEK	–0.12	–0.09

Earnings per share, after dilution

To calculate earnings per share after dilution, the weighted average number of outstanding ordinary shares is adjusted for the dilution effect of all potential ordinary shares. These potential ordinary shares are attributable to the employee share options that were allotted to senior executives in 2011 and potential ordinary shares attributable to the Performance Share Plans that were introduced in 2012 and 2013. Refer to Notes 4 and 21, on pages 67 and 77.

Various circumstances may mean that the options and share rights do not lead to any dilution. If net profit for the year from continuing operations is negative, neither the share options nor share rights are considered dilutive. Also, the share options and 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. In addition, the share options are not dilutive if the exercise price, including a supplement for the value of remaining future services to report during the vesting period, exceed the average share price for the period. Correspondingly, share rights are 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. For the employee share option scheme, at least one of these circumstances is required to bring about dilution.

	2012	2013
Weighted average number of outstanding ordinary shares	167,131,158	167,131,158
Performance Share Plan 2012	–	119,906
Performance Share Plan 2013	–	58,459
Weighted average number of outstanding ordinary shares after dilution	167,131,158	167,309,523
Earnings per share after dilution, SEK	–3.27	2.10
Earnings per share after dilution, from continuing operations, SEK	–3.15	2.19
Earnings per share after dilution, from discontinued operations, SEK	–0.12	–0.09

NOTE 24 DIVIDEND

A dividend of SEK 1.00 per share for the 2013 fiscal year will be proposed at the Annual General Meeting on 9 April 2014. Based on the number of shares outstanding at the end of 2013, the proposed dividend totals SEK 167 million. This amount has not been recognised as a liability, but will be recognised as an appropriation of profits under shareholders' equity for the 2014 fiscal year.

In 2013, dividends totalling SEK 84 million were paid for the 2012 fiscal year. No dividend was paid to non-controlling interests in subsidiaries.

In 2012, no dividend was paid for the 2011 fiscal year. No dividend was paid to non-controlling interests in subsidiaries.

NOTE 25 PROVISIONS FOR PENSIONS

Defined-benefit pension plans, Group

	Group	
Provisions for pensions, SEK m	2012	2013
Defined-benefit pension plans	819	654

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 primarily found in the UK, Sweden, Norway and Germany. In the UK, all new vesting in the defined-benefit pension plan was concluded in 2010, and has already been concluded in Germany.

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 2013 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 2.2 million (1.9). On 31 December 2013, 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 148 per cent (129 per cent on 31 December 2012). 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	2012	2013
Present value of funded obligations	2,350	2,330
Fair value of plan assets	–1,676	–1,821
	674	**509**
Present value of unfunded obligations	145	145
Net debt in balance sheet	**819**	**654**

The net debt for defined-benefit plans amounting to SEK 654 million (819) is recognised in its entirety in the "Provisions for pensions" item in the consolidated balance sheet. The net debt at year-end was as follows: UK 76 per cent (82), Sweden 13 per cent (11), Germany 9 per cent (6) and Norway 2 per cent (1).

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

	Defined-benefit obligation		Plan assets		Net debt	
	2012	2013	2012	2013	2012	2013
At beginning of the year	**2,303**	**2,495**	**–1,556**	**–1,676**	**747**	**819**
Recognised in the income statement						
Costs for service during current year	12	7			12	7
Interest expense(+)/income (-)	106	101	–64	–60	42	41
	118	**108**	**–64**	**–60**	**54**	**48**
Recognised in other comprehensive income						
Remeasurements						
Actuarial gains/loss due to:						
- demographic assumptions	57	1			57	1
- financial assumptions	175	–91			175	–91
- experience-based adjustments	–27	5			–27	5
Return on plan assets excluding interest income			–97	–65	–97	–65
Exchange-rate differences	–39	45	28	–37	–11	8
	166	**–40**	**–69**	**–102**	**97**	**–142**
Other						
Employer contributions			–71	–63	–71	–63
Benefits paid	–92	–88	84	80	–8	–8
	–92	**–88**	**13**	**17**	**–79**	**–71**
At year-end	**2,495**	**2,475**	**–1,676**	**–1,821**	**819**	**654**

Costs in the consolidated income statement are divided between the following items:

	Group	
SEK m	2012	2013
Cost of goods sold	4	1
Selling expenses	5	1
Administrative expenses	3	5
Net financial items	42	41
Total pension costs	**54**	**48**

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

	Group	
SEK m	2012	2013
Interest income	64	60
Return on pension assets excluding interest income	97	65
Total actual return on plan assets	**161**	**125**

Principal actuarial assumptions:

	Group	
%	2012	2013
Discount rate	3.5–4.3	2.9–4.6
Future annual salary increases	2.5–3.5	2.5–3.5
Future annual pension increases	3.0–3.3	3.0–3.4

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

	Group	
	2012	2013
On closing date		
Men	21.9–23.0	22.0–23.0
Women	24.8–25.1	25.0–25.2
20 years after closing date		
Men	23.0–24.9	23.0–25.0
Women	24.8–28.3	25.0–28.4

Plan assets comprise the following:

	Group	
SEK m	2012	2013
Shares	629	637
Interest-bearing securities	964	1,093
Property	82	89
Other	1	2
	1,676	**1,821**

Contributions to remuneration plans after employment has been completed are expected to amount to SEK 70 million (89) for the 2014 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	Increase (+1%)	Decrease (–1%)
Discount rate (1% change)	–433	524
Expected mortality (1% change)	45	–44
Future salary increase (1% change)	9	–13
Future increase in pension (1% change)	280	–246

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

	Group	
Pension costs, SEK m	2012	2013
Total costs for defined-benefit plans	54	48
Total costs for defined-contribution pension plans	138	128
Costs for special employer's contributions and tax on returns from pension	7	7
Total pension costs	**199**	**183**

Defined-benefit pension plans, Parent Company:

	Parent Company	
Provisions for pensions, SEK m	2012	2013
Provisions in accordance with Pension Obligations Vesting Act, FPG/PRI pensions	15	16

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

	Parent Company	
Defined-benefit plans, SEK m	2012	2013
Administrative expenses	2	2

The total pension cost recognised in the Parent Company's income statement is as follows:

	Parent Company	
Pension costs, SEK m	2012	2013
Total costs for defined-benefit plans	2	2
Total costs for defined-contribution pension plans	8	9
Costs for special employer's contributions and tax on returns from pension funds	2	2
Total pension costs	**12**	**13**

Parent Company pension liabilities are calculated at a discount rate of 4.0 per cent (3.5).

The assumptions are calculated on the basis of the salary levels applicable on the closing date. SEK 260,000, pertaining to defined-benefit pension plans in the Parent Company, is expected to be paid in 2014.

NOTE 26 DEFERRED TAX

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

	2012			2013		
SEK m	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Opening balance	456	207	249	469	161	308
Changed accounting policy, pensions IAS 19	46	–	46	–	–	0
Recognised in net profit for the year	–38	–41	3	–31	–5	–26
Remeasurements of defined-benefit pension plans	21	–	21	–37	–	–37
Changes in forward agreements	–4	1	–5	0	1	–1
Other changes	2	0	2	1	–	1
Translation differences	–14	–6	–8	8	5	3
Closing balance	**469**	**161**	**308**	**410**	**162**	**248**

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

Deferred tax assets	Defined-benefit pension plans	Other temporary differences	Loss carry-forwards etc	Total
As per 1 January 2012	**120**	**110**	**226**	**456**
Changed accounting policy, pensions IAS 19	46	–	–	46
Recognised in net profit for the year	–16	9	–31	–38
Recognised in other comprehensive income	21	–2	–	19
Translation differences	–3	–3	–8	–14
As per 31 December 2012	**168**	**114**	**187**	**469**
As per 1 January 2013	**168**	**114**	**187**	**469**
Recognised in net profit for the year	–17	–59	45	–31
Recognised in other comprehensive income	–37	–	–	–37
Recognised directly against shareholders' equity	–	1	–	1
Translation differences	1	1	6	8
As per 31 December 2013	**115**	**57**	**238**	**410**

Deferred tax liabilities	Temporary differences in fixed assets	Other	Total
As per 1 January 2012	**194**	**13**	**207**
Recognised in net profit for the year	–44	3	–41
Recognised in other comprehensive income	–	1	1
Translation differences	–5	–1	–6
As per 31 December 2012	**145**	**16**	**161**
As per 1 January 2013	**145**	**16**	**161**
Recognised in net profit for the year	–16	11	–5
Recognised in other comprehensive income	–	1	1
Translation differences	4	1	5
As per 31 December 2013	**133**	**29**	**162**

On 1 January 2014, corporation tax in Denmark was lowered from 25.0 per cent to 24.5 per cent, in Norway from 28.0 per cent to 27.0 per cent and in Finland from 24.5 per cent to 20.0 per cent. On 1 April 2014, corporation tax in the UK will be lowered, from 23.0 per cent to 21.0 per cent and on 1 April 2015 it will be lowered again from 21.0 per cent to 20.0 per cent. Nobia's deferred tax liabilities and receivables from these countries are thus recognised at this new tax rate from 31 December 2013, with a marginal effect in the income statement and the balance sheet. The change in loss carryforwards for the year pertained primarily to France and Germany. Deferred tax assets at year-end were primarily attributable to France, Germany, Sweden and the US. The loss carryforwards attributable to the US will expire in 2018 or later. The value of the loss carryforward for which a deferred tax asset is not recognised amounted to SEK 63 million (82) and was primarily attributable to France and Germany. Of the loss carryforwards that have not been recognised, approximately SEK 9 million will expire in 2018 or later, and SEK 80 million of the unrecognised loss carryforwards have no date of expiry. 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.

NOTE 27 OTHER PROVISIONS

SEK m	Unutilised tenancy rights	Dilapidations	Other long-term employee benefits	Restructuring costs	Other	Total
As per 1 January 2013	**19**	**30**	**63**	**146**	**30**	**288**
Expensed in the consolidated income statement						
- Additional provisions	7	10	10	–	5	32
- Reversed unutilised amounts	–	–	–2	–1	–3	–6
Reclassification	–	–	–	–11	–	–11
Utilised during the year	–4	–3	–5	–87	–15	–114
Translation differences	0	1	3	4	1	9
As per 31 December 2013	**22**	**38**	**69**	**51**	**18**	**198**

Closing provisions for restructuring costs primarily comprise costs for rent for premises, costs related to the bankruptcy of the window supplier Oakworth Joinery in 2012 and personnel-related expenses. Of the total provisions for restructuring costs of SEK 51 million, costs of about SEK 40 million are expected to be charged to cash flow in 2014. Additional reserves for restructuring costs of SEK 33 million are recognised in the balance sheet as accrued expenses and thus are not included in the closing balance of provisions restructuring costs above.

NOTE 28 LIABILITIES TO CREDIT INSTITUTIONS

	Group		Parent Company	
Maturity structure, SEK m	2012	2013	2012	2013
Within 1 year	2	1	–	–
Between 1 and 5 years	934	806	800	800
Longer than 5 years	–	–	–	–
Total	**936**	**807**	**800**	**800**

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
SEK m	2012	2013	2012	2013
Bonus to customers	104	90	–	–
Accrued salary-related costs	268	246	17	21
Accrued interest	3	6	3	3
Rents	28	23	0	0
Other	271	323	4	4
Total	**674**	**688**	**24**	**28**

NOTE 30 FINANCIAL ASSETS AND LIABILITIES

Group 2013, SEK m	Derivatives used in hedge accounting	Accounts and loans receivable	Other liabilities	Total carrying amount[1)]
Long-term interest-bearing receivables	–	6	–	6
Other long-term receivables	–	49	–	49
Accounts receivable	–	949	–	949
Current interest-bearing receivables	–	2	–	2
Other receivables	10	91	–	101
Total	**10**	**1,097**	**–**	**1,107**
Long-term interest-bearing liabilities	–	–	806	806
Current interest-bearing liabilities	–	–	2	2
Accounts payable	–	–	860	860
Other liabilities	7	–	341	348
Total	**7**	**–**	**2,009**	**2,016**
Unrealised gains/losses	–	–	–	–

1) The carrying amount is considered to be an acceptable approximation of fair value. The effective interest rate of the receivables was very close to the market-based interest rate of the loans.

Group 2012, SEK m	Derivatives used in hedge accounting	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Long-term interest-bearing receivables	–	5	–	5
Other long-term receivables	–	48	–	48
Accounts receivable	–	941	–	941
Current interest-bearing receivables	–	0	–	0
Other receivables	6	90	–	96
Total	**6**	**1,084**	**–**	**1,090**
Long-term interest-bearing liabilities	–	–	937	937
Current interest-bearing liabilities	–	–	127	127
Accounts payable	–	–	860	860
Other liabilities	6	–	320	326
Total	**6**	**–**	**2,244**	**2,250**
Unrealised gains/losses	–	–	–	–

1) The carrying amount is considered to be an acceptable approximation of fair value. The effective interest rate of the receivables was very close to the market-based interest rate of the loans.

Exchange-rate gains and losses pertaining to the operations were recognised in operating income and operating expense in the net amount of negative SEK 6 million (neg: 26). Financial exchange-rate gains and losses were recognised in net financial items in the amount of SEK 0 million (3).

Parent Company 2013, SEK m	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Accounts receivable	13	–	13
Other receivables	2,507	–	2,507
Total	**2,520**	**–**	**2,520**
Long-term interest-bearing liabilities	–	800	800
Current interest-bearing liabilities	–	406	406
Accounts payable	–	14	14
Other liabilities	–	4	4
Total	**–**	**1,224**	**1,224**
Unrealised gains/losses	–	–	–

Parent Company 2012, SEK m	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Accounts receivable	15	–	15
Other receivables	2,799	–	2,799
Total	**2,814**	**–**	**2,814**
Long-term interest-bearing liabilities	–	800	800
Current interest-bearing liabilities	–	628	628
Accounts payable	–	16	16
Other liabilities	–	5	5
Total	**–**	**1,449**	**1,449**
Unrealised gains/losses	–	–	–

1) The carrying amount is considered to be an acceptable approximation of fair value. The effective interest rate of the receivables was very close to the market-based interest rate of the loans.

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.

Nobia's financial instruments are measured at fair value in accordance with Level 2, meaning based directly or indirectly on observable market information. These instruments comprise derivative instruments amounting to SEK 10 million (6) in assets and 7 million (6) 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 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

The Group has 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. Based on the company's assessment, no provision has been posted for ongoing tax cases. The amounts involved are not considered to have any significant effect on the company's results or financial position.

	Group		Parent Company	
SEK m	2012	2013	2012	2013
Floating charges	–	–	–	–
Endowment insurance	–	–	–	–
Property mortgage	–	–	–	–
Total pledged assets	–	–	–	–

In their normal business activities, the Group and the Parent Company pledged the following guarantees and contingent liabilities.

	Group		Parent Company	
SEK m	2012	2013	2012	2013
Securities for pension commitments	1	1	15	16
Other contingent liabilities	130	149	279	156
Total	**131**	**150**	**294**	**172**

NOTE 32 DISCONTINUED OPERATIONS

Nobia holds a number of stores that were acquired from franchise holders, with the intention of subsequently selling on. At year-end 2012, Nobia had four stores in Denmark and three stores in Sweden, a total of seven stores. During the first quarter of 2013, two of the stores in Denmark were sold on. One store was acquired in Sweden in the second quarter. During the third quarter, two stores were acquired in Denmark. At year-end 2013, Nobia had four stores in Denmark and four in Sweden, which are recognised in the Nordic region as discontinued operations and a disposal group held for sale in accordance with IFRS 5.

Profit/loss from discontinued operations

	Group	
SEK m	2012	2013
Profit/loss from business activities of discontinued operations		
Income	111	106
Expenses	–128	–123
Loss before tax	–17	–17
Tax	0	2
Loss after tax	–17	–15
Profit/loss from remeasurement to fair value after deductions for selling expenses		
Loss from remeasurement to fair value after deductions for selling expenses attributable to discontinued operations before tax	–3	–1
Tax attributable to aforementioned remeasurement	0	0
Loss from remeasurement after tax	–3	–1
Profit/loss in conjunction with divestment of discontinued operations		
Capital gains in conjunction with divestment of discontinued operations	0	1
Tax attributable to aforementioned capital gains	0	0
Profit from divestment after tax	0	1
Total loss from discontinued operations after tax	**–20**	**–15**
Loss per share from divested operations		
before dilution (SEK)	–0.12	–0.09
after dilution (SEK	–0.12	–0.09

The loss from discontinued operations of SEK 15 million (loss: 20) was attributable to the Parent Company's owners.

Of the profit of SEK 365 million (loss: 525) from continuing operations, SEK 366 million (loss: 526) was attributable to the Parent Company's owners.

Net cash flow from discontinued operations	2012	2013
Cash flow from operating activities	16	–2
Cash flow from investing activities	–7	3
Cash flow from financing activities	0	0
Net cash flow from discontinued operations	9	1

NOTE 33 ASSETS HELD FOR SALE

In 2012, Nobia signed a letter of intent with Optifit's management team regarding the divestment of all assets in the Optifit Group, including production and sales of kitchens, production and sales of bathroom furniture sold under the Marlin brand, and associated production sites and machinery in Stemwede, Germany. As a result, net assets for Optifit and Marlin were recognised as Assets held for sale in accordance with IFRS 5. The divestment took effect in 2013.

Assets and liabilities for the eight stores acquired by Nobia between 2011-2013 with the intention of selling on are also recognised as Assets held for sale, refer also to Note 32.

	Group	
SEK m	2012	2013
Assets held for sale		
Disposal group for sale:		
Tangible fixed assets	8	10
Inventories	19	0
Accounts receivable and other receivables	44	5
Total	**71**	**15**
Liabilities attributable to assets held for sale		
Disposal group for sale:		
Accounts payable and other liabilities	109	2
Total	**109**	**2**

Accumulated exchange-rate differences attributable to the translation of net assets held for sale in foreign currency that are recognised in other comprehensive income amounted to SEK 0 million (0). Impairment amounted to 1 million (3).

NOTE 34 RELATED-PARTY TRANSACTIONS

No sales of goods were made to and no purchases of goods were made from the Parent Company to other Group companies during the year. Group-wide services are invoiced to subsidiaries.

A specification of subsidiaries is presented in Note 17 on page 75.

Remuneration was paid to senior executives during the year, refer to Note 4 on page 67.

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, dividends)	Receivables from related parties per 31 Dec	Liabilities to related parties per 31 Dec
Related parties							
Subsidiaries	2013	–	19	77	244	2,501	406
Subsidiaries	2012	–	12	57	231	2,792	501

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 accounts have been prepared in accordance with 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 accounts 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 9 April 2014.

Stockholm, 19 March 2014

Johan Molin
Chairman

Nora Førisdal Larssen

Lilian Fossum Biner

Thore Ohlsson

Fredrik Palmstierna

Morten Falkenberg
President

Per Bergström
Employee representative

Marie Ströberg
Employee representative

Our audit report was submitted on 19 March 2014

KPMG AB

Helene Willberg
Authorised Public Accountant

AUDIT REPORT

To the annual meeting of the shareholders of Nobia AB (publ), Corporate Registration Number 556528-2752

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Nobia AB (publ) for the year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 30 - 84.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President 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.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

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 2013 and of its financial performance and its cash flows for the year then ended in accordance with Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Account Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Nobia AB (publ) for the year 2013.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the annual 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 Directors and the President are discharged from liability for the financial year.

Stockholm, 19 March 2014
KPMG AB

Helene Willberg
Authorized Public Accountant

THE NOBIA SHARE

THE NOBIA SHARE AND OWNERSHIP

In 2013, the closing price of the Nobia share on the NASDAQ OMX Stockholm was SEK 54.50 (26.50), corresponding to a market capitalisation of approximately SEK 9.6 billion (4.6).

Facts in brief

- The Nobia share has been listed on the NASDAQ OMX in Stockholm under the short name NOBI since 2002.
- The share is traded in the Mid Cap segment, Consumer Goods sector.
- Nobia is the only kitchen company on the NASDAQ OMX in Stockholm.
- Four-fifths of the shareholdings are Swedish.

The Nobia share has been listed on the NASDAQ OMX in Stockholm since 2002 and is traded in the Mid Cap section. In 2013, the Nobia share price rose 106 per cent, compared with the entire stock exchange which increased 23 per cent during the same period. During the same period, the OMX Stockholm Consumer Goods PI index rose 19 per cent. During the year, a total of 50.7 million (93.8) Nobia shares were traded at a value of SEK 2.1 billion (2.5). The average turnover per day corresponded to a value of SEK 8.8 million (10.0). In 2013, the turnover rate, or the share's liquidity, amounted to 28 per cent (53), which can be compared with the average on the NASDAQ OMX of 67 per cent (74).

The highest closing price for the Nobia share during 2013 was SEK 61.25 on 7 November. The lowest closing price during the year was SEK 26.90 on 2 January.

Ownership structure

On 31 December 2013, the number of shareholders was 4,221 (4,162). At year-end, the five largest shareholders held 54.9 per cent (58.5) of all shares and the ten largest shareholders held 64.1 per cent (68.9) of the share capital. The proportion of registered shares held by foreign owners amounted to 26.8 per cent (19.3) of the total number of shares at year-end.

On the date of publication of this Annual Report, members of Nobia's Group management, less one member who resigned in 2013, had combined holdings of 489,280 shares (409,240). On the same date, Nobia's Board members excluding the President had total holdings of 715,389 shares (715,389).

Share capital

On 31 December 2013, Nobia's share capital amounted to SEK 58,430,237, divided between 175,293,458 shares with a par value of SEK 0.33. Each share, with the exception of repurchased treasury shares, entitles the holder to one vote, and carries the same entitlement to the company's capital and profits.

On 31 December 2013, Nobia had 8,162,300 treasury shares, corresponding to 4.7 per cent of the total number of shares issued. The aim of holding treasury shares is that they can be used as a means of payment for future acquisitions and enable adjustment of the company's capital structure, thereby contributing to greater shareholder value.

Dividend policy

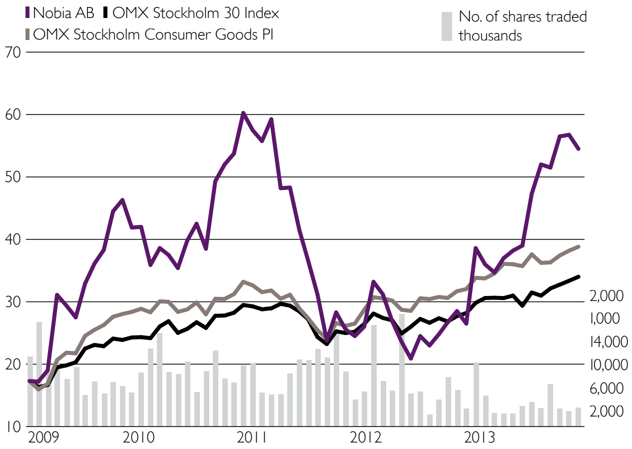
Nobia's objective is that the average dividend should be within the interval 30–60 per cent of net profit after tax. Investment requirements, acquisition opportunities, liquidity and the financial position of the company are taken into consideration when preparing dividend proposals.

A dividend of SEK 0.50 per share was paid for the 2012 fiscal year, corresponding to a total share dividend of approximately SEK 84 million. No dividend was paid in the 2008-2011 fiscal years. Prior to that, the company's average dividend ratio was 37 per cent since the company was listed.

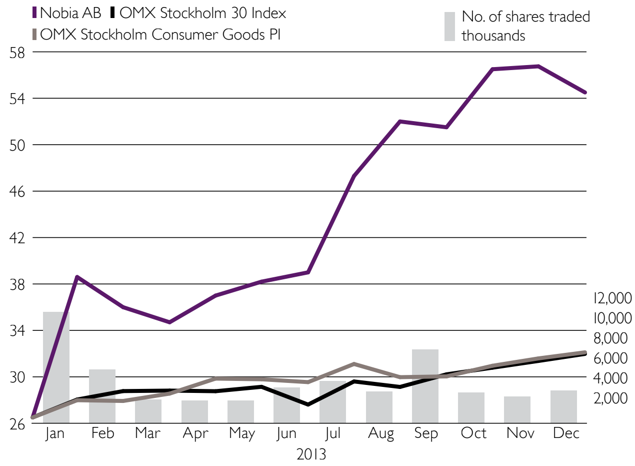
Proposed dividend

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 1.00 per share for the 2013 fiscal year, corresponding to 48 per cent of net profit after tax for the year. The proposal entails a total dividend of approximately SEK 167 million.

Share price diagram, 5 years



Share price diagram, 1 year



Ownership structure, 31 December 2013

	Number of shareholders	Percentage of shareholders, %	No. of shares	Percentage of capital, %
1–500	1,973	46.7	413,060	0.2
501–1,000	804	19.1	662,632	0.4
1,001–5,000	977	23.1	2,373,826	1.3
5,001–10,000	168	4.0	1,225,773	0.7
10,001–15,000	49	1.2	645,200	0.4
15,001–20,000	26	0.6	457,419	0.3
20,001–	224	5.3	169,515,548	96.7
Summa	**4,221**	**100**	**175,293,458**	**100**

Analysts that follow Nobia

Company	Analyst
Carnegie Investment Bank	Agnieszka Vilela
Danske Markets Equities	Anders Hansson
Handelsbanken	Rasmus Engberg
Nordea	Catrin Jansson
Penser Bank	Johan Dahl
SEB Enskilda Equities	Stefan Cederberg

Nobia's largest owners, 31 December 2013

Shareholder	Number of shares	Share of capital, %
Nordstjernan	36,447,843	20.8
Investmentaktiebolaget Latour	23,100,000	13.2
If Skadeförsäkring	21,075,000	12.0
Swedbank Robur funds	9,655,184	5.5
Handelsbanken funds	6,012,231	3.4
Lannebo funds	4,952,938	2.8
Nordea Investment funds	3,441,445	2.0
Didner & Gerge funds	3,106,340	1.8
Unionen	2,483,287	1.4
BP2S Lux/Henderson HHF SICAV	2,199,174	1.2

Source: Euroclear Sweden.

Through buy-backs, Nobia owns 8,162,300 treasury shares corresponding to 4.7 per cent of the total number of shares issued.

Financial calendar

9 April	Annual General Meeting
28 April	Interim report Jan – Mar 2014
21 July	Interim report Jan – Jun 2014
27 October	Interim report Jan – Sep 2014

Financial information

Nobia's objective is to facilitate the valuation of the company by the stock market through clear information. Stock market contacts are based mainly on quarterly financial reporting, press releases, information on the website, company presentations and meetings with shareholders, analysts and investors.

Data per share

	2011	2012	2013
Earnings per share, SEK	0.42	–3.27	2.10
Dividend per share, SEK	0	0.50	1.00[1)]
Shareholders' equity per share, SEK	21	16	19
Number of shares at year-end	175,293,458	175,293,458	175,293,458
Shareholders at year-end	3,842	4,162	4,221
Share price at year-end	24.50	26.50	54.50

1) The Board's proposal.

Shareholder contact

Lena Schattauer, Head of Investor Relations, telephone: +46 8 440 16 07 or e-mail: lena.schattauer@nobia.com.

FIVE-YEAR OVERVIEW

SEK m	2009	2010	2011	2012	2013
Income statement					
Net sales	15,418	14,085	13,114	12,343	11,773
Change in per cent	−4	−9	−7	−6	−5
Gross profit	5,442	5,345	5,048	4,791	4,824
Operating profit/loss	38	6	184	−274	654
Financial income	41	18	9	11	13
Financial expenses	−116	−103	−92	−107	−107
Profit/loss after financial items	**−37**	**−79**	**101**	**−370**	**560**
Tax on net profit for the year	35	25	−16	−155	−195
Profit/loss from continuing operations	−2	−54	85	−525	365
Loss from discontinued operations, net after tax	−77	−35	−16	−20	−15
Net profit/loss for the year	**−79**	**−89**	**69**	**−545**	**350**
Net profit/loss for the year attributable to:					
Parent Company shareholders	−79	−89	70	−546	351
Non-controlling interests	0	0	−1	1	−1
Net profit/loss for the year	**−79**	**−89**	**−69**	**−545**	**350**
Balance sheet					
Fixed assets	6,899	5,586	5,556	4,782	4,670
Inventories	1,212	971	1,005	929	849
Current receivables	1,886	1,501	1,632	1,325	1,373
Cash and cash equivalents	384	356	152	171	278
Assets held for sale	75	72	71	71	15
Total assets	**10,456**	**8,486**	**8,416**	**7,278**	**7,185**
Shareholders' equity	3,928	3,441	3,521	2,657	3,154
Non-controlling interests	6	5	4	5	4
Non-interest-bearing liabilities	3,320	3,152	3,145	2,624	2,563
Interest-bearing liabilities	3,162	1,877	1,744	1,883	1,462
Liabilities attributable to assets held for sale	40	11	2	109	2
Total shareholders' equity and liabilities	**10,456**	**8,486**	**8,416**	**7,278**	**7,185**
Net debt including pensions	2,426	1,510	1,586	1,707	1,176
Capital employed	7,095	5,323	5,269	4,546	4,620
Key figures					
Gross margin, %	35.3	37.9	38.5	38.8	41.0
Operating margin, %	0.2	0.0	1.4	−2.2	5.6
Operating profit before depreciation/amortisation (EBITDA)	640	550	632	739	950
Operating margin before depreciation/amortisation, %	4.2	3.9	4.8	6.0	8.1
Profit/loss after financial items as a percentage of net sales	−0.2	−0.6	0.8	−3.0	4.8
Turnover rate of capital employed, multiple	2.2	2.6	2.5	2.7	2.5
Return on capital employed, %	1.0	0.4	3.6	−5.3	14.6
Return on shareholders' equity, %	−1.9	−2.4	2.0	−17.7	12.0
Debt/equity ratio, %	62	44	45	64	37
Equity/assets ratio, %	38	41	42	37	44
Cash flow from operating activities	1,061	963	413	560	831
Investments	346	347	471	393	251
Earnings/loss per share after dilution	−0.47	−0.53	0.42	−3.27	2.10
Dividend per share, SEK	0	0	0	0.50	1.00[1)]
Personnel					
Average number of employees	7,930	7,681	7,475	7,355	6,690
Net sales per employee, SEK 000s	1,858	1,717	1,765	1,780	1,799
Personnel expenses	3,617	3,250	3,103	2,955	2,822

1) The Board's proposal.

2014 ANNUAL GENERAL MEETING

The shareholders of Nobia AB (publ) are invited to the Annual General Meeting on Wednesday, 9 April 2014 at 3:00 p.m. at Lundqvist & Lindqvist Klara Strand Konferens, Klarabergsviadukten 90, Stockholm.

Right to participate in the Annual General Meeting

Shareholders who wish to participate in the Annual General Meeting must

- firstly be included in the shareholders' register maintained by Euroclear Sweden AB as of Thursday, 3 April 2014, and,
- secondly notify Nobia of their participation not later than Thursday, 3 April 2014.

Notification of attendance

Notification of attendance at the Annual General Meeting may be made:

- by e-mail: bolagsstamma@nobia.com
- by telephone: +46 8 440 16 00
- by fax: +46 8 503 826 49
- by post: Nobia AB, Box 70376, SE-107 24 Stockholm, Sweden

This notification shall state:

- the shareholder's name
- personal identity number/Corporate Registration Number
- address and daytime telephone number
- shareholding
- information about any assistants (not more than two assistants) and information on any representatives who may accompany the shareholder to the Meeting

When applicable, complete authorisation documents, such as registration certificates, shall be appended.

Proxy

Shareholders represented by proxy shall issue a written 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 to the notification of attendance. 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 in good time prior to the Annual General Meeting. Proxy forms are available from Nobia's website and will also be sent to shareholders who so request and inform the company of their postal address.

Nominee shares

Shareholders whose shares have been registered with a nominee must, through the bank or securities broker administering the shares, temporarily re-register their shares in their own names in order to be entitled to participate in the Annual General Meeting. Such re-registration must be completed with Euroclear Sweden AB not later than Thursday, 3 April 2014. A request for re-registration must be made well in advance of this date.

Dividend

The Board of Directors proposes that a dividend of SEK 1.00 per share be paid for the 2013 fiscal year. The record date to be entitled to receive dividend is proposed as Monday 14 April 2014.

Distribution policy

The Nobia Annual Report is published in Swedish and English, and both versions are available for download from the Group's website. Printed versions of the Annual Report are sent to shareholders and other stakeholders who have requested such a version.

DEFINITIONS

Capital employed
Balance-sheet total less non-interest-bearing provisions and liabilities.

Currency effects
"Translation effects" refers to the currency effects arising when foreign results and balance sheets are translated to SEK. "Transaction effects" refers to the currency effects arsing when purchases or sales are made in currency other than the currency of the producing country (functional currency).

Debt/equity ratio
Net debt as a percentage of shareholders' equity including non-controlling interests.

Earnings per share
Net profit for the year divided by a weighted average number of outstanding shares during the year.

EBITDA
Earnings before depreciation/amortisation and impairment.

Equity/assets ratio
Shareholders' equity including non-controlling interests as a percentage of balance-sheet total.

Gross margin
Gross profit as a percentage of net sales.

Net debt
Interest-bearing liabilities less interest-bearing assets. Interest-bearing liabilities include pension liabilities.

Operating cash flow
Cash flow from operating activities including cash flow from investing activities, excluding cash flow from acquisitions/divestments of subsidiaries, interest received, increase/decrease in interest-bearing assets.

Operating margin
Operating profit as a percentage of net sales.

Region
A region comprises an operating segment in accordance with IFRS 8.

Return on capital employed
Profit after financial income as a percentage of average capital employed. The calculation of average capital employed has been adjusted for acquisitions and divestments.

Return on shareholders' equity
Net profit for the year after tax as a percentage of average shareholders' equity. The calculation of average shareholders' equity has been adjusted for capital increases and reductions.

NARVA PRINT: ELANDERS 2014

Nobia develops and sells kitchen solutions through some 20 strong brands in Europe, including Magnet in the UK, Hygena in France, HTH, Norema, Sigdal, Invita and Marbodal in Scandinavia and Petra, Parma and A la Carte in Finland, ewe, Intuo and FM in Austria, as well as Poggenpohl globally.

Nobia creates profitability by combining economies of scale with attractive kitchen solutions.

The Group has approximately 6,500 employees and sales of about SEK 12 billion. The share is listed on NASDAQ OMX Stockholm. Website: www.nobia.se.

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