ANNUAL REPORT 2014

nobia

2014 IN BRIEF

2014

- Net sales amounted to SEK 12,392 million (11,773)
- Organic growth was 0 per cent (0)
- Operating profit excluding restructuring costs of SEK 433 million (36) amounted to SEK 845 million (690)
- Loss after tax amounted to SEK 27 million (profit: 350)
- Operating cash flow amounted to SEK 779 million (601)
- The Board of Directors proposes a dividend of SEK 1.75 per share (1.00)

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 2014 fiscal year.
The kitchen on the front cover is Athena Vit and is sold through HTH.

SIGNIFICANT EVENTS

Strengthened margins and initiative for profitable growth

Nobia was further consolidated and profitability improved despite lower sales volumes. The Group's gross margin continued to strengthen and the operating margin was the highest in seven years.

The websites for nine of Nobia's brands were relaunched and a central innovation team produced new products for launch in the first quarter of 2015.

Efforts to reduce the complexity of the product range continued and the UK kitchen chain Magnet began changing to the Group's common standard dimension.

Rixonway Kitchens, a large kitchen supplier in the UK project market, and a leader in the social housing segment, was acquired in the fourth quarter. Rixonway Kitchens, which has annual net sales of approximately GBP 40 million and an operating margin of about 10 per cent, was consolidated into Nobia's financial statements on 1 November 2014.

Divestment of Hygena

In the third quarter, Nobia received an offer to divest its French kitchen chain Hygena to the French kitchen company Fournier Group for a purchase consideration of EUR 20 million. The decision to divest Hygena was the result of the operations making a loss in recent years, despite extensive measures and investments. The divestment of Hygena will involve lower income and a strengthened operating margin for Nobia.

Following consultation with employee representatives, signing an agreement and obtaining approval from the French competition authorities, the transaction was completed on 2 March 2015.

The divestment of Hygena had a negative impact of a total of SEK 487 million on the Group's net profit for 2014, primarily attributable to impairment of goodwill and deferred tax assets, and is recognised as a restructuring cost.

Enhanced regional structure

The regional organisational structure was strengthened to co-ordinate sourcing, optimise production and harmonise commercial activities between the business units. The sourcing organisation has been adapted to the regional structure to support product development and harmonise the range.

In connection with this organisational change, the areas of responsibility for Lars Bay-Smidt, Peter Kane and Christian Rösler were extended regarding the operations in Nobia's three regions. Following the divestment of Hygena, the Continental Europe region was renamed Central Europe region.

From 1 January 2015 the following persons became members of Nobia's Group management: Nick Corlett, EVP Sourcing and Product Management; Rune Stephansen, EVP Head of Commercial Sweden; Ole Dalsbø, EVP Head of Commercial Norway, Erkka Lumme, EVP Head of Commercial Finland, Annica Hagen, EVP Brand Portfolio and Innovation, and Kim Lindqvist, EVP Digital and Media Strategy.

KEY FIGURES

All of the figures except for net sales, profit/loss after tax, operating cash flow, return on capital employed and return on shareholders' equity have been adjusted for restructuring costs.

	2013	2014	Change, %
Net sales, SEK m	11,773	12,392[1]	5
Gross margin, %	41.0	41.8	–
Operating margin before depreciation/amortisation and impairment, %	9.2	9.9	–
Operating profit (EBIT), SEK m	690	845[2]	22
Operating margin (EBIT margin), %	5.9	6.8	–
Profit after financial items, SEK m	596	769	29
Profit/loss after tax, incl. restructuring, SEK m	350	–27[3]	–
Earnings per share, after dilution excl. restructuring, SEK	2.29	3.20	40
Earnings/loss per share, after dilution incl. restructuring, SEK	2.10	–0.17	–
Operating cash flow, SEK m	601	779	30
Return on capital employed, %	14.6	8.9	–
Return on shareholders' equity, %	12.0	–0.9	–
Number of employees at year-end	6,544	6,925	6

1) Net sales adjusted for Hygena and transactions attributable to Hygena's operations amounted to SEK 11,411 million.
2) Operating profit adjusted for Hygena and transactions attributable to Hygena's operations amounted to SEK 975 million.
3) Affected by restructuring costs of SEK 564 million.

EUROPE'S LEADING KITCHEN SPECIALIST

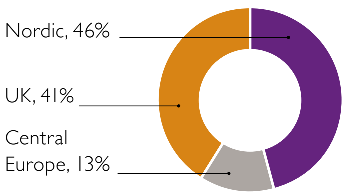
Nobia in brief

Nobia develops, manufactures and 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 distribution and sales, as well as associated service.

Every week, Nobia manufactures some 140,000 cabinets and we meet more than 70,000 consumers in our stores.

Sales to private individuals 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's net sales in 2014 totalled about SEK 12.4 billion, and the operation is organised into three regions: Nordic, UK and Central Europe.



Net sales per region in 2014 excluding Hygena.

6,240

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

311

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

13

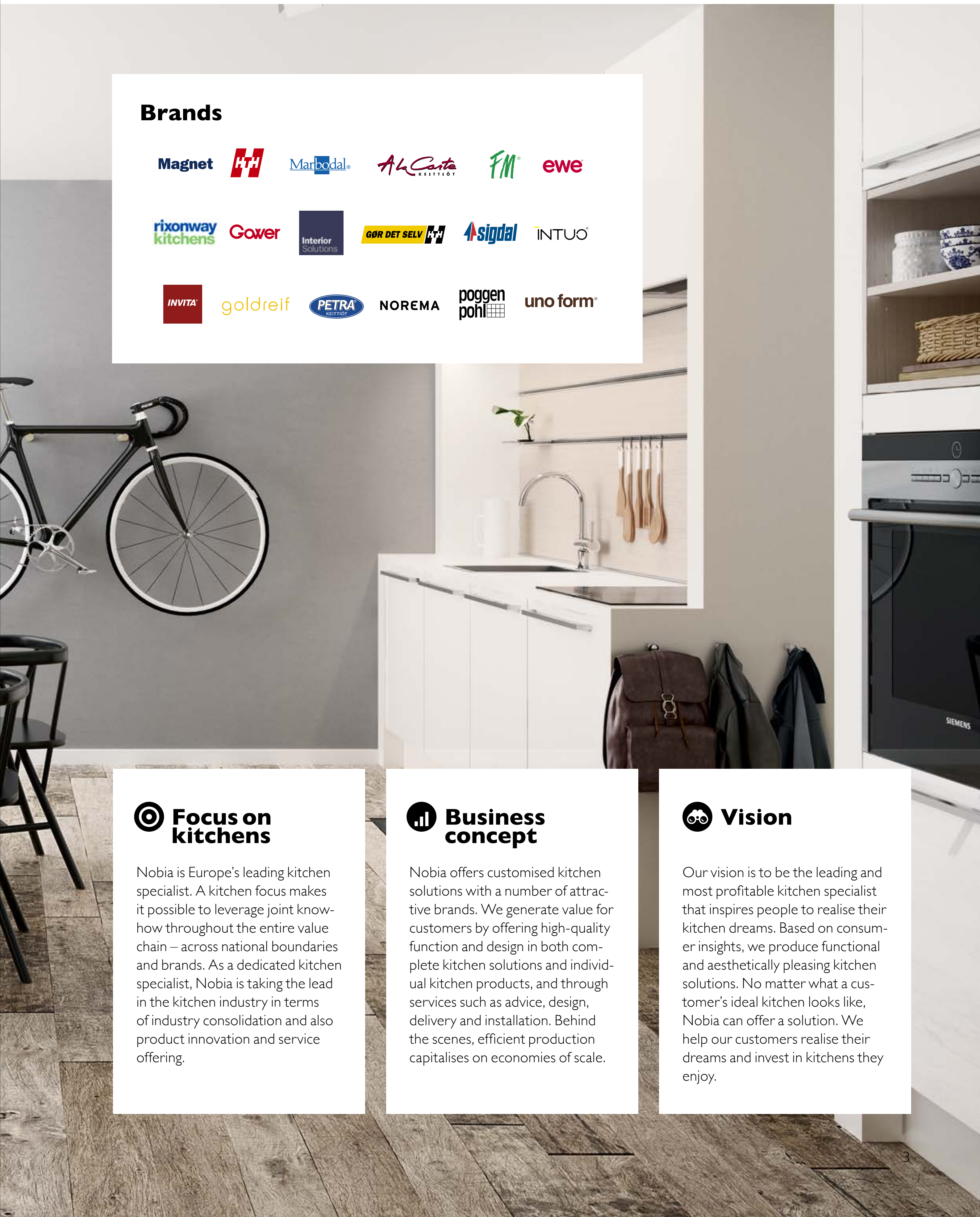
production facilities in seven European countries, in which kitchen solutions are manufactured and assembled.

History

Nobia was founded in 1996 from a division of what is now Stora Enso, which at that time conducted operations in cabinet doors, windows and kitchens and building materials in the Nordic region. The operations focused on kitchens and expanded through a number of acquisitions, which also involved expansion into the Finnish and UK markets. Geographic expansion continued after the company was listed on the stock market in 2002, but no real consolidation of the operations took place.

However, the operations have been consolidated at all levels since 2010. The cost level has been adapted and co-ordination has increased, primarily in sourcing and production. A Group-wide range was introduced in 2012 and the German kitchen manufacturer Optifit was sold in 2013. At the end of 2014, the UK kitchen supplier Rixonway Kitchens was acquired and at the start of 2015 the French kitchen chain Hygena was divested.

Today, Nobia is an efficient kitchen Group with the aim of growing in the European kitchen market.



Brands

Magnet, HTH, Marbodal, A la Carte Keittiöt, FM, ewe, rixonway kitchens, Gower, Interior Solutions, Gør Det Selv HTH, sigdal, INTUO, INVITA, goldreif, PETRA Keittiöt, NOREMA, poggenpohl, uno form

Focus on kitchens

Nobia is Europe's leading kitchen specialist. A kitchen focus makes it possible to leverage joint know-how throughout the entire value chain – across national boundaries and brands. As a dedicated kitchen specialist, Nobia is taking the lead in the kitchen industry in terms of industry consolidation and also product innovation and service offering.

Business concept

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

Vision

Our vision is to be the leading and most profitable kitchen specialist that inspires 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. We help our customers realise their dreams and invest in kitchens they enjoy.

MARGIN TARGET WITHIN REACH

Targeted efforts pay off. Nobia's profitability has improved for five consecutive years. We have made good progress towards a consolidated Nobia and are gradually approaching our financial target of an operating margin of more than 10 per cent.

“ TODAY NOBIA IS A COMPLETELY DIFFERENT COMPANY – STRONGER AND MORE CONSOLIDATED.

There is a great deal to be pleased and proud of as I look back over 2014. Nobia strengthened both its gross margin and operating margin despite relatively weak kitchen markets. We launched new websites and produced new, innovative products. The complexity of the range was reduced and our UK brand Magnet started to change to Nobia's common standard dimension. We also presented two important company transactions – the divestment of Hygena and the acquisition of Rixonway Kitchens.

Strengthened margins

Our overall market situation for the year was weak. Although the UK market reported growth, the trend in most of our markets was negative. However, I am not satisfied with our sales performance for the year despite ending the year with positive organic growth in the fourth quarter. The gross margin trend was more gratifying, and it strengthened again to the highest level in the company's history. Operating profit excluding restructuring costs improved for the fifth consecutive year, primarily as a result of higher sales values and lower prices of materials, which offset lower volumes.

Quarter for quarter, the operating margin has improved in a full eleven consecutive quarters. The operating margin for 2014 amounted to 6.8 per cent, compared with 5.9 per cent in 2013. With this foundation and the additional improvement opportunities that exist, the target of an operating margin of more than 10 per cent is, for the first time during my time at Nobia, within reach.

The company's financial position remains healthy and the Board proposes a dividend of SEK 1.75 per share to the Annual General Meeting.

Two important company transactions

Our intention to sell the loss-making French kitchen chain Hygena to the Fournier Group for EUR 20 million was announced in September. Hygena has had a negative impact on Nobia's earnings for a number of years despite extensive measures and investments. Our operating margin will be improved with the sale of Hygena, while we will also be able to fully concentrate on the Group's other operations. Obtaining approval from the French competition authorities took a long time but the divestment of Hygena could be completed at the start of March 2015.

In December, we announced the acquisition of UK kitchen company Rixonway Kitchens, which is a leader in social housing in the UK. This acquisition is part of our strategy to expand to markets and segments that complement our existing operations. Strategically, Rixonway is very well suited to Nobia. Through Rixonway, we can strengthen out position in the UK project market, where we have previously had only a modest presence.

Looking back

When I started working at Nobia almost five years ago, intensive work was being started to adjust the cost level and accelerate consolidation. Focus was initially directed to internal improvements and efficiency-enhancing measures and also greater co-ordination, particularly in sourcing and production. Since 2009, the number of employees has been reduced by more than 1,500 and five factories have been closed or divested.

Today Nobia is a completely different company – stronger and more consolidated.

The majority of our total production volumes now follow the Group's common standard dimension. Financial earnings have not only improved but also non-financial indicators, for example, delivery reliability to customers. The Group's employees view the company far more as One Nobia. Shareholders have seen that paying dividends has resumed and that Nobia, from 2015, is listed on the stock exchange's Large Cap list, the segment for companies with a market capitalisation of more than EUR 1 billion.

Strategy implemented in the regions

Nobia's strategy remains based on the two Efficiency and Growth platforms. The organisation has been adjusted to a strengthened regional structure, headed by three highly skilled regional EVPs, to more rapidly execute the strategy in practice. The three regions have relatively separate production structures in which additional economies of scale in sourcing and manufacturing can be realised. The regions also possess expert knowledge of the specific markets that will allow our commercial initiatives to be put into operation more quickly.

In recent years, increasingly intense focus has been directed to growth-promoting activities to boost sales, without losing efficiency or control of costs. The growth strategy includes new innovations, digital developments, improved sales processes and service, and growth through acquisitions and partnerships.

I am often asked what the drivers of growth in our industry are. I usually start by saying that sales of infrequently bought commodities, such as kitchens, are heavily influenced by the current economic climate, with some of the key factors being disposable income of households, interest-rate levels and stock-market trends. But trends in the housing market also affect demand for kitchens, particularly the number of property transactions, since it is far more common to invest in a new kitchen when moving home. Accordingly, Nobia's growth initiatives cannot fully offset an economic slowdown. Nonetheless, these initiatives are important for strengthening Nobia's position in the fierce competition in Europe's kitchen market.

Start of 2015

This spring, our stores will have new, innovative kitchen solutions that differentiate our brands from competitors. For customers preferring to shop online, we recently launched an e-commerce platform. HTH in Denmark is the first Nobia brand to offer this service. In the UK and Norway, we are marketing lower specified kitchen ranges under the names of Simply Magnet and Norema Best Price, respectively, to capture growing demand in the lower price segments in these markets.

Our Keittiömaailma (kitchen world) concept stores are being introduced in Isku stores throughout Finland based on our partnership with the Finnish furniture chain Isku. We are continuing to evaluate potential partnerships and acquisitions that can complement our existing structure. An acquisition is, however, usually preceded by a long process in which many elements have to be right for both parties. And for an acquisition to be successful, the new operations need to be efficiently integrated into the existing structure. At the moment, we are focusing in successfully consolidating Rixonway into Nobia. We are also planning to expand our store network in the next few years, mainly in the UK and the Scandinavian countries.

To summarise, I am looking forward to yet another exciting year. I would like to say many thanks to all employees on their tremendous work. I would also like to take this opportunity to send our best wishes to our former colleagues in Hygena and also welcome Rixonway's employees to Nobia.

M Falkenberg

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 more than 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 acceptable in conjunction with acquisitions.

<100%

Dividend

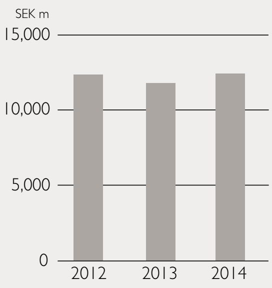
Dividends to shareholders are on average to comprise 40–60 per cent of net profit after tax. When decisions about the amount of the dividend are made, the company's capital structure is to be taken into consideration.

40-60%

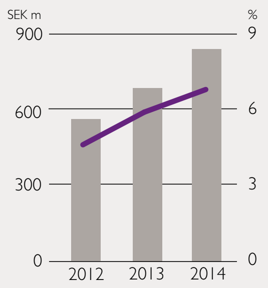
6.8%

The operating margin excluding restructuring costs continued to perform positively in 2014 and amounted to 6.8 per cent.

Net sales

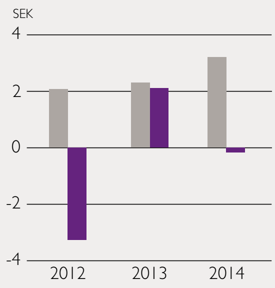


Operating profit and operating margin*



*) excluding restructuring costs

Earnings per share



Earnings per share excluding restructuring costs
Earnings/loss per share including restructuring costs

COMMENTS ON PERFORMANCE

Net sales Nobia's sales are impacted by demand in European kitchen markets and in recent years, the overall market trend has been relatively weak. Average annual growth in sales since 2009 has amounted to negative 4 per cent. Sales growth specified by organic growth and growth through acquisitions, divestments and exchange-rate fluctuations is shown in the table. Nobia endeavours to achieve a positive income trend through both organic growth initiatives and through partnerships and acquisitions. Read more about the strategy on pages 8–9.

ORGANIC SALES GROWTH, %

	2010	2011	2012	2013	**2014**
Organic change	0	–2	–5	0	0
Acquisition, divestments and currency	–9	–5	0	–5	5
Total growth	**–9**	**–7**	**–6**	**–5**	**5**
Average annual growth *	–4	–5	–5	–5	–4

* Based on the base year of 2009.

Operating profit Nobia's profitability has improved every year since 2009 and for 2014, operating profit excluding restructuring costs amounted to SEK 845 million. The improved earnings in 2014 were primarily the result of higher sales values and lower prices of materials, which offset lower sales volumes. The Group's gross margin also strengthened and for 2014, amounted to 41.8 per cent, the highest ever in the company's history.

OPERATING MARGIN EXCLUDING RESTRUCTURING COSTS

	2010	2011	2012	2013	**2014**
UK	6.3	5.0	4.5	6.0	7.4
Nordic	6.5	8.8	10.5	12.6	12.8
Continental Europe	–0.9	–2.1	–0.3	–1.7	–0.4
Group total	**3.7**	**3.9**	**4.6**	**5.9**	**6.8**

Financial position Nobia has a solid financial position. Borrowing has continued to decline for several years and at year-end, net debt amounted to SEK 1,206 million, of which SEK 869 million pertained to pension liabilities. Operating cash flow strengthening during 2014, mainly due to higher earnings generation compared with the preceding year. The debt/equity ratio was marginally affected by company transactions during the year and on 31 December 2014 amounted to 38 per cent, compared with 37 per cent at the end of 2013.

INDEBTEDNESS AND CASH FLOW

	2010	2011	2012	2013	**2014**
Net debt, SEK m	1,510	1,586	1,707	1,176	1,206
Operating cash flow, SEK m	641	9	237	601	779
Equity/assets ratio, %	41	42	37	44	41
Debt/equity ratio, %	44	45	64	37	38

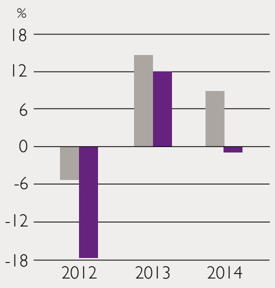
Dividends to shareholders The Board proposes a dividend of SEK 1.75 per share for the 2014 fiscal year to the Annual General Meeting, entailing a total share dividend of approximately SEK 293 million. The dividend in 2013 amounted to SEK 1.00 per share, corresponding to 48 per cent of net profit after tax. For 2012, the dividend amounted to SEK 0.50 per share. No dividend was paid for 2008-2011.

DIVIDENDS TO SHAREHOLDERS, %

	2010	2011	2012	2013	**2014**
Earnings/loss per share, SEK	–0.53	0.42	–3.27	2.10	–0.17
Dividend per share, SEK	0	0	0.50	1.00	1.75*
* Dividend as a per cent of net profit after tax	n/a	n/a	n/a	48	n/a

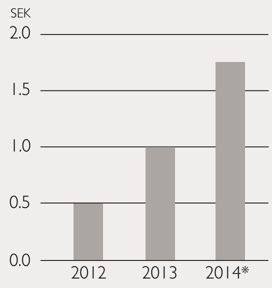
* Board proposal

Profitability trend



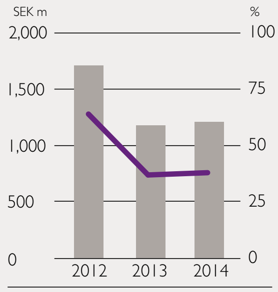
Return on capital employed
Return on shareholders' equity

Dividend per share



* Board proposal

Net debt and cash flow



Net debt
Debt/equity ratio

38%

The debt/equity ratio remained low as a result of a strong cash flow amounting to 38 per cent at year-end.

STRATEGY

Nobia generates profitable growth through efficiency enhancements in all parts of the operations and through both central and local initiative to increase sales. Nobia aims at organic growth that is 2-3 per cent higher than market growth and also growth through acquisitions.

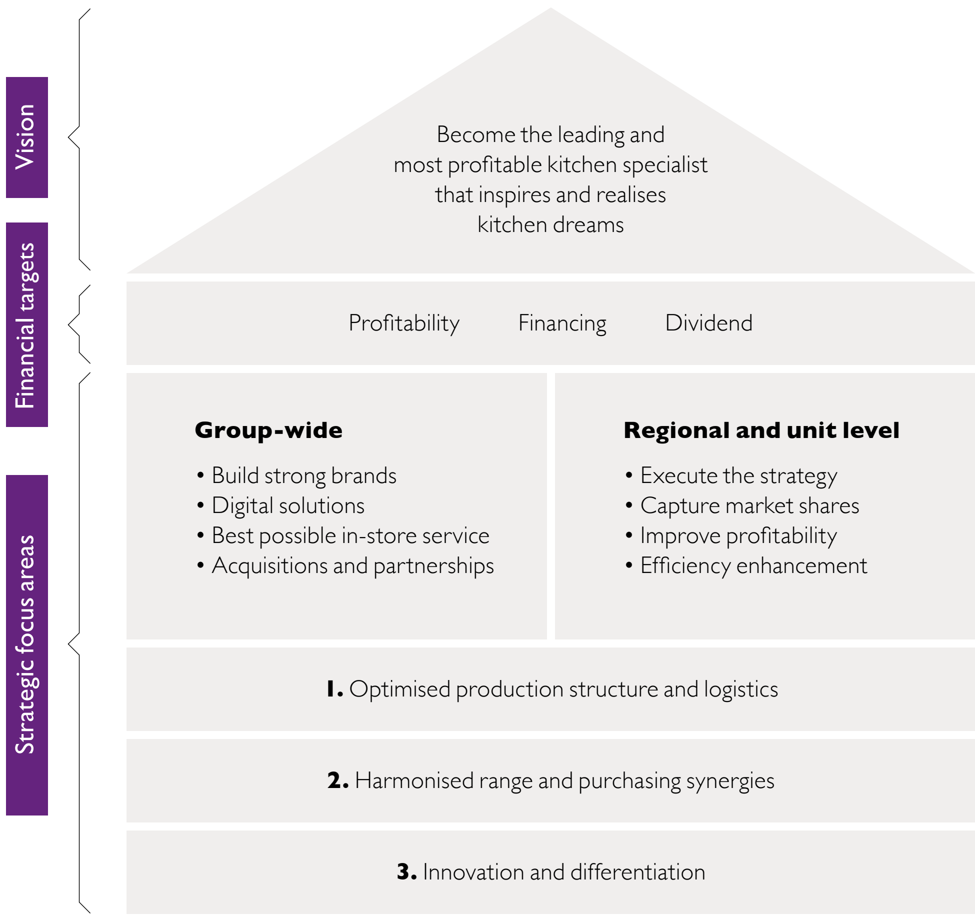
Nobia's long-term strategy is to create synergies by introducing a uniform standard and a partially Group-wide range, efficient production and co-ordinated sourcing. In parallel with these efficiency enhancements, increasing importance is attached to growth-promoting initiatives that include central efforts to generate organic growth by making use of innovation, digital solutions and improved sales processes, and a higher number of stores and complementary acquisitions in closely-related markets and segments.

The strategy is implemented in the regions where sourcing and production can be co-ordinated and commercial activities can be harmonised.

Uniform standard and Group-wide range

Most of the kitchens that Nobia manufactures follow a common standard dimension and in most markets the company has a Group-wide core range. The transition to the Group's common standard dimension for the Finnish operations and the

The strategy for profitable growth is based on the Group's strengths in the form of an optimised production structure, a harmonised range, product development that strengthens brands and a highly developed distribution and long-term relationships with customers and partners. The strategy is implemented in the regions and contains both Group-wide and more local initiatives for efficiency and growth.



Magnet brand in the UK will be completed in 2015. The harmonised range will enable synergies in sourcing and production. The number of product items is planned to be further reduced without hampering the ability of the various brands to differentiate themselves.

Efficient production

Nobia strives to continuously enhance the efficiency of the manufacturing processes and in recent years, the Group's production systems have been partly restructured. Manufacturing has been concentrated to fewer plants, which has led to five factories being either closed or divested since 2009. The aim of restructuring is to achieve a balance between larger scale, transport efficiency and lead-time demands and the target is a production structure with fewer, brand-independent production units. More large-scale manufacturing enables more efficient use of fixed costs and continued investment in first-rate equipment.

Innovation and digital developments driving growth

Nobia develops innovative kitchen products to differentiate its offering in the kitchen market. The development process focuses on being first to market with solutions that strengthen the Group's brands and generate additional sales. Innovation work and the new solutions are described in more detail on pages 10-11.

Digital solutions are a key component of the growth strategy since kitchen consumers today conduct an increasing amount of their purchasing online. Nobia's digital vision is to create the best possible experience online to make the kitchen purchase process simpler for customers. Most of the Nobia Group's websites have been relaunched over the past two years with an appealing design, new functions and greater content. The new websites have resulted in a higher conversion rate, meaning that the percentage of visitors who then make a purchase has increased for these brands.

Additional websites and e-commerce solutions are being developed. At the same time, knowledge exchanges are being increased within the Group and optimal sales processes and service concepts are being introduced to sales to provide customers added value.

Utilising its kitchen expertise and innovative products, Nobia can create a fantastic and functional kitchen in a small space. This is the message of the spring 2015 "Space for the great things in life in a small kitchen" campaign. The kitchen in the picture was built in the Pater Noster lighthouse and is marketed for the Marbodal, Sigdal and Petra brands.

Local growth initiatives

In addition to the central priorities described above, local initiatives are being made to increase sales and improve profitability. Such initiatives can result in tailored offers and specific campaigns. For example, in 2014 Magnet launched a new kitchen series entitled Simply Magnet to meet increasing demand in the UK in the lower price segments. Another example is Norema that launched a separate, attractively priced range for flat-pack kitchens entitled Norema Best Price in 2014.

Over the next few years, Nobia is also planning to increase the number of stores, mainly in the UK but also in the Nordic countries. A total of about 20 stores are planned and this expansion will take place in line with access to suitable store premises.

Acquisitions and partnerships

Ever since the company was founded, Nobia has endeavoured to consolidate the fragmented European kitchen market and maintains its ambition of growing through acquisitions. The acquisition targets profitable companies operating in attractive markets and with strong brands and sales channels. The plan is to expand to segments and markets that complement Nobia's current structure. The acquisition of Rixonway Kitchens is very much in line with this strategy.

Nobia also continuously evaluates new partnerships in kitchen distribution. For example, a partnership was developed with the Finnish furniture chain Isku. through which Nobia's franchise concept Keittiömaailma (kitchen world) is being introduced in Isku stores throughout Finland.

BRANDS AND INNOVATION

Nobia's brands are key assets each with different market positions, which are clarified through separate communication. Nobia's brands are differentiated from the competition in the kitchen market by using consumer-driven product development.

Nobia's brand portfolio comprises strong core brands in the mid-price segment, tactical brands for specific sales channels or with development potential and a couple of international brands in the luxury segment. The Group's core brands hold leading positions in their respective markets and enjoy high recognision and attractiveness.

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 consumer attitudes and needs, that is, factors associated with lifestyle, values and personality. Nobia has identified two main segments in Europe's kitchen market, with segmentation based on comprehensive consumer analyses and market research.

The brands' websites are central communication channels since consumers today conduct an increasing amount of their purchasing online. Nobia's focuses on developing websites and digital solutions that make it easier and more enjoyable to visualise, plan and budget for various kitchen solutions and that improve communication between the customer and sales staff. Furthermore, e-commerce was introduced at the start of 2015 for HTH in Denmark and over the next few years, additional brands will launch e-commerce solutions for both consumers and professional customers.

Differentiation through innovation

The kitchen industry has generally not been as good as certain other industries at developing new products. Nobia strives to take the innovation lead in the kitchen industry by continuously presenting new kitchen solutions. New innovations serve as incitements, encourage consumers to renew or update their existing kitchen fittings and meet new needs. Ultimately, new solutions can also generate higher sales of other kitchen products.

Product development at Nobia focuses on being first to market with new products and solutions that differentiate the Group's brands. In 2014, a central innovation function was established and a multi-year development plan was launched for product launches over the next few years.

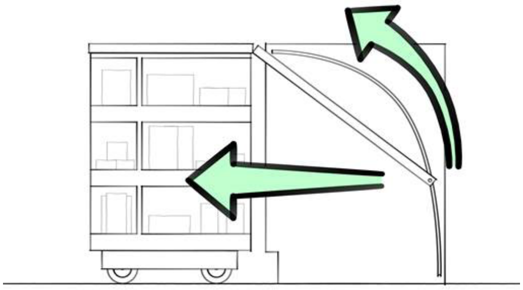
The innovation teams bases its work on designing new products and solutions on extensive consumer insight, market trend and the broadest definition of kitchen development opportunities. New concepts and solutions are designed primarily for the main segments that Nobia has identified and prototypes are developed during the process that are tested on consumers. A detailed business plan that addresses everything from manufacturing to purchasing issues to the expected business value of the product is prepared before an innovation is put into production.

Core brands	
	Magnet HTH Marbodal A la Carte Sigdal ewe

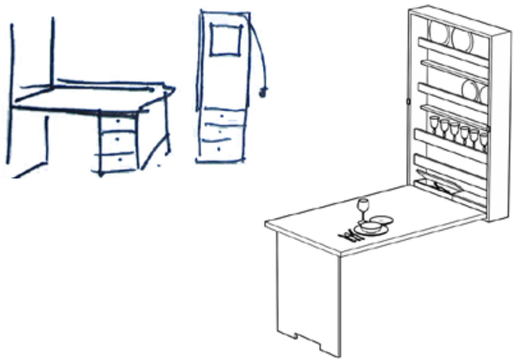
Tactical brands	
	Gower Interior Solutions HTH Gør det selv FM Intuo Invita Goldreif Petra Norema Rixonway Kitchens

Luxury segment	
	Poggenpohl uno form

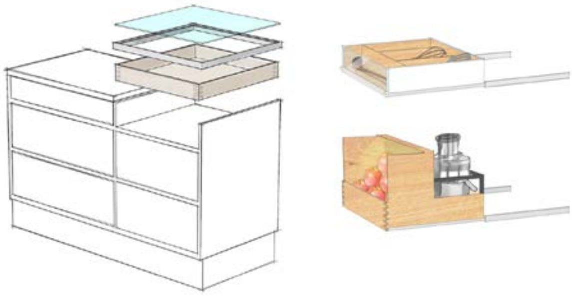
NEW LAUNCHES FROM NOBIA




Worktop Extender
The sharp increase in migration to cities in recent decades means that more and more people have to limit their living space. This trend creates a need for smart solutions that help urban consumers to get as much out of their kitchen space as possible. Nobia's Worktop Extender is a space-efficient and flexible solution for a small kitchen that provides extra work space and is easy to hide under a worktop when it is not needed.




Folding Table
Nobia's Folding Table is another example of a space-efficient solution for a small kitchen. The table is attached to the wall and can be easily folded down in a single movement, and can be hidden using smart storage when floor space is needed for another use. Folding Table provides plenty of space for a quick breakfast with crockery close at hand, or a dinner with friends.




On Display
Interest in home decorating and design is continuously increasing and just as for the rest of the home the kitchen is becoming more and more a reflection of the owner's personality. Nobia's On Display products allow consumers to put their own personal stamp on their kitchen, while maximising storage. The products allow designer items or beautiful food to be seen, with more everyday items hidden away in practical storage spaces.


Wall System
With smaller and smaller living space, consumers are making greater demands on efficient storage and organisation in the kitchen. Storage should be both adapted to different needs and allow consumers to express their personal style. Nobia's flexible storage system, Wall System, makes it possible to efficiently organise kitchen utensils, food and other items with a personal touch. Wall System also frees up work space, while allowing consumers to quickly access their favourite items.

EUROPE'S KITCHEN MARKET

Kitchen demand is impacted by such factors as general economic conditions, consumer confidence, disposable 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 11.5 billion. The four single largest European markets are Germany, the UK, Italy 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.

Total kitchen consumption in Nobia's main markets – the UK, Sweden, Norway, Denmark, Finland, Austria and Germany – is estimated to be about EUR 6.6 billion. Of these markets, the UK accounts for slightly more than 14 per cent of Europe's total kitchen consumption. The markets in Sweden, Norway, Denmark, Finland and Austria are estimated to jointly account for about 15 per cent of the European kitchen market. Of these countries, Sweden and Austria are the largest kitchen markets in terms of sales, while Finland is the smallest market. Germany, where Nobia is a minor player, is deemed to account for approximately 25 per cent of Europe's kitchen market.

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. Both kitchen production and consumption in Europe have fallen, both in terms of volume and value.

Fragmentation and competition

The European kitchen market remains 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 more than 75 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 competitive situation described above and the weak market performance, 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 one of two companies 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 more than a couple of per cent, while the five largest players – Nobia, IKEA, Nobilia, Howdens Joinery and Alno – jointly account for about 40 per cent of the market.

1) Source: Centre for Industrial Studies (CSIL) 2014. Values based on producer prices.

SELECTED COMPETITORS

Market	Players
UK	Howdens, B&Q, Wren, IKEA
Sweden	IKEA, Ballingslöv, Vedum, Kvik
Norway	IKEA, Kvik, Drømmekjøkkenet, Strai
Denmark	IKEA, Kvik, Svane, Vordingborg Køkkenet
Finland	IKEA, Puustelli, Topi Keittiöt
Austria	DAN Küchen, Nobilia, Häcker, Schüller

Trends and drivers

A long-term trend indicating growth in the European kitchen market is that the number of households in Europe is expected to increase. Kitchens are also a lifestyle product that is gaining increasing significance in European homes.

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 the actual products, customers also have to pay labour costs for installation, plumbing and flooring. Tax deductions for home improvements in some countries 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 and function play key roles. 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 Central Europe is usually sold without kitchen fittings and appliances. The project market in Central Europe is therefore less extensive.

Nobia's position

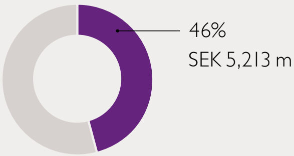
Nobia is the leading European kitchen specialist with strong, local brands in the mid-price segment. Few players in the European market can match Nobia's size or boast similar opportunities to capitalise on synergy effects. In the UK, Nobia is overall one of the largest players. In the Nordic region, Nobia has a strong position, particularly in the professionals segments whose customers are construction customers. Nobia is also one of the leading kitchen suppliers in Austria and also caters to consumers in the luxury segment worldwide through the Poggenpohl and uno form brands.

BUSINESS OVERVIEW*

Net sales **Operating profit** **Number of employees**

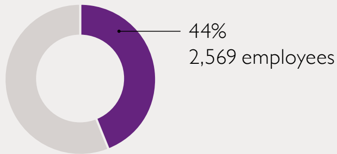
NORDIC REGION

Net sales



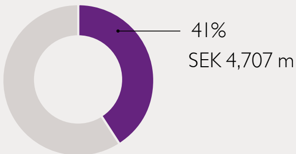
Operating profit: SEK 666 m

Number of employees



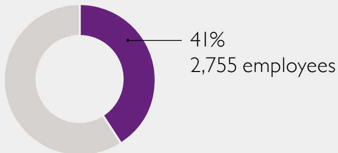
UK REGION

Net sales



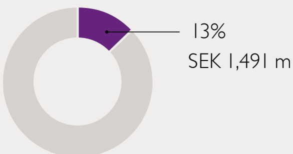
Operating profit: SEK 353 m

Number of employees



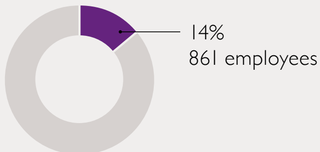
CENTRAL EUROPE REGION

Net sales



Operating profit: SEK 117 m

Number of employees



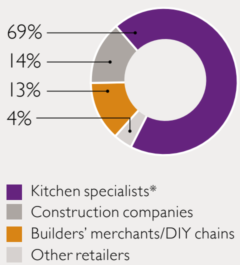
GROUP TOTAL

SEK 11,411 m SEK 975 m 6,240

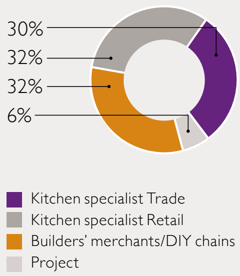
*** Explanation of overview**
All of the figures in the business overview are after adjustments for Hygena and transactions attributable to Hygena's operations. Rixonway Kitchens was consolidated on 1 November 2014 and thus two months of its net sales and operating profit are included. Net sales for the regions do not include sales to other regions. Operating profit is presented excluding restructuring costs. In addition to the regions' operating profit, the Group's operating profit includes operating profit from Group-wide items and eliminations. The Group's employees include employees in the Parent Company.

Production units	Own stores	Operational description
6	68	In Sweden, Nobia sells kitchens under the Marbodal, HTH and uno form brands, and in Norway under the Sigdal, Norema, HTH, Marbodal and uno form brands. In Denmark, Nobia operates under the HTH, Invita and uno form brands. The manufacturing of worktops through the Implast operation is also included in Nobia Denmark. In Finland, Nobia sells kitchens under the A la Carte and Petra brands.

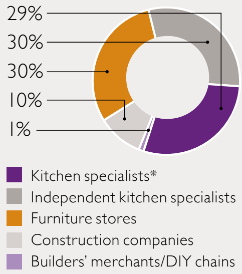
Sales channels



Production units	Own stores	Operational description
4	208	The UK region includes the Magnet, Gower, Interior Solutions and Rixonway Kitchens operations. Nobia in the UK is also manufacturing kitchens for the French brand Hygena for a transition period. Magnet is a retail chain that caters for consumers and builders and local construction companies, while Gower and Interior Solutions supplies kitchens to UK DIY chains and the building materials trade. Rixonway Kitchens delivers kitchen primarily to the project market for social housing.



Production units	Own stores	Operational description
3	35	The Central Europe region comprises two business units since the divestment of Hygena. Ewe/FM manufactures kitchens that are mainly sold to furniture chains and independent kitchen specialists in Austria. Poggenpohl manufactures kitchens in Germany that are distributed to both consumers and professional customers in Europe, the US and Asia.



Production units	Own stores
13	311

* Own stores and franchise.

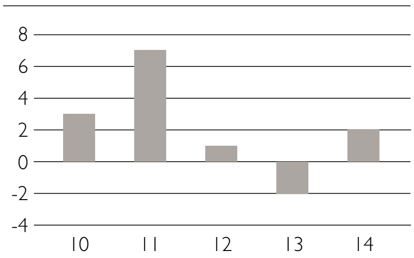
NORDIC REGION

HTH Athena Koksgrå

2014

- Net sales rose organically 2 per cent (neg: 2) to SEK 5,215 million (5,028).
- Operating profit excluding restructuring costs totalled SEK 666 million (633) and the operating margin was 12.8 per cent (12.6).
- Negative currency effects of SEK 60 million (neg: 20) impacted operating profit excluding restructuring costs.
- The Myresjökök brand was merged with the Marbodal brand, which received a positive reception from customers.
- The Keittiömaailma franchise chain was introduced to 13 Isku stores in Finland.

Organic sales growth, %



Key figures

	2013	2014	Change, %
Net sales, SEK m	5,028	5,215	4
Gross profit excluding restructuring costs, SEK m	2,048	2,112	3
Gross margin excluding restructuring costs, %	40.7	40.5	–
Operating profit excluding restructuring costs, SEK m	633	666	5
Operating margin excluding restructuring costs, %	12.6	12.8	–
Operating profit, SEK m	633	660	4
Operating margin, %	12.6	12.7	–
Operating capital, SEK m	695	704	1
Return on operating capital, %	91	94	–
Investments, SEK m	89	133	49
Average number of employees	2,685	2,640	–1
Number of employees at year-end	2,616	2,569	–2

MARKET AND POSITION

In the Nordic market, there are a large number of local, and some regional, kitchen companies and in the consumer market one significant player in the form of furniture company IKEA. The Nordic market also has a relatively large share of project sales, with customers comprising construction companies and prefab home manufacturers that sell kitchens to end-consumers in connection with sales of apartments. Lead-times from construction start to kitchen delivery are an average of eight to ten months.

In 2014, the Nordic market remained unchanged compared with the year-earlier period. The weak performance of the markets in Finland and Norway was offset by growth in the Swedish market.

Nobia is a leading kitchen supplier in the Nordic market and operates in both the consumer sales and professional segments. Sales are conducted both through own stores and through stores operated by franchisees or retailers. Distribution varies between brands, for example, Norwegian brand Norema is sold through own stores, while fellow Norwegian brand Sigdal is sold through franchise stores, and Swedish brand Marbodal is sold mainly through a retailer organisation. In Finland, Nobia does not have its own stores.

BRANDS

HTH offers complete kitchen solutions to both consumers and professional customers. HTH kitchens are mainly delivered rigid, but can also be supplied in flatpacks under the HTH Gør det selv (DIY) brand. Sales are conducted in some 110 stores throughout Denmark, Sweden and Norway, more than half of which are franchise stores.

Invita mainly operates in Denmark and sells rigid kitchens with a high design content.

uno form is mainly sold in Scandinavia and offers exclusive and expertly handcrafted kitchens with a timeless design.

Marbodal is sold in Sweden and Norway, and offers complete kitchens to consumers and professional customers. The Swedish brand Myresjökök was merged with Marbodal in 2014.

Sigdal operates in Norway and offers rigid kitchens to consumers and professional customers via franchise stores and specialised kitchens stores.

Norema operates in Norway and sells rigid kitchens to consumers and professional customers. A limited range of flatpack kitchens has also been produced for consumers.

A la Carte offers rigid kitchen solutions in the upper mid-price segment that are primarily sold via Nobia's Finnish franchise chain Keittiömaailma (Kitchen world).

Petra is sold in Finland to customers in the project market and to consumers via the building materials trade and the Keittiömaailma franchise chain.

Own kitchens stores

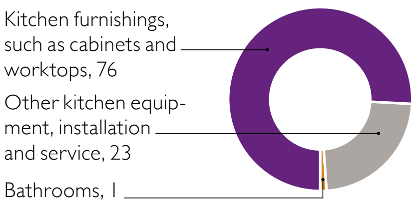
68

Two stores were opened during the year and five stores were closed.

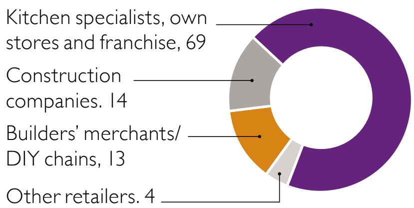
Kitchens stores by country

Denmark	43
Norway	14
Sweden	11

Sales per product, %



Sales channels, %



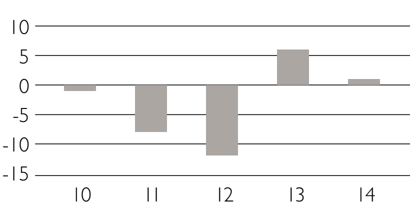
UK REGION

Magnet Astral

2014

- Net sales rose organically 1 per cent (6) to SEK 4,702 million (4,140).
- Operating profit excluding restructuring costs totalled SEK 348 million (247) and the operating margin was 7.4 per cent (6.0).
- Positive currency effects of SEK 60 million (neg: 35) impacted operating profit excluding restructuring costs.
- Magnet's transition to the Group's common standard dimension proceeded according to plan. In January 2015, more than 85 per cent of the kitchens sold via Magnet had this standard.
- In the third quarter, Magnet launched a separate range under the name Simply Magnet targeted to lower price segments.
- Nobia acquired Rixonway Kitchens in December, which was consolidated into this region on 1 November 2014.

Organic sales growth, %



Key figures

	2013	2014	Change, %
Net sales, SEK m	4,140	4,702	14
Gross profit excluding restructuring costs, SEK m	1,652	1,922	16
Gross margin excluding restructuring costs, %	39.9	40.9	–
Operating profit excluding restructuring costs, SEK m	247	348	41
Operating margin excluding restructuring costs, %	6.0	7.4	–
Operating profit, SEK m	247	265	7
Operating margin, %	6.0	5.6	–
Operating capital, SEK m	699	749	7
Return on operating capital, %	33	37	–
Investments, SEK m	59	86	46
Average number of employees	2,256	2,365	4
Number of employees at year-end	2,266	2,755	22

MARKET AND 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 builds and renovation.

Demand in the UK kitchen market continued to grow in 2014, yet remains significantly lower than the level before the sharp market downturn between 2008 and 2012. Growth for the year was attributable to the lower price segments in the UK kitchen market.

Overall, Nobia is a leading player in the UK kitchen market with broad channel presence. Magnet is a leading kitchen specialist with a nationwide store network. Most of the stores are mixed stores, which means that they are targeted to both consumers and builders. However, some of Magnet's stores are specialised in either consumers or builders. Furthermore, Nobia has a B2B offering that is directed to the UK DIY chains and the building materials trade via the Gower and Interior Solutions operations. In addition, Nobia sells kitchen solutions to the UK project market, mainly through Rixonway Kitchens which holds a strong position in kitchen products for social housing.

BRANDS

Magnet Gower Interior Solutions rixonway kitchens

Magnet is a nationwide kitchen chain with more than 200 specialised stores that through Magnet Retail targets consumers and through Magnet Trade caters for builders and local construction companies. Magnet's kitchen solutions are in the mid-price segment and are usually delivered as complete and rigid kitchens with comprehensive service content. In 2014, the consumer offering was supplemented with a limited range of kitchens, ready to assemble. Certain kitchen products are kept in stock for builders and local construction companies, and Magnet Trade stores also offer a range of joinery products and windows.

Gower and **Interior Solutions** manufacture flat-pack kitchens to retailers operating in the UK building materials trade, including DIY chains. In addition to the kitchen products, the offering to retailers includes category management, which means assistance with in-store kitchen displays, advertising and training for personnel.

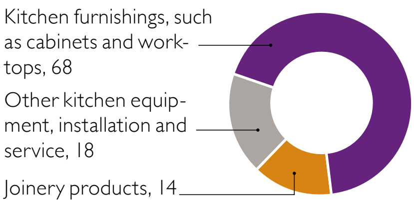
Rixonway Kitchens is an established kitchen supplier in the UK project market, and a leader in the social housing segment. The kitchens are in the economy segment and are primarily sold directly to construction companies and purchasing organisations, but also to about 150 builders' merchant stores and through four own stores.

Own kitchens stores

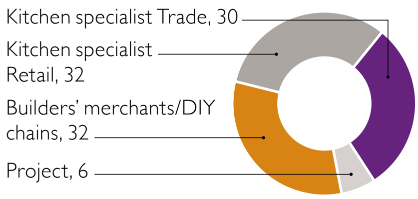
208

Eight stores were opened during the year and twelve closed. Four stores were added with the acquisition of Rixonway Kitchens.

Sales per product, %



Sales channels, %

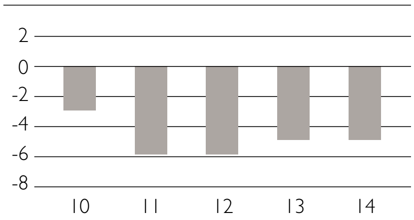


CENTRAL EUROPE REGION

2014

- Net sales declined organically 5 per cent (neg: 5) to SEK 2,591 million (2,695).
- Operating loss excluding restructuring costs amounted to SEK 11 million (loss: 47) and the operating margin was a negative 0.4 per cent (neg: 1.7).
- Positive currency effects of SEK 10 million (neg: 5) impacted operating profit excluding restructuring costs.
- In the third quarter of 2014, Nobia received an offer to divest its French kitchen chain Hygena to the kitchen company Fournier Group for a purchase consideration of EUR 20 million. The transaction took place on 2 March 2015.

Organic sales growth, %



1) Net sales adjusted for Hygena amounted to SEK 1,493 million.
2) Operating profit adjusted for Hygena amounted to SEK 117 million.

Key figures

	2013	2014	Change, %
Net sales, SEK m	2,695	2,591 [1]	–4
Gross profit excluding restructuring costs, SEK m	1,105	1,123	2
Gross margin excluding restructuring costs, %	41.0	43.3	–
Operating loss excluding restructuring costs, SEK m	–47	–11 [2]	–77
Operating margin excluding restructuring costs, %	–1.7	–0.4	–
Operating loss, SEK m	–83	–19	77
Operating margin, %	–3.1	–0.7	–
Operating capital, SEK m	543	578	6
Return on operating capital, %	–17	–3	–
Investments, SEK m	96	85	–12
Average number of employees	1,701	1,575	–7
Number of employees at year-end	1,613	1,546	–4

MARKET AND POSITION

Until the divestment of the French kitchen chain Hygena on 2 March 2015, Nobia primarily operated in France, Austria and Germany in this region (formerly called Continental Europe region).

Demand on Nobia's main markets in the region weakened in 2014. France in particular reported low market activity, although the kitchen market in Austria also weakened in the second half of the year.

Following the divestment of Hygena, Nobia's main markets in the region are Austria and Germany. These kitchen markets primarily comprise kitchen specialists and furniture stores. In Germany, there are several large kitchen manufacturers that have well-established distribution to closely related markets.

Nobia has a very small share of the total kitchen market in Central Europe. However, Nobia is one of the leading kitchen suppliers in Austria, with sales primarily to furniture chains and independent kitchen specialists. In Germany, Nobia is a relatively minor player, although Poggenpohl in Germany is a strong brand in the global luxury market.

BRANDS

ewe is a kitchen brand in Austria that represents modern design in the upper mid-price segment. The rigid kitchen solutions are mainly sold through furniture chains and independent kitchen specialists.

FM offers rigid 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 well-known kitchen brands. Complete and exclusive Poggenpohl 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 all over the world.

Goldreif offers rigid kitchen solutions in the upper mid-price segment. The products are manufactured in Austria and sold through Poggenpohl's store network.

Own kitchens stores

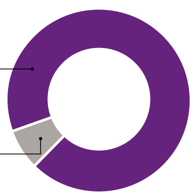
35

One store was closed during the year. The number of stores declined by 125 due to the divestment of Hygena.

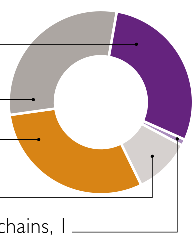
Kitchens stores by country

Germany	7
Austria	1
Other countries	27

Sales per product, %



Sales channels, %



A SUSTAINABLE NOBIA

Nobia has a fundamental responsibility to maintain and develop a sustainable business throughout the value chain. Sustainability initiatives are based on the Group's economic, environmental and social impact. Key figures and focus areas are defined at Group level, with work on social environmental and ethical issues integrated into all units and functions.

VALUE CHAIN

1. Product development
Environmental issues are evaluated in the process of designing new products. In choosing materials, Nobia endeavours to avoid unnecessary environmental impact during the lifetime of the product.

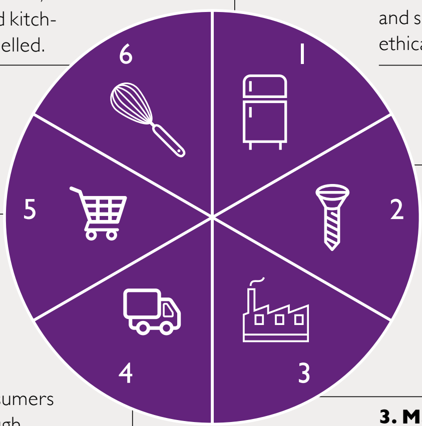
2. Sourcing
A large part of Nobia's total offering comprises purchases goods and components. Suppliers are inspected and audited based on guidelines for environmental, health and safety, and social and ethical aspects.

3. Manufacturing
Nobia's kitchen manufacturing, surface treatment and installation impact the local environment at the production facilities. However, the overall environmental impact of the manufacturing process is relatively small.

4. Transportation
Nobia's products are distributed to customer by truck. Optimising freight loads is a key element of the work on ensuring high cost efficiency and reducing emissions of greenhouse gases.

5. Sales
Nobia's sales to consumers are conducted through own and franchise stores and through retailers. Products are also sold to professional customers. Business methods always comply with generally accepted business practice.

6. Use
Nobia's products are to meet applicable environmental aspects. A fundamental strength is that products mainly consist of wood, which is a renewable resource. In addition, 18 different coloured kitchen series are eco-labelled.



Responsibility throughout the value chain

The impact of the operations varies over the value chain. Activities depending on the type and scope of the impact are initiated to reduce negative consequences and thereby responsibly develop a sustainable business. For example, environmentally conscious decisions are made about choices of materials, suppliers are audited and activities initiated to reduce carbon emissions from production and transportation.

Advances in recent years

Nobia has a long tradition of working on local environmental issues. The company is governed by laws and regulations for Swedish limited liability companies listed on Nasdaq Stockholm and has operations in Europe that are also subject to European laws and rules. In recent years, advances have been made toward a more unified Nobia in all functions and operations in the Group. As part of these developments, the reporting of sustainability issues has improved.

Nobia has prepared a Sustainability Report based on GRI since 2012. The Sustainability Report applies the Global Reporting Initiative's G3 Guidelines and is a Level C self-assessment. The report has not been subject to review or audit by an external party.

Environmental data, measurements and key figures are collected from all of Nobia Group's production units at least once per year, and Group management receives reports on trends in these indicators twice a year. However, environmental data from the supplier chain is not reported.

Key events in 2014

- Nobia's CO_2 emissions per produced cabinet declined 6 per cent.
- Two production facilities in Austria received ISO certification.
- A programme for employee development in production and logistics was started.
- The number completed supplier audits amounted to 42.
- The divestment of Hygena will reduce future transportation needs.

CARE OF EMPLOYEES

Nobia's product development, manufacturing, sales and distribution are mainly conducted in Europe. Most of the company'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.

Joint processes and governing documents

Processes have become more aligned and shared in pace with the consolidation of Nobia. A central policy that all employees and partners are expected to follow is Nobia's Code of Conduct. The Code of Conduct is available on the Group's intranet, translated into seven languages, and on Nobia's website.

To ensure compliance with the Code of Conduct, an anonymous communication channel has been established for employees who want to report suspected breaches of the Code. Nine incidents were reported through this communication channel and subsequently handled in 2014.

Nobia also has other policies for specific areas of sustainability, such as an operating purchasing procedure and a forest policy for wood suppliers.

Employee development

As part of the development towards a unified Nobia, employee performance evaluations are held in which individual goals and development plans are produced. The process commenced with salaried employees, and was established for employees in production and logistics in 2014.

For employees in production and logistics, a programme for operational and employee development named Nobia Production and Logistic System was introduced. The programme is based on the employee and leadership and contains guidelines and lean tools. The aim is to strengthen, engage and motivate employees to improve processes and reduce the risk of accidents in the operations.

Many of the Group's units also offer internal skills development so that employees can learn about products, sales, design and drawing systems. These courses are managed by the Training Academies of each brand. The focus in 2014 was directed to developing local sales schools and offering employees sales, product and leadership training via e-learning.

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 101 (80).

Business development

Nobia's employee survey, MyVoice, was launched in 2013 in the Scandinavia part of the Group and in central Group functions. The survey was carried out in the entire Group in 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.

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 during the year. One feature of this programme was that Group management selected a number of real-life challenges faced by Nobia and that formed the basis of project work. Also, more than 80 managers at Nobia were offered training in such fields as project management and change management.

CARE OF THE ENVIRONMENT

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.

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. Nobia also endeavours to ensure that the products it sells meet the needs of customers as well as complying with all applicable environmental aspects.

Environmental certification and guidelines

The Nobia Group's products are manufactured at 13 plants in seven 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 30. All production facilities, except for one plant in Norway, hold ISO 14001 environmental management systems certification, which entails an annual review of environmental impact, the establishment of new targets and development of specific action plans.

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, and electricity use in manufacturing. To reduce both costs and environmental impact, Nobia strives to continuously introduce modern systems for cooling, heat recovery and ventilation.

Greenhouse-gas emissions also arise through the transportation of raw materials and kitchen products, and through employee business travel. About 5 per cent (5) of Nobia's total expenses are attributable to transportation, making this a key focus for resource optimisation. 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. Freight load optimisation can help reduce both costs and emissions of green-house gases. Another focus area is high-quality and delivery reliability, 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 2014.

Nobia's CO_2 emissions per produced cabinet declined 6 per cent in 2014. CO_2 emissions per cabinet reduced mainly due to activities to cut emissions that resulted in, for example, fewer days requiring heating, but also due to warmer weather.

New targets for energy consumption and transportation for 2015 were adopted to reduce costs and carbon emissions.

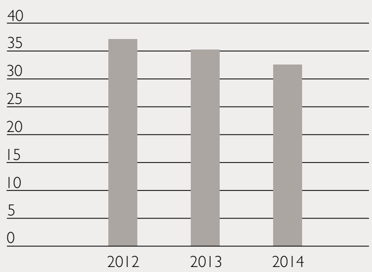
Energy consumption

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.

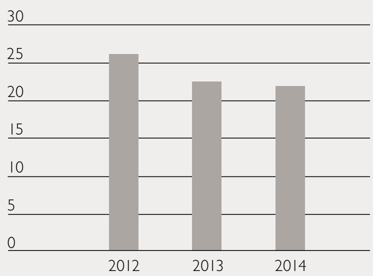
Materials

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

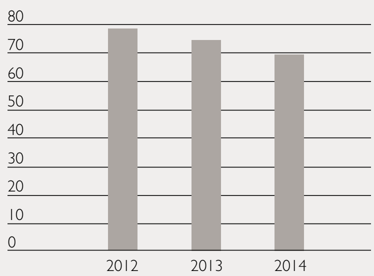
Greenhouse-gas emissions, heating and manufacturing, thousands of tonnes CO_2



Greenhouse-gas emissions, transportation, thousands of tonnes CO_2



Energy consumption, electricity, GWh



amounted to some 184 thousands of tonnes (182). Nobia endeavours to increase the proportion of wood materials certified by the Forest Stewardship Council (FSC), which amounted to 37 per cent (37) in 2014.

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, and 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).


Marbodal Lindö

Emissions of solvents to air

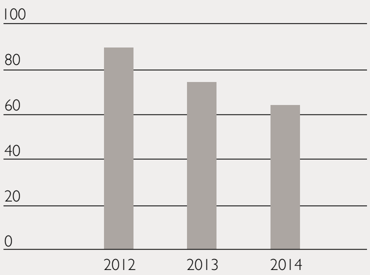
The reduction of solvents is a key issue in Nobia's environmental work. Solvents are mainly used in surface treatment, and when cleaning painting facilities. Initiatives to reduce the use of solvents include replacing them with water-based and UV-tempered surface coatings and reducing the number of changeovers in production equipment, which reduces the amount of cleaning required and raises productivity. In 2014, the percentage of water-based and UV-tempered surface coatings totalled about 51 per cent (58).

Waste

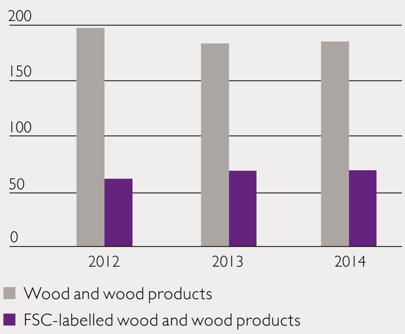
Timber pallets, corrugated board, shrink-wrap and plastic tape are the main components of the packaging materials used by Nobia. About 84 per cent (82) of this packaging materials is recyclable. A certain amount of waste is produced from the manufacture of products, primarily in the form of timber pallets, 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 21 thousands of tonnes (20). The amount of waste excluding wood waste was about 8 thousands of tonnes (7), of which some 58 per cent (49) went to external recycling, about 34 per cent (44) to landfill or incineration and about 8 per cent (8) comprised hazardous waste.

Eco-labelled products. Several of Nobia's Nordic brands and products carry the Nordic Ecolabel. Many doors and cabinets in the Marbodal, Norema and Sigdal ranges 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.

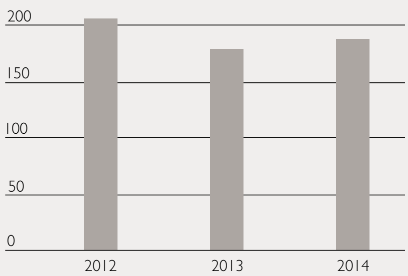
Energy consumption, heating, GWh



Use of materials, wood, thousands of tonnes



Emissions of solvents, tonnes



ETHICAL BUSINESS

Nobia's most important stakeholders are employees, customers, partners, suppliers and shareholders. Through responsible business, Nobia creates value for its stakeholders.

Employees At the end of 2014, Nobia had 6,925 (6,544) employees in 13 countries. Employment terms comply with national laws, regulations and collective agreements and are in line with Nobia's remuneration policy. In 2014, payroll expenses amounted to SEK 2,385 million (2,240).

Partners Nobia has a large network of franchisees and retailers that conduct their business activities using Nobia's concepts and products.

Suppliers Nobia's purchasing function manages a total of about 825 suppliers, of which most are based in Europe and about 5 per cent (5) are in Asia. In 2014, the share of purchasing from low-cost countries was 15 per cent (14).

Shareholders Capital from shareholders finances the capital base, which is used to create value. In return, shareholders are entitled to returns and dividends. In 2014, dividends totalling approximately SEK 167 million were paid for the 2013 fiscal year.

Society Nobia contributes to economic development in the local communities in which the company operates. In 2014, Nobia paid income tax in various countries totalling SEK 194 million (159).

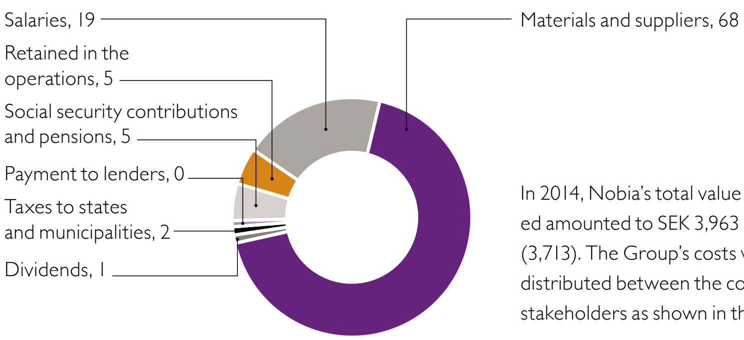
Value generated
Nobia generates economic value for its stakeholders. Employees share this value through their salaries and other benefits, suppliers are paid for the purchases they make, customers receive high-quality kitchen products, countries and municipalities receive tax revenue, and shareholders 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 2014, Nobia's total value added, or net sales less costs for materials and services, amounted to SEK 3,963 million (3,713).

Responsible sourcing
A large part of Nobia's total offering comprises purchases goods and components. 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.

Supplier-assessment responsibility lies with the Group's sourcing function and the results are followed up with each supplier. 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. An 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.

Audits of new suppliers and those considered high-risk are prioritised in this process. In 2013 and 2014, supplier audits focused on Asia and in 2014, a total of 42 suppliers (61) in different countries and in several product categories were audited.

Specification of the Group's costs as a percentage of net sales



In 2014, Nobia's total value added amounted to SEK 3,963 million (3,713). The Group's costs were distributed between the company's stakeholders as shown in the diagram.

SUMMARY

GRI indicators	Economic Performance Indicators, SEK m	2012[1)]	2013	2014[2)]
EC1	Net sales	12,343	11,773	12,392
EC1	Operating expenses (materials and service)	8,775	8,060	8,429
EC1	Payroll expenses	2,351	2,240	2,385
EC1	Social security contributions and pensions	604	582	616
EC1	Taxes to states and municipalities	155	159	194
EC1	Payment to lenders	54	53	37
EC1	Dividends to shareholders	–	84	167
EC1	Retained in operations	404	595	564
	Environmental Performance Indicators			
EN1	Use of materials: Wood, thousands of tonnes	196	182	184
EN1	Use of materials: Packaging materials, kg/cabinet	1.4	1.2	1.4
EN2	Recyclable packaging materials, %	90	82	84
EN3	Energy consumption: Electricity consumption, kWh/cabinet	10.1	10.7	9.9
EN3	Energy consumption: Heating, kWh/cabinet	11.5	10,6	9,1
EN16	Greenhouse-gas emissions transportation, kg/cabinet	3.4	3.2	3.1
EN16	Greenhouse-gas emissions heating and manufacturing, kg/cabinet	4.8	5.0	4.6
EN20	VOC emissions, kg/100 lacquered details	5.1	3.8	3.6
EN22	Waste (excluding wood waste), kg/cabinet	0.9	1.1	1.1
EN22	Wood waste, thousands of tonnes	20	20	21
	Social Performance indicators			
LA1	Employees, average number	7,355	6,690	6,636
LA1	Proportion of women, %	31	31	32
LA7	Work-related accidents in production facilities, number	125	80	101
HR2	Audited suppliers and subcontractors, number	15	61	42

1) Including Optifit, that was divested in 2013.
2) Including Hygena, which was divested in 2015. Sustainability data from Rixonway Kitchens is not included.

For sustainability data by region and the GRI index, see www.nobia.com under Sustainable Business.

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 development, manufacturing, installation, sales and distribution, as well as associated service. A kitchen focus makes it possible to leverage the joint know-how of the business units 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. The latter region changed name to Central Europe following the divestment of Hygena in the first quarter of 2015.

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 Nobia Group'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 are, on average, to be within the interval of 40-60 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.

2014

Nobia was further consolidated and profitability improved. Organic sales growth remained unchanged and the gross margin continued to strengthen. Operating profit for the year excluding restructuring costs improved as a result of higher sales values and lower prices of materials, which offset lower production volumes.

Significant events

On 8 January, Nobia announced that a partnership agreement had been signed with Finnish furniture chain Isku on exclusive rights to sell kitchens in about 20 Isku stores throughout Finland.

Stefan Jacobsson and Ricard Wennerklint were elected to Nobia's Board of Directors at the Annual General Meeting on 9 April, while George Pettersson, KPMG, was elected new Auditor-in-Charge of Nobia.

NOBIA GROUP SUMMARY

	2013	2014	Change, %
Net sales, SEK m	11,773	12,392[1]	5
Gross margin, %	41.0	41.8	–
Operating margin before depreciation/amortisation and impairment, %	9.2	9.9	–
Operating profit (EBIT), SEK m	690	845[2]	22
Operating margin (EBIT margin), %	5.9	6.8	–
Profit after financial items, SEK m	596	769	29
Profit/loss after tax, incl. restructuring, SEK m	350	–27[3]	–
Earnings per share after dilution, excl. restructuring, SEK	2.29	3.20	40
Earnings/loss per share after dilution, incl. restructuring, SEK	2.10	–0.17	–
Operating cash flow, SEK m	601	779	30
Return on capital employed, %	14.6	8.9	–
Return on shareholders' equity, %	12.0	–0.9	–
Number of employees at year-end	6,544	6,925	6

All of the figures except for net sales, profit/loss after tax, operating cash flow, return on capital employed and return on shareholders' equity have been adjusted for restructuring costs.

1) Net sales adjusted for Hygena and transactions attributable to Hygena's operations amounted to SEK 11,411 million.
2) Operating profit adjusted for Hygena and transactions attributable to Hygena's operations amounted to SEK 975 million.
3) Affected by restructuring costs of SEK 564 million.

Helene Willberg left her assignment as Auditor-in-Charge due to the rotation rules of the Swedish Companies Act.

In May, the Board of Nobia decided to transfer bought-back shares under the employee share option scheme decided at the 2011 Annual General Meeting, based on the authorisation granted by the 2014 Annual General Meeting.

Lars Völkl, Executive Vice President, Luxury & Professional, left Nobia on 31 May. Recruitment of a replacement is underway.

Ingemar Tärnskär, Executive Vice President, Supply Chain Operations, left Nobia on 30 June. In conjunction with this, Michael Larsen took office of Executive Vice President, Supply Chain Operations.

In July 2014, Nobia agreed on a new syndicated loan of SEK 1 billion, with a small group of banks. The term is five years.

On 24 September, Nobia announced that it had received an offer to divest its French kitchen chain Hygena to the French kitchen company Fournier Group.

On 30 October, an agreement was signed concerning the sale of Hygena to Fournier Group for EUR 20 million on a cash and debt-free basis, which was approved by the French competition authority.

In November, the regional organisational structure was strengthened to optimise production, co-ordinate sourcing and harmonise commercial activities between the business units in each region. In connection with this organisational change, the areas of responsibility for Group management members Lars Bay-Smidt, Peter Kane and Christian Rösler were extended regarding the operations in each region.

In December, Nobia acquired Rixonway Kitchens, a large kitchen supplier in the UK project market and a leader in the social housing segment.

On 31 December, Titti Lundgren, Executive Vice President and Head of Marketing, left Nobia.

From 1 January 2015, Annica Hagen, Executive Vice President, Brand Portfolio and Innovation, and Kim Lindqvist, Executive Vice President, Digital and Media Strategy became members of Nobia's Group management.

From 1 January 2015, Nobia's Group management also includes: Nick Corlett, Executive Vice President, Sourcing and Product Management; Rune Stephansen, Executive Vice President and Head of Commercial Sweden; Ole Dalsbø, Executive Vice President and Head of Commercial Norway and Erkka Lumme, Executive Vice President and Head of Commercial Finland.

In the UK, kitchen chain Magnet transferred to the Group's common cabinet standard during the year.

Consolidated net sales

Net sales amounted to SEK 12,392 million (11,773) and were distributed as follows: UK region, SEK 4,702 million (4,140); Nordic region, SEK 5,215 million (5,028) and Continental Europe region, SEK 2,591 million (2,695). 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, remained unchanged compared with the preceding year (0). Organic growth in the UK region was 1 per cent (6). Organic growth in the Nordic region was 2 per cent (neg: 2) and negative 5 per cent (neg: 5) in Continental Europe.

The Group's earnings

The Group's operating profit including restructuring costs amounted to SEK 412 million (654). Restructuring costs that impacted net profit after tax amounted to SEK 564 million, of which SEK 433 million (36) impacted operating profit. The operating margin was 3.3 per cent (5.6). Operating profit excluding restructuring costs amounted to SEK 845 million (690) and the corresponding operating margin was 6.8 per cent (5.9).

In the UK region, operating profit increased to SEK 265 million (247). The earnings improvement was mainly due to higher sales values and positive currency effects, which were offset by lower volumes and increased restructuring costs. Restructuring costs of SEK 83 million (0) were charged to operating profit for the year. Currency effects had a positive impact of SEK 60 million (neg: 35) on operating profit excluding restructuring costs.

In the Nordic region, operating profit rose to SEK 660 million (633). The improvement was mainly due to higher sales values, lower prices of materials and cost savings. Restructuring costs of SEK 6 million (0) were charged to operating profit for the year. Currency effects had a negative impact of SEK 60 million (neg: 20) on operating profit excluding restructuring costs.

Operating loss in the Continental Europe region amounted to SEK 19 million (loss: 83). The earnings improvement was mainly due to higher sales values, cost savings and lower restructuring costs that were offset by negative volumes. Restructuring costs of SEK 8 million (36) were charged to operating profit for the year. Currency effects had a positive impact of SEK 10 million (neg: 5) on operating profit excluding restructuring costs.

Group-wide items and eliminations reported an operating loss of SEK 494 million (loss: 143), of which SEK 328 million pertained to impairment of goodwill in Hygena.

Financial items amounted to an expense of SEK 78 million (expense: 94). 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: 41).

Profit after financial items weakened to SEK 334 million (560).

Tax expense amounted to SEK 344 million (195). The tax expense includes impairment of deferred tax assets on the sale of Hygena totalling SEK 151 million.

Loss after tax amounted to SEK 27 million (profit: 350).

Loss per share for the year after dilution amounted to SEK 0.17 (earnings: 2.10). Earnings per share for the year after dilution and excluding restructuring costs amounted to SEK 3.20 (2.29).

Restructuring costs

Restructuring costs refer to certain nonrecurring costs. Restructuring costs charged to profit after tax for 2014 amounted to SEK 564 million, of which SEK 433 million was charged to operating profit, SEK 151 million referred to impairment of deferred tax assets in Hygena, negative 22 million to other tax effects and SEK 2 million was charged to net financial items.

Restructuring costs charged to operating profit for the year primarily pertained to impairment of goodwill in Hygena of SEK 328 million, but also the transition to the Group's common standard dimension in Magnet in the UK and in Finland and costs related to the divestment of Hygena and the acquisition of Rixonway Kitchens.

Approved and implemented restructuring measures of SEK 76 million (133) were charged to cash flow, of which SEK 56 million (133) derived from previous years' approved restructuring measures.

In 2013, restructuring costs amounted to a net SEK 36 million and pertained in their entirety to costs for the divestment of Optifit.

Investments, cash flow and financial position

Investments in fixed assets amounted to SEK 316 million (251), of which SEK 135 million (87) pertained to investments in the store network.

Operating cash flow rose to SEK 779 million (601), due to higher earnings generation and lower working capital tied up.

The Group's capital employed amounted to SEK 4,880 million (4,620) at the end of the period.

At year-end, net debt totalled SEK 1,206 million (1,176). Provisions for pensions, which are included in net debt, amounted to SEK 869 million (654) at the end of the period, while net borrowing amounted to SEK 337 million (522).

At year-end, the debt/equity ratio was 38 per cent (37).

Shareholders' equity at year-end amounted to SEK 3,196 million (3,158).

The equity/assets ratio at year-end was 41 per cent (44).

Nobia's credit frameworks, which are valid until 2019 and 2017, respectively, amounted to SEK 1.8 billion, excluding overdraft facilities, at the end of 2014. In 2014, Nobia agreed on a new syndicated loan of SEK 1 billion, valid until 2019, with a small group of banks. At the end of December 2014, SEK 1.0 billion of the credit frameworks were unutilised.

Divestment of Hygena

In October, Nobia signed an agreement concerning the sale of Hygena Cuisines SAS to the French kitchen company Fournier Group for purchase consideration of EUR 20 million, on a cash and debt-free basis. The transaction was subject to approval by the French competition authorities. In conjunction with signing the sale agreement, Hygena's net assets were reclassified to Disposal group held for sale in accordance with IFRS 5. The sale of Hygena had a negative impact of SEK 487 million on the Group's net profit for 2014, attributable to impairment of goodwill and deferred tax assets and costs related to the divestment, and is recognised as a restructuring cost.

Acquisition of Rixonway Kitchens

In December, Nobia acquired Rixonway Kitchens, a large kitchen supplier in the UK project market and a leader in the social housing segment, from August Equity LLP and Rixonway Kitchens' company management. The acquisition strengthens Nobia's position in the UK kitchen market and enables synergy effects.

The purchase consideration consisted of an up-front consideration of GBP 31 million, on a cash and debt-free basis, and a variable cash consideration of a maximum of GBP 3 million. The variable payment is conditional upon the business performance. Rixonway Kitchens has annual net sales of approximately GBP 40 million and an operating margin of about 10 per cent and was consolidated into Nobia's financial statements on 1 November 2014.

Significant events after the end of the year

On 26 January 2015, Nobia's Nomination Committee announced its proposal of Christina Ståhl, President of MQ and Tomas Billing, President of Nordstjernan as new Board members. The Nomination Committee has also proposed Tomas Billing as the new Board Chairman. The present Chairman, Johan Molin, has declined re-election.

On 23 February 2015, the French competition authority approved Nobia's sale of Hygena to the Fournier Group. The transaction took place on 2 March 2015.

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 2015 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 2014, the average number of employees was 6,636 (6,690). The number of employees at year-end was 6,925 (6,544). The increase in the number of employees was mainly due to the acquisition of Rixonway Kitchens.

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 2014, 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 13 production units, located in seven European countries, satisfy the environmental requirements determined by each country and 12 of these have been awarded ISO 14001 certification.

Nobia works consistently to reduce the Group's CO2 emissions. In 2014, the Group's CO2 emissions per produced cabinet declined 6 per cent. Other key sustainability-related performance indicators for Nobia, such as the number of workplace-related accidents and number of supplier audits, are presented on pages 22-27.

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 153 million (113) 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 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, 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.

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. The aim was to enable whole or partial acquisition financing through payment using treasury shares, but also to adjust the company's capital structure and thereby contribute to higher shareholder value.

The 2014 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. No shares were bought back during the year.

The 2014 Annual General Meeting also

authorised the Board, for the period until the 2015 Annual General Meeting, to decide on the transfer of bought-back shares for the purpose of delivering shares under the employee share option scheme decided at the 2011 Annual General Meeting. In 2014, Nobia's Board decided to transfer 395,000 bought-back shares based on this authorisation. Nobia received SEK 21,369,500 for these shares. At the end of 2014, the number of treasury shares after transfers amounted to 7,767,300, corresponding to 4.4 per cent of the total number of shares. These shares were acquired in 2007 and 2008 for a total amount of SEK 445,406,151. The number of additional shares that will be transferred during the period until the 2015 Annual General Meeting is based on the number of employee share options that will actually be utilised, but will not exceed 640,000 shares.

At the beginning of 2015, the ten largest owners held about 69 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 the option of terminating all loans if the control of the company were to be significantly altered. If any one party, or jointly with other parties (under formal or informal forms) gains control of the company, the lenders are entitled to terminate all outstanding loans for payment. The term "control of the company" pertains to control of more than half of the total number of votes or capital, or the acquisition of direct and decisive influence over the appointment of the Board of Directors or members of 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 2014

The guidelines for 2014 essentially correspond with the proposed guidelines for 2015.

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 resolved by the Annual General Meeting 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 2014 conformed to the remuneration guidelines decided at the 2014 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, 2013 and 2014 Annual General Meetings to establish a long-term, share-based remuneration scheme based on matching and performance shares (Performance Share Plans 2012–2014) rather than employee share options. The Remuneration Committee's evaluation concluded that the conditions established for the Performance Share Plans 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 previous Performance Share Plans.

Proposal on remuneration guidelines and other employment conditions for Group management 2015

The Board of Directors of Nobia AB proposes that the 2015 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 13 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 2013 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 the other senior executives are established by the President following recommendations by 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 11,700,000 (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 retirement age 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 costs 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 employee share option scheme expired on 31 May 2014. The scheme encompasses a total of 105 senior executives, including Group management. The costs for the scheme are reported prior to the Annual General Meeting and in Nobia's Annual Report.

A resolution was made at the 2012, 2013 and 2014 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 matching and performance shares in Nobia. The conditions are linked to the participant's continued employment and ownership of invested shares, and to fulfilment of a financial performance target. The minimum level adopted by the Board for allotment of performance share rights under the Performance Share Plan 2013 was accumulated earnings per share excluding restructuring costs of SEK 4.50. Since the accumulated earnings per share excluding restructuring costs for the 2013 and 2014 fiscal years amounted to SEK 5.50, 75 per cent of the Board's target figure was achieved and thus performance share rights under the Performance Share Plan 2013 will be allotted after the interim report for the first quarter of 2016. The costs for the scheme are reported prior to each Annual General Meeting and in Nobia's Annual Reports. The Board is entitled to deviate from the guidelines described above if the Board finds that particular reasons warrant this in a specific case.

According to calculations, Nobia will have an obligation to deliver matching shares to participants of the Performance Share Plan 2012 after the interim report for the first quarter of 2015.

The Board has proposed that the 2015 Annual General Meeting resolve on a new share-based, long-term remuneration scheme ("Performance Share Plan 2015"). 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 81.25, will amount to approximately SEK 12.7 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	1,767,473,707
Net profit for the year	153,860,553
Total SEK	**1,973,559,746**

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

Dividend of SEK 1.75 per share to be paid to shareholders	293,170,777
To be carried forward	1,680,388,969
Total SEK	**1,973,559,746**

The Board proposes a dividend of SEK 1.75 per share (1.00) for the 2014 fiscal year. The record date to be entitled to receive dividend is proposed as Thursday, 16 April 2015. If the Annual General Meeting resolves in accordance with the proposal, the dividend is expected to be paid on 21 April 2015.

RISKS AND RISK MANAGEMENT

Nobia is exposed to both commercial and financial risks. Commercial risks can be divided into strategic, business development-related, operating, sustainability-related and political and legal risks. Financial risks are attributable to currencies, interest rates, liquidity, borrowing and credit granting, financial instruments 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 38.

Business-development risks

Risks associated with business development, such as acquisitions and major structural changes, are managed by the Group's M&A department and 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 and Austria, for example, competition increased and the weak economic trend in 2014 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 providing added value to customers in the form of complete solutions with accessories and installation.

In 2014, overall demand in the Nordic countries remained unchanged, while demand in the UK rose slightly. Demand in Continental Europe remained weak 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 2014, Nobia continued to increase its prices where possible, which had a positive impact on net sales and profitability compared with 2013.

Customers
Kitchens to end-customers are sold through 311 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. The number of own stores declined following the sale of Hygena, which led to a lower share of fixed costs and thus lower risk. However, own stores allow the concepts to be profiled with higher 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 2014 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 main markets, except that the UK has a slightly higher percentage of fixed costs due to its extensive store networks.

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

In 2014, Nobia purchased materials and components valued at about SEK 5.0 billion, of which some 15 per cent pertained to raw materials (such as chipboard), about 55 per cent to components (such as handles and hinges) and about 30 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 and components fell slightly in 2014 despite rising prices during the first half of the year. Costs for board materials increased and, compared with 2013, the cost of chipboard was about 2 per cent higher in the Nordic region, 1 per cent higher in the Continental Europe region and 7 per cent higher in the UK region. Chipboard prices rose by a total of about 4 per cent in 2014 due, in part, to higher demand from the housing construction industry and for biomass, as well as weak competition among suppliers. 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 2014, the Group's brand portfolio, innovation, product-range development, production and sourcing continued to be coordinated. An e-commerce service was launched in Denmark at the start of 2015. The strategic direction is described in more detail on pages 8–9. 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 2014 were related to costs that arose in association with divestment of the Hygena, the introduction of the common standard dimension and the acquisition of Rixonway Kitchens.

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 renovation 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.

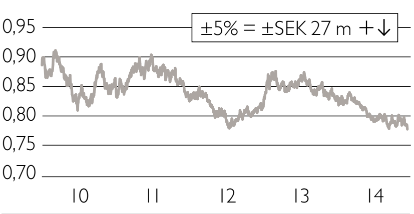
Financial risks

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 instruments and pensions. All of these risks are managed in accordance with the finance policy, which has been adopted by the Board.

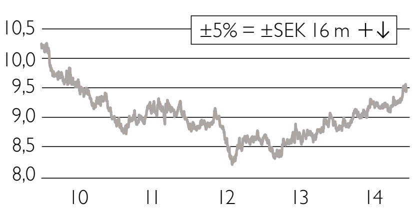
Currency exposure

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 currency movements occurring today will be delayed to some extent. Nobia is also affected by translation differences when

EUR/GBP



EUR/SEK



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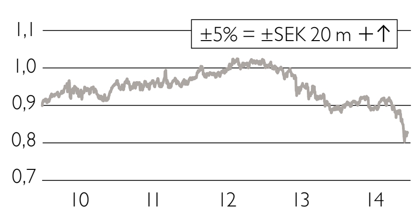

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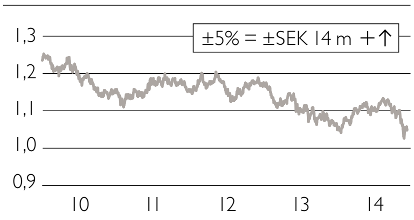


consolidated sales and operating income are translated into SEK.

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. For a transition period, one of the UK operation's production facilities is delivering to French kitchen company Fournier Group, which acquired Hygena, 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 60.

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 test the value of assets and liability items in the balance sheet.

Impairment testing of goodwill

Nobia's balance sheet includes acquisition goodwill totalling SEK 2,278 million (2,153). The value of this asset item is tested annually and more often if there is any indication of impairment requirement. In 2014, goodwill was impaired by SEK 328 million regarding Hygena. Other than the impairment of Hygena's goodwill, testing did not indicate any impairment requirement in 2014. For a more detailed description, refer to Note 1 Significant accounting policies on page 55 and Note 14 Intangible assets on page 70.

Calculation of pension liabilities

Nobia's balance sheet includes pension liabilities of SEK 869 million (654) 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 55 and Note 25 Provisions for pensions on page 76.

Deferred tax assets

The Group's loss carryforwards for which deferred tax assets were recognised in the amount of SEK 94 million (238). 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 2014, impairment of deferred tax assets of SEK 151 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 78 and Note 1 Significant accounting policies on page 55.

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 Nasdaq Stockholm.

Nobia has applied the Swedish Corporate Governance Code (the Code) since 1 July 2005 and in 2014, 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.

2014 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 2014 Annual General Meeting was held on 9 April at Lundqvist & Lindqvist Klara Strand Konferens, Klarabergsviadukten 90 in Stockholm. Some 155 shareholders participated in the 2014 Annual General Meeting, representing 63 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 1.00 per share to shareholders. The Meeting also resolved that the number of Board members should be eight 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. Stefan Jacobsson and Ricard Wennerklint were elected new Board members. All other Board members were re-elected and Johan Molin was re-elected Board Chairman. The Annual General Meeting re-elected KPMG as the company's auditor, with George Pettersson as the new Auditor-in-Charge. Nobia's previous Auditor-in-Charge, Helene Willberg, left her assignment due to the rotation rules of the Swedish Companies Act. An assignment as an auditor-in-charge for a limited liability company may be a maximum of seven consecutive years. In accordance with the Board of Directors' recommendation, the Annual General Meeting also resolved on guidelines and other employment conditions for the senior executives, a performance share plan and to authorise the Board of Directors to make decisions regarding acquisitions and sales of treasury 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 submitting 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 2014, 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 treasury 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 its proposals, the Nomination Committee is to pay particularly attention to the requirement of diversity and breadth on the Board and the requirement of an even gender distribution. In addition, the Nomination Committee is to submit proposals to the Annual General Meeting, where appropriate, on decisions for the principles of the composition of the Nomination Committee.

Prior to the 2015 Annual General Meeting, the Nomination Committee comprised the following members: Tomas Billing (Nomination Committee Chairman), Nordstjernan; Fredrik Palmstierna, Latour; Evert Carlsson, Swedbank Robur funds and Torbjörn Magnusson, If Skadeförsäkring and, following a decision by the other members of the Nomination Committee, the Chairman of the Board Johan Molin. The members of the Nomination Committee represented approximately 53 per cent of the shares and votes in the company. No remuneration is paid to the Committee members.

The Nomination Committee held four minuted meetings prior to the 2015 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 2015 Annual General Meeting are incorporated in the notice of the Annual General Meeting, which was published on Nobia's website on 13 March. Proposed new 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

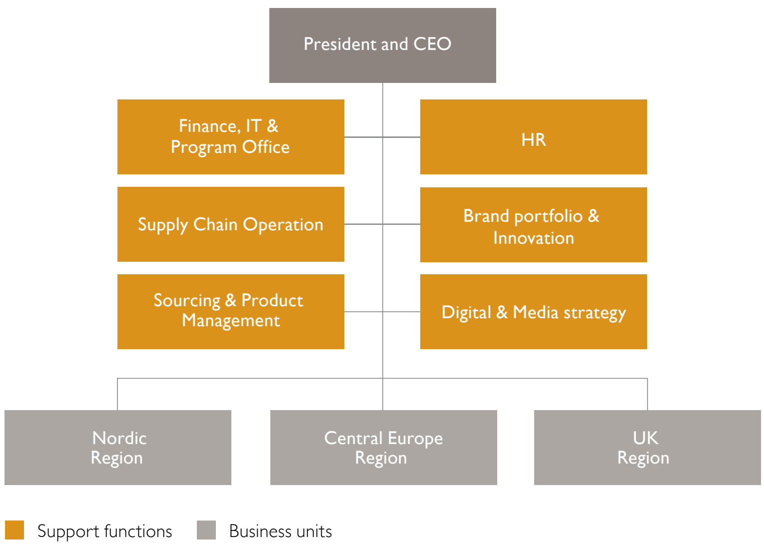
In accordance with Nobia's Articles of Association, the Board is, to the extent appointed by the General Meeting, to comprise not fewer than three and not more than nine members, with not more than three deputy members. The 2014 Annual General Meeting resolved that the Board was to comprise eight members 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. The Board is to have an appropriate composition with respect to the company's operations, stage of development, strategy and other circumstances, and be characterised by diversity and breadth in terms of the competencies, experience and background of the Board members elected by the Annual General Meeting. Efforts are to be made to achieve an even gender distribution. Furthermore, a majority of the Board members elected by the Annual General Meeting are to be independent in relation to the company and company management. 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 that is proposed to the 2015 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 nine scheduled meetings during the 2014 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 2014, 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, innovation, range and supply chain were key components of these efforts. The focus remained targeted to efficiency and growth. In parallel with offensive investments, potential acquisitions for generating profitable growth were evaluated during the year. The Board also worked on the divestment of Hygena, which was completed during the first quarter of 2015. In the summer of 2014, the Board visited Nobia in Norway. The Board members are presented on pages 40–41. Attendance at Board meetings is shown in the table on page 38.

The work of the Board in 2014 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

Nobia's organisation



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 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 2014, 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 results of the audit of internal control, which analysed the results of the self-assessment of the internal control that the Group's business units perform every year, and reported on the IT audit performed. Also at this meeting, the auditors presented their observations from the hard-close audit. The examination of the annual accounts for 2014 was presented at the Board meeting in February 2015.

In 2014, 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 2014 Annual General Meeting until the 2015 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 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, 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 a period of service of one year. The targets for the President are determined by the Board. The targets for the other senior executives are established by the President following recommendations by the Board's Remuneration Committee.

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 required that participants acquire shares in Nobia. A resolution was made at the 2013 and 2014 Annual General Meetings to introduce new long-term share-based remuneration schemes ("Performance Share Plan 2013 and Performance Share Plan 2014") based on the same principles of the Performance Share Plan 2012 The remuneration schemes are described in more detail in the Financial overview of the Board of Directors' Report on pages 28–32. The remuneration and benefits of senior executives are described in Note 4 on pages 64–68.

Group management

The President and Group management, see pages 42–43, 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 at the 2014 Annual General Meeting for a mandate period of one year until the conclusion of the 2015 Annual General Meeting. Nobia's Auditor-in-Charge, Helene Willberg, left her assignment at the Meeting due to the rotation rules of the Swedish Companies Act. George Pettersson was elected

Board of Directors in 2014

		Board meetings, 9 meetings in total	Remuneration Committee, 3 meetings in total	Born	Board member since	Nationality	Independence
Johan Molin	Chairman	9	3	1959	2010	Swedish	Not independent[1)]
Morten Falkenberg	President and CEO	9		1958	2011	Danish	Not independent[2)]
Lilian Fossum Biner	Board member	9		1962	2012	Swedish	Independent
Nora Førisdal Larssen	Board member	9	3	1965	2011	Norwegian	Not independent[1)]
Stefan Jacobsson[3)]	Board member	8		1952	2014	Swedish	Independent
Thore Olsson	Board member	9		1943	2007	Swedish	Independent
Fredrik Palmstierna	Board member	9	3	1946	2006	Swedish	Not independent[1)]
Ricard Wennerklint[3)]	Board member	8		1969	2014	Swedish	Not independent[1)]
Per Bergström	Employee representative	9		1960	2000	Swedish	
Marie Ströberg	Employee representative	5		1973	2007	Swedish	
Patrik Falck[4)]	Employee representative	8		1965	2011	Swedish	
Terese Asthede[4)]	Employee representative	7		1971	2013	Swedish	

1) In relation to major shareholders
2) President
3) New Board member from 9 April 2014
4) Deputy

new Auditor-in-Charge. The Nomination Committee's proposals for auditing firm and Auditor-in-Charge prior to the 2015 Annual General Meeting were presented in the notice of the Annual General Meeting, which was published on Nobia's website on 13 March. The interaction of the auditors with the Board is described above. Nobia's purchases of services from this firm in, in addition to audit assignments, are described in Note 6 on page 69.

The Board's description of internal control and risk management systems regarding the financial reporting for the 2014 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, which 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 33–35.

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.

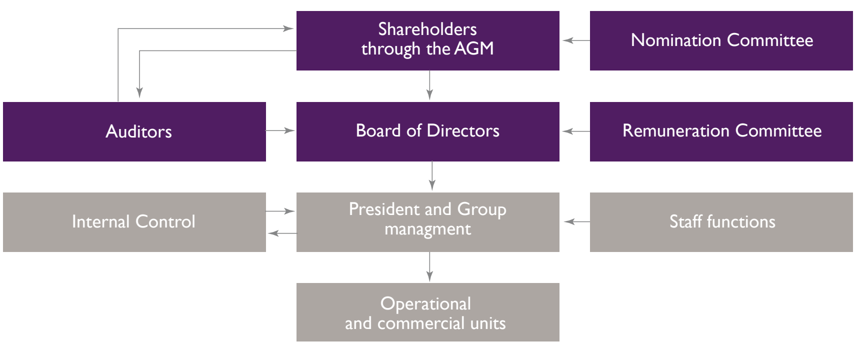
The Group's internal control function, which is an integrated part of the central finance function, monitored viewpoints that emerged during the year from the internal control self-assessment at some of the larger units.

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.

Key external regulatory frameworks:
- Swedish Companies Act
- IFRS and Swedish Annual Accounts Act
- Nasdaq Stockholm's Rule book for Issuers
- 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's Financial & Accounting Manual
- Risk Management Process

Overview of governance at Nobia



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.

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 at TDC Mobile and the Coca-Cola Company.
Holding in Nobia: 467,188 shares (private and occupational pension) and 70,000 employee share options.
Holding in related companies: –

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.

4 Lilian Fossum Biner

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

5 Thore Ohlsson

Born 1943.
President of Elimexo.
Board member since 2007.
Independent.
Board assignments: Chairman of Thomas Frick and Friskvårdscenter AB. Board member of Bastec AB, 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.

6 Fredrik Palmstierna

Born 1946.
B.Sc. Business Economics, 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: 371,000 shares.






7 Ricard Wennerklint

Born 1969.
Deputy CEO of If Skadeförsäkring and member of Sampo Group Executive Committee. Board member since 2014. Dependent in relation to major shareholders.
Previous employment: CFO of If Skadeförsäkring.
Holding in Nobia: 5,000 shares.

10 Marie Ströberg

Born 1973.
Employee representative since 2007.
Employed at Nobia Svenska Kök since 2007.
Holding in Nobia: –

8 Stefan Jacobsson

Born 1952.
Board member since 2014.
Independent.
Board assignments: Chairman of Thule Group AB and Woody Bygghandel AB and Board member of Etac AB.
Previous employment: CEO of Puma AG, NFI Corp., ABU/Garcia AB and Tretorn AB.
Holding in Nobia: –

11 Patrik Falck

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

9 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: –

12 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

George Pettersson

Other audit assignments: Addtech, Kungsleden, Sandvik and Skanska.

GROUP MANAGEMENT

1 Morten Falkenberg

Born 1958.
B.Sc. Business Administration.
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 at TDC Mobile and the Coca-Cola Company.
Holding in Nobia: 467,188 shares (private and occupational pension) and 70,000 employee share options.
Holding in related companies: –

4 Christian Rösler

Born 1967.
Executive Vice President, Central Europe region and Head of Ewe/FM.
Employed at Nobia sedan 2007.
Previous employment: Management positions at IKEA Austria.
Holding in Nobia: 864 shares and 25,000 employee share options.

2 Mikael Norman

Born 1958. CFO.
Employed at Nobia since 2010.
Previous employment: Group controller at Electrolux.
Holding in Nobia: 34,314 shares and 50,000 employee share options.

5 Lars Bay-Smidt

Born 1968.
Executive Vice President, Nordic region and Head of Commercial 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: 1,711 shares.

3 Peter Kane

Born 1965.
Executive Vice President, UK Region and Head of Magnet.
Employed at Magnet since 1984.
Previous employment: Management positions at Magnet.
Holding in Nobia: 28,301 shares and 50,000 employee share options.

6 Michael Larsen

Born 1971.
Executive Vice President, Supply Chain Operations.
Employed at Nobia since 2008.
Previous employment: Head of Supply Chain at HTH Køkkener A/S, Gumlink A/S, Dandy A/S, Arriva Scandinavia A/S and Bodilsen A/S.
Holding in Nobia: 1,670 shares and 20,000 employee share options.

7 Nick Corlett

Born 1965.
Executive Vice President, Sourcing and Product Management.
Employed at Nobia since 2012.
Previous employment: Leading positions at Howdens Joinery and MFI Group.
Holding in Nobia: 5,145 shares.

8 Rune Stephansen

Born 1965.
Executive Vice President and Head of Commercial Sweden.
Employed at Nobia since 2009.
Previous employment: Leading positions at Marbodal, Kvik, Sportex, Rusta, IKEA and Jysk.
Holding in Nobia: 4,885 shares and 20,000 employee share options.

9 Ole Dalsbø

Born 1966.
Executive Vice President and Head of Commercial Norway.
Employed at Nobia since 2004.
Previous employment: Leading positions at Nobia Norway, Norema and Sigdal Kjøkken.
Holding in Nobia: 7,525 shares.

10 Erkka Lumme

Born 1974.
Executive Vice President and Head of Commercial Finland.
Employed at Nobia since 2012.
Previous employment: Senior positions in sales and marketing at IDO Badrum and Pukkila.
Holding in Nobia: –

11 Annica Hagen

Born 1977.
Executive Vice President, Brand Portfolio and Innovation.
Employed at Nobia since 2014.
Previous employment: Senior positions in innovation and marketing at Electrolux and Pernod Ricard.
Holding in Nobia: 1,522 shares.

12 Kim Lindqvist

Born 1974.
Executive Vice President, Digital and Media Strategy.
Employed at Nobia since 2012.
Previous employment: Senior positions in marketing and innovation at Electrolux.
Holding in Nobia: 8,977 shares.

13 Thomas Myringer

Born 1960.
Executive Vice President, HR Director.
Employed at Nobia since 2003.
Previous employment: Senior HR positions at the Skanska Group.
Holding in Nobia: 9,384 shares and 30,000 employee share options.

FINANCIAL STATEMENTS
THE GROUP AND PARENT COMPANY

CONSOLIDATED INCOME STATEMENT

SEK m	Note	2013	2014
Net sales	3	11,773	12,392
Cost of goods sold	4, 7, 10, 11, 25	–6,949	–7,275
Gross profit		**4,824**	**5,117**
Selling expenses	4, 7, 10, 11, 25	–3,475	–3,929
Administrative expenses	4, 6, 7, 10, 11, 25	–688	–778
Other operating income	8	76	63
Other operating expenses	9	–83	–61
Operating profit		**654**	**412**
Financial income	12	13	12
Financial expenses	12	–107	–90
Profit after financial items		**560**	**334**
Tax on net profit for the year	13, 26	–195	–344
Net profit/loss for the year from continuing operations		**365**	**–10**
Loss from discontinued operations, net after tax	32	–15	–17
Net profit/loss for the year		**350**	**–27**
Net profit/loss for the year attributable to:			
Parent Company shareholders		351	–28
Non-controlling interests		–1	1
Net profit/loss for the year		**350**	**–27**
Earnings per share, before dilution, SEK[1]	23	2.10	–0.17
Earnings/loss per share, after dilution, SEK[1]	23	2.10	–0.17
Earnings/loss per share from continuing operations, before dilution, SEK	23	2.19	–0.06
Earnings/loss per share from continuing operations, after dilution, SEK	23	2.19	–0.06
Number of shares before dilution[2]	23	167,131,158	167,526,158
Average number of shares before dilution[2]	23	167,131,158	167,334,491
Number of shares after dilution[2]	23	167,351,279	167,526,158
Average number of shares after dilution[2]	23	167,309,523	167,334,491

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	2013	2014
Net profit/loss for the year		350	–27
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange-rate differences attributable to translation of foreign operations	22	109	369
Cash-flow hedges before tax	22	4	–5
Tax attributable to hedging reserve for the period	22	–1	1
Items that will not be reclassified to profit or loss			
Remeasurements of defined-benefit pension plans	25	150	–202
Tax attributable to remeasurements of defined-benefit pension plans		–37	41
		113	**–161**
Other comprehensive income for the year		**225**	**204**
Total comprehensive income for the year		**575**	**177**
Total comprehensive income for the year attributable to:			
Parent Company shareholders		576	176
Non-controlling interests		–1	1
Total comprehensive income for the year		**575**	**177**

COMMENTS AND ANALYSIS OF INCOME STATEMENT

Net sales rose 5 per cent to SEK 12,392 million (11,773). 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.

	2014				2014	
Analysis of net sales, %	I	II	III	IV	%	SEK m
2013						11,773
Organic growth	3	–3	–3	3	0	–11
– of which UK region[1]	2	–2	2	1	1	35
– of which Nordic region[1]	6	–2	–3	6	2	85
– of which Continental Europe region[1]	–1	–5	–12	–1	–5	–131
Currency effect	3	5	8	6	6	675
Divested operations[2]	–3	–1	0	0	–1	–102
Acquired operations[3]	–	–	–	2	0	57
2014	**3**	**2**	**5**	**11**	**5**	**12,392**

1) Organic growth for each organisational region.
2) Pertains to the sale of Optifit on 1 May 2013.
3) Pertains to the acquisition of Rixonway Kitchens, which was consolidated on 1 November 2014.

Net sales and profit/loss per region

	UK region		Nordic region		Continental Europe region		Group-wide and eliminations		Group	
SEK m	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Net sales from external customers	4,055	4,590	5,027	5,213	2,691	2,589	–		11,773	12,392
Net sales from other regions	85	112	1	2	4	2	–90	–116	–	–
Total net sales	**4,140**	**4,702**	**5,028**	**5,215**	**2,695**	**2,591**	**–90**	**–116**	**11,773**	**12,392**
Gross profit excluding restructuring costs	1,652	1,922	2,048	2,112	1,105	1,123	19	17	4,824	5,174
Gross margin excluding restructuring costs, %	39.9	40.9	40.7	40.5	41.0	43.3	–	–	41.0	41.8
Operating profit/loss excluding restructuring costs	247	348	633	666	–47	–11	–143	–158	690	845
Operating margin excluding restructuring costs, %	6.0	7.4	12.6	12.8	–1.7	–0.4	–	–	5.9	6.8
Operating profit	247	265	633	660	–83	–19	–143	–494	654	412
Operating margin, %	6.0	5.6	12.6	12.7	–3.1	–0.7	–	–	5.6	3.3

Depreciation/amortisation and impairment of fixed assets for the year amounted to SEK 722 million (390).

Specification of restructuring costs[1]

SEK m	2013	2014
Restructuring costs by function		
Cost of goods sold	–	–57
Selling and administrative expenses	–	–364
– of which impairment of goodwill in Hygena	–	–328
Other income/expenses	–36	–12
Total restructuring costs	**–36**	**–433**
Restructuring costs per region		
UK	–	–83[2]
Nordic	–	–6
Continental Europe	–36	–8
Group-wide and eliminations	–	–336
– of which impairment of goodwill in Hygena	–	–328
Group	**–36**	**–433**

1) Pertains to costs that impact operating profit. Restructuring costs that impact profit after tax amounted to SEK 564 million.
2) Impairment amounts to SEK 17 million and pertains to kitchen displays.

Impact of exchange rate (Operating profit excluding restructuring costs)

	Translation effect		Transaction effect		Total effect	
	2013	2014	2013	2014	2013	2014
UK region	–10	35	–25	25	–35	60
Nordic region	–10	15	–10	–75	–20	–60
Continental Europe region	0	0	–5	10	–5	10
Group	**–20**	**50**	**–40**	**–40**	**–60**	**10**

Quarterly data per region

	2013				2014			
	I	II	III	IV	I	II	III	IV
Net sales, SEK m								
UK	991	1,086	1,034	1,029	1,099	1,173	1,208	1,222
Nordic	1,200	1,449	1,104	1,275	1,262	1,448	1,123	1,382
Continental Europe	622	756	685	632	561	724	647	659
Group-wide and eliminations	–9	–29	–25	–27	–25	–31	–28	–32
Group	**2,804**	**3,262**	**2,798**	**2,909**	**2,897**	**3,314**	**2,950**	**3,231**
Gross profit excluding restructuring costs, SEK m								
UK	394	429	407	422	444	477	505	496
Nordic	476	612	439	521	503	599	457	553
Continental Europe	240	300	288	277	226	312	299	286
Group-wide and eliminations	8	3	5	3	3	6	5	3
Group	**1,118**	**1,344**	**1,139**	**1,223**	**1,176**	**1,394**	**1,266**	**1,338**
Gross margin excluding restructuring costs, %								
UK	39.8	39.5	39.4	41.0	40.4	40.7	41.8	40.6
Nordic	39.7	42.2	39.8	40.9	39.9	41.4	40.7	40.0
Continental Europe	38.6	39.7	42.0	43.8	40.3	43.1	46.2	43.4
Group	**39.9**	**41.2**	**40.7**	**42.0**	**40.6**	**42.1**	**42.9**	**41.4**
Operating profit/loss excluding restructuring costs, SEK m								
UK	32	77	65	73	51	103	108	86
Nordic	111	224	136	162	128	207	138	193
Continental Europe	–48	–10	9	2	–39	0	18	10
Group-wide and eliminations	–33	–42	–30	–38	–43	–35	–31	–49
Group	**62**	**249**	**180**	**199**	**97**	**275**	**233**	**240**
Operating margin excluding restructuring costs, %								
UK	3.2	7.1	6.3	7.1	4.6	8.8	8.9	7.0
Nordic	9.3	15.5	12.3	12.7	10.1	14.3	12.3	14.0
Continental Europe	–7.7	–1.3	1.3	0.3	–7.0	0.0	2.8	1.5
Group	**2.2**	**7.6**	**6.4**	**6.8**	**3.3**	**8.3**	**7.9**	**7.4**
Operating profit, SEK m								
UK	32	77	65	73	51	103	108	3
Nordic	111	224	136	162	128	207	138	187
Continental Europe	–48	–46	9	2	–39	0	18	2
Group-wide and eliminations	–33	–42	–30	–38	–43	–35	–357	–59
Group	**62**	**213**	**180**	**199**	**97**	**275**	**–93**	**133**
Operating margin, %								
UK	3.2	7.1	6.3	7.1	4.6	8.8	8.9	0.2
Nordic	9.3	15.5	12.3	12.7	10.1	14.3	12.3	13.5
Continental Europe	–7.7	–6.1	1.3	0.3	–7.0	0.0	2.8	0.3
Group	**2.2**	**6.5**	**6.4**	**6.8**	**3.3**	**8.3**	**–3.2**	**4.1**

CONSOLIDATED BALANCE SHEET

SEK m	Note	31 Dec 2013	31 Dec 2014
ASSETS			
Intangible assets	14		
Goodwill		2,153	2,278
Other intangible assets		176	158
		2,329	**2,436**
Tangible fixed assets	15		
Land and buildings		784	816
Investments in progress and advance payments		13	34
Machinery and other technical equipment		725	543
Equipment, tools, fixtures and fittings		354	279
		1,876	**1,672**
Interest-bearing long-term receivables (IB)	16	6	7
Other long-term receivables	16	49	28
Deferred tax assets	26	410	303
Total fixed assets		**4,670**	**4,446**
Inventories			
Raw materials and consumables		261	272
Products in progress		69	77
Finished products		373	415
Goods for resale		146	89
		849	**853**
Current receivables			
Tax assets		91	17
Accounts receivable	2	949	1 091
Derivative instruments	2,18	10	20
Interest-bearing current receivables (IB)		2	1
Other receivables	2	91	118
Prepaid expenses and accrued income	19	230	247
Assets held for sale	33	15	592
		1,388	**2,086**
Cash and cash equivalents (IB)	20	278	470
Total current assets		**2,515**	**3,409**
Total assets		**7,185**	**7,855**
Of which interest-bearing items (IB)		286	478

SEK m	Note	31 Dec 2013	31 Dec 2014
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to Parent Company shareholders			
Share capital	21	58	58
Other contributed capital		1,463	1,470
Reserves	22	–366	7
Profit brought forward		1,999	1,656
		3,154	**3,191**
Non-controlling interests		4	5
Total shareholders' equity		**3,158**	**3,196**
Provisions for guarantees		11	12
Provisions for pensions (IB)	25	654	869
Deferred tax liabilities	26	162	143
Other provisions	27	198	147
Liabilities to credit institutions (IB)	2, 28	806	804
Other liabilities (IB)	2	0	7
Total long-term liabilities		**1,831**	**1,982**
Liabilities to credit institutions (IB)	2, 28	1	1
Overdraft facilities (IB)	2, 20	0	0
Other liabilities (IB)	2	1	3
Advance payments from customers		209	179
Accounts payable	2	860	1,053
Current tax liabilities		87	85
Derivative instruments	2, 18	7	24
Other liabilities	2	341	365
Accrued expenses and deferred income	29	688	607
Liabilities attributable to assets held for sale	33	2	360
Total current liabilities		**2,196**	**2,677**
Total shareholders' equity and liabilities		**7,185**	**7,855**
Of which interest-bearing items (IB)		1,462	1,684

Information on consolidated pledged assets and contingent liabilities is provided in Note 31 on page 81.

COMMENTS AND ANALYSIS OF BALANCE SHEET

Goodwill
Information on goodwill, including comments, is provided in Note 14 on page 70.

Financing
Net debt increased to SEK 1,206 million (1,176) at the end of the period. A positive operating cash flow of SEK 779 million reduced net debt. The increase in net debt derived from acquisition of operations with a total effect of SEK 361 million, remeasurements of defined-benefit pension plans of SEK 195 million, interest paid of SEK 37 million, change in pension liabilities of SEK 40 million and dividends of SEK 167 million. The debt/equity ratio amounted to 38 per cent at the end of the year (37 per cent at the beginning of the year). The change in net debt is shown in the table below.

Analysis of net debt

	Group	
SEK m	2013	2014
Opening balance	1,707	1,176
Acquisition of operations	–	361
Divestment of operations	38	16
Translation differences	1	14
Operating cash flow	–601	–779
Interest	54	37
Remeasurements of defined-benefit pension plans	–150	195
Change in pension liabilities	43	40
Dividend	84	167
Sale of bought-back shares	–	–21
Closing balance	**1,176**	**1,206**

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

Components of net debt

	Group	
SEK m	2013	2014
Bank loans, etc.	808	806
Provisions for pensions	654	869
Leasing	–	9
Cash and cash equivalents	–278	–470
Other financial receivables	–8	–8
Total	**1,176**	**1,206**

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 2013	**58**	**1,458**	**–470**	**0**	**1,611**	**2,657**	**5**	**2,662**
Net profit/loss for the year	–	–	–	–	351	351	–1	350
Other comprehensive income for the year	–	–	109	3	113	225	0	225
Total 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**
Opening balance, 1 January 2014	**58**	**1,463**	**–361**	**3**	**1,991**	**3,154**	**4**	**3,158**
Net profit/loss for the year	–	–	–	–	–28	–28	1	–27
Other comprehensive income for the year	–	–	369	–4	–161	204	0	204
Total comprehensive income for the year	**–**	**–**	**369**	**–4**	**–189**	**176**	**1**	**177**
Dividend	–	–	–	–	–167	–167	0	–167
Allocation of employee share option schemes and performance share plans	–	7	–	–	–	7	–	7
Sale of bought-back shares	–	–	–	–	21	21	–	21
Closing balance, 31 December 2014	**58**	**1,470**	**8**	**–1**	**1,656**	**3,191**	**5**	**3,196**

CONSOLIDATED CASH-FLOW STATEMENT AND COMMENTS

SEK m	Note	2013	2014
Operating activities			
Operating profit		654	412
Depreciation/amortisation/impairment		390	722
Other adjustments for non-cash items		18	99
Income tax paid		–159	–194
Change in inventories		105	–51
Change in operating receivables		–11	–5
Change in operating liabilities		–166	68
Cash flow from operating activities		**831**	**1,051**
Investing activities			
Investments in tangible fixed assets		–227	–257
Investments in intangible assets		–24	–59
Sale of tangible fixed assets		36	58
Interest received		4	6
Increase/decrease in interest-bearing assets		–2	1
Other items in investing activities		–15	–14
Acquisition of operations	34	–	–250
Divestment of operations		–38	–16
Cash flow from investing activities		**–266**	**–531**
Operating cash flow before acquisitions/divestments of subsidiaries, interest, increase/decrease in interest-bearing assets		**601**	**779**
Operating cash flow after acquisitions/divestments of subsidiaries, interest, increase/decrease in interest-bearing assets		**565**	**520**
Financing activities			
Interest paid		–58	–43
Decrease in interest-bearing liabilities		–318[1]	–190[2]
Sale of bought-back shares		–	21
Dividend		–84	–167
Cash flow from financing activities		**–460**	**–379**
Cash flow for the year excluding exchange-rate differences in cash and cash equivalents		**105**	**141**
Cash and cash equivalents at the beginning of the year		**171**	**278**
Cash flow for the year		105	141
Exchange-rate differences in cash and cash equivalents		2	51
Cash and cash equivalents at year-end		**278**	**470**

1) Repayment of loans comprising SEK 130 million.
2) Repayment of loans comprising SEK 100 million.

Comments on the cash-flow statement
The cash flow from operating activities amounted to SEK 1,051 million (831). Working capital increased cash flow by SEK 12 million (decrease: 72) and was primarily attributable to higher current liabilities. Adjustments for non-cash items amounted to SEK 99 million (18) as specified in the table below.

Adjustments for non-cash items

SEK m	2013	2014
Capital gains/losses on fixed assets	–18	–12
Provisions	37	19
Other	–1	92
Total	**18**	**99**

Investments in fixed assets amounted to SEK 316 million (251).

Operating cash flow, that is, the cash flow after investments but excluding the acquisitions and divestments of operations, interest and increases/decreases in interest-bearing assets, amounted to SEK 779 million (601).

PARENT COMPANY

Parent Company income statement

SEK m	Note	2013	2014
Net sales		77	118
Administrative expenses	4, 6, 11, 25	–167	–238
Other operating expenses	8,9	–	–
Operating profit		**–90**	**–120**
Profit from participations in Group companies	12	244	312
Financial income	12	39	29
Financial expenses	12	–80	–68
Profit after financial items		**113**	**153**
Tax on net profit for the year	13	0	1
Net profit/loss for the year		**113**	**154**

Parent Company statement of comprehensive income

SEK m	Note	2013	2014
Net profit/loss for the year		113	154
Other comprehensive income for the year		–	–
Comprehensive income for the year		**113**	**154**

Parent Company cash-flow statement

SEK m	Note	2013	2014
Operating activities			
Operating profit		–90	–120
Adjustments for non-cash items		3	6
Dividend received	12	244	312
Interest received	12	39	29
Interest paid	12	–80	–68
Tax paid		0	0
Cash flow from operating activities before changes in working capital		**116**	**159**
Change in liabilities		–221	719
Change in receivables		279	–702
Cash flow from operating activities		**174**	**176**
Investing activities			
Provisions for pensions		1	2
Cash flow from investing activities		**1**	**2**
Financing activities			
Dividend		–84	–167
Decrease in item bought-back shares		0	21
Cash flow from financing activities		**–84**	**–146**
Cash flow for the year		**91**	**32**
Cash and cash equivalents at the beginning of the year		**61**	**152**
Cash flow for the year		91	32
Cash and cash equivalents at year-end		**152**	**184**

Parent Company balance sheet

SEK m	Note	31 Dec 2013	31 Dec 2014
ASSETS			
Fixed assets			
Financial fixed assets			
Shares and participations in Group companies	16,17	2,231	2,234
Other securities held as fixed assets		0	0
Total fixed assets		**2,231**	**2,234**
Current assets			
Current receivables			
Accounts receivable		13	8
Receivables from Group companies		2,501	3,195
Other receivables		6	12
Prepaid expenses and accrued income	19	47	54
Cash and cash equivalents	20	152	184
Total current assets		**2,719**	**3,453**
Total assets		**4,950**	**5,687**
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	–447
Profit brought forward		2,261	2,215
Net profit/loss for the year		113	154
		1,958	**1,974**
Total shareholders' equity		**3,687**	**3,703**
Provisions for pensions	25	11	13
Long-term liabilities			
Liabilities to credit institutions	28	800	800
Current liabilities			
Liabilities to credit institutions		0	0
Accounts payable		14	22
Liabilities to Group companies		406	1,110
Other liabilities		4	2
Accrued expenses and deferred income	29	28	37
Total current liabilities		**452**	**1,171**
Total shareholders' equity, provisions and liabilities		**4,950**	**5,687**
Pledged assets	31	–	–
Contingent liabilities	31	172	179

1) The number of shares outstanding was 167,526,158 (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 shareholders' equity
Opening balance, 1 January 2013	**58**	**1,671**	**52**	**–468**	**2,340**	**3,653**
Net profit/loss for the year	–	–	–	–	113	113
Comprehensive income for the year	**–**	**–**	**–**	**–**	**113**	**113**
Dividend	–	–	–	–	–84	–84
Allocation of employee share option schemes and performance share plans	–	–	–	–	5	5
Shareholders' equity, 31 December 2013	**58**	**1,671**	**52**	**–468**	**2,374**	**3,687**
Opening balance, 1 January 2014	**58**	**1,671**	**52**	**–468**	**2,374**	**3,687**
Net profit/loss for the year	–	–	–	–	154	154
Comprehensive income for the year	**–**	**–**	**–**	**–**	**154**	**154**
Dividend	–	–	–	–	–167	–167
Treasury shares, reissued	–	–	–	21	–	21
Allocation of employee share option schemes and performance share plans	–	–	–	–	8	8
Shareholders' equity, 31 December 2014	**58**	**1,671**	**52**	**–447**	**2,369**	**3,703**

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 24 March 2015.

Principles applied in the preparation of the financial statements

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

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

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

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

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

– 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 70. 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 94 million (238). 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

Changes to IFRS applied from 2014 did not have any effect on the consolidated financial statements.

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. The IASB has, with the exception of the rules on macro hedging, adopted IFRS 9 that contains a new model in certain respects for recognising and measuring financial instruments, a new expected loss impairment model and a revised approach for hedge accounting. IFRS 9 comes into effect on 1 January 2018, on the condition that the EU approves the standard before this date. The initial impression is that IFRS 9 will not have any discernible effects on Nobia's financial statements.

IFRS 15 Revenue from Contracts with Customers entails that IFRS will contain a single, principles based model for all industries, which is to replace existing standards and statements on revenue. Nobia is expected to be only marginally impacted, for example, by expanded disclosure requirements. IFRS 15 states 1 January 2017 as the application date. An approval process is underway in the EU that includes consideration of whether an application date of a one year is to be used. The EU is expected to approve IFRS 15 in the second quarter of 2015.

Other amendments to accounting policies with future application are not deemed to have any material effect on the consolidated financial statements.

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 presentation currency. This means that the earnings and financial position of all Group companies that have a functional currency that is different to the presentation currency are translated to the Group's presentation currency of SEK. Foreign subsidiaries' assets and liabilities are translated at the closing-date rate and all items recognised in profit or loss and other comprehensive income are translated at the average exchange rate for the year. Translation differences are recognised in other comprehensive income and are accumulated in a separate reserve in consolidated shareholders' equity.

Significant exchange rates	Closing-date rate		Average	
	31 Dec 2013	31 Dec 2014	2013	2014
DKK	1.20	1.28	1.16	1.22
EUR	8.94	9.52	8.65	9.10
GBP	10.73	12.14	10.19	11.29
NOK	1.06	1.05	1.11	1.09
USD	6.51	7.81	6.51	6.86

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 63 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.

Tax

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

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

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

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

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

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

Tangible fixed assets

Tangible fixed assets are recognised at cost with deductions for depreciation and any impairment. Cost includes expenses that can be directly attributed to the acquisition. The borrowing costs of the cost of any assets established 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 70.

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

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 rate of 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 agreements 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. A receivable is recognised when the company has performed a service and a contractual payment obligation arises for the counterparty, even if an invoice has not been sent. 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.

– Cash-flow hedges, interest-rate risk
Interest swaps can be used to hedge the uncertainty of highly probable forecasted interest-rate flows for borrowing at variable interest, whereby the company receives variable interest and pay fixed interest. Interest swaps are measured at fair value in the statement of financial position. The interest coupon portion is continuously recognised in profit or loss as a portion of interest expense. Unrealised changes in fair value of interest swaps are recognised in other comprehensive income and are included as a portion of the hedging reserve until the hedged item impacted net profit for the year and as long as the criteria for hedge accounting and effectiveness are fulfilled. The gain or loss attributable to the ineffective portion of unrealised changes in value of interest swaps is recognised in profit or loss.

Impairment
The carrying amounts of the Group's assets are tested annually for indications of any impairment requirement. IAS 36 is applied for the impairment testing of assets other than financial assets, which are tested according to 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 amount of the asset is tested in accordance with IAS 36 (see below). For goodwill, the recoverable amount is calculated annually. When testing for impairment requirements, if it is not possible to establish essentially independent cash flows for an individual asset, the assets must be grouped at the lowest level at which it is possible to identify essentially independent cash flows, known as cash-generating units.

Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit (group of units) exceeds the recoverable amount. Impairment losses are charged against profit or loss. Impairment losses related to assets attributable to a cash-generating unit are primarily allocated to goodwill. Subsequently, a proportional impairment of other assets included in the unit (group of units) is effected.

The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discounting factor that takes into account the risk-free interest rate and the risk associated with the specific asset or cash-generating unit (group of units).

– 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 amount 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 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 publicly announced. No provisions are established for future operating expenses.

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

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

Shareholders' equity

When shares are 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 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. The defined-benefit pension plan in Norway was essentially discontinued in 2014. The remaining minor amounts will be discontinued in 2015. The defined-benefit pension plan will be replaced by a defined-contribution pension plan.

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 pension plans within the Group. Funded pension plans are mainly financed on the basis of contributions paid to pension funds.

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

The rate in Sweden is determined based on mortgage bonds, while in 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 between 2012 and 2014. 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 share rights 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
Changes to accounting policies applied from 2014 did not have any effect on the Parent Company's financial statements.

– 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 consideration is valued based on the probability of the consideration being paid. Any changes to the provisions/receivable are added to/deducted from the cost. In the consolidated financial statements, contingent considerations are measured at fair value with changes in value recognised in profit or loss.

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

– 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 performance share plan 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. 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 2014, expressed in SEK and after offsetting counteracting flows, amounted to SEK 2,251 million (2,150), of which SEK 1,356 million (1,333) was hedged. At year-end 2014, the hedged volume amounted to SEK 774 million (660). 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 2014 would entail a decrease in shareholders' equity of SEK 433 million (decrease: 442) and an increase in profit of SEK 3 million (decrease: 35). The sensitivity analysis is based on the assumption that all other factors (for example, interest) are unchanged. The same conditions were applied to 2013.

Credit risk

Nobia is active in many markets and in several distribution channels. Depending on the type of distribution channel, the customer base comprises both professional customers and consumers. For these reasons, credit management and payment terms must be adapted to each business unit's business logic and distribution channels within the framework of the credit policy established by the Group. The credit policy stipulates that credit ratings are to be based on at least one credit report from a reputable credit rating institute. Credit assessments are continuously performed on customers who make regular purchases. Credit insurance is utilised for certain markets and customer categories. Collateral is often required when credit is granted to customers with low buying frequencies. Counterparty risk pertaining to banks is deemed to be very minor. The total credit risk amounted to SEK 1,715 million (1,374). 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 14 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.

	2013		2014	
SEK m	Capital employed per currency	Interest-bearing loans and lease liabilities	Capital employed per currency	Interest-bearing loans and lease liabilities
SEK	976	887	–495	914
EUR	925	64	1,288	69
GBP	1,855	501	2,317	698
DKK	713	0	1,272	3
USD	108	0	144	0
NOK	31	10	339	0
Other	12	0	15	0
Total	**4,620**	**1,462**	**4,880**	**1,684**

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 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. In 2014, the company also raised a syndicated loan facility of SEK 1,000 million with three banks. This loan facility replaces the syndicated loan from 2010. The term is five years. 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,	2013			2014		
SEK m	2014	2015	2017	2015	2017	2019
Loans and lines of credit	–	2,000	800	–	800	1,000
Of which, utilised	–	–	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 40-60 per cent of net profit after tax. The debt/ equity ratio at year-end amounted to 38 per cent (37). Nobia considers recognised shareholders' equity of SEK 3,196 (3,158) 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.

Fixed-interest terms – borrowing	2013		2014		
Group, SEK m	0–3 months	three years	0–3 months	two years	three years
SEK	400	400	400	–	400
EUR	–	6	–	4	–

	2013							2014						
Commercial exposure	USD	EUR	NOK	CHF	GBP	SEK	DKK	USD	EUR	NOK	CHF	GBP	SEK	DKK
Currency contracts on closing date														
Local currency	0	35	–249	–2	–1	–58	–	–1	40	–248	–1	–2	–52	–
Total, SEK m[1]	2	311	–263	–12	–14	–58	–	–4	376	–260	–10	–20	–52	–
Fair value, SEK m	0	–4	7	0	0	0	–	–1	–3	14	0	–1	1	–
Net flow calendar year														
Net flow, local currency	–10	–94[3]	642	3	2	200	–37	–10	–85[4]	635	3	2	200	–37
Net flow, SEK m[2]	–65	–811[3]	712	20	23	200	–42	–68	–776[4]	691	21	28	200	–45
Hedged volume, SEK m[2]	9	580	598	18	23	105	–	4	567	550	21	28	111	–

1) Flows restated at closing-date rate, SEK.
2) Restated at average rate in 2013, 2014
3) In addition, EUR 32 million pertains to flows against DKK, corresponding to SEK 277 million.
4) In addition, EUR 33 million pertains to flows against DKK, corresponding to SEK 300 million.

Sensitivity analysis	2013			2014		
Currencies[1] and interest rates[2]	Change	Impact on profit before tax, SEK m	Impact on shareholders' equity[3], SEK m	Change	Impact on profit before tax, SEK m	Impact on shareholders' equity, SEK m
EUR/SEK	5%	7.4	5.7	5%	8.9	6.9
NOK/SEK	5%	8.8	6.9	5%	7.9	6.2
EUR/GBP	5%	14.5	11.6	5%	15.2	12.2
NOK/DKK	5%	12.8	9.7	5%	12.3	9.4
SEK/DKK	5%	4.5	3.4	5%	4.2	3.2
Interest-rate level	100 points	4.0	3.1	100 points	4.0	3.1

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

Analysis of maturity for financial liabilities including accounts payable

		2013							2014						
Group, SEK m	Currency	Nominal amount, original currency	Total	Within 1 month	1–3 months	3 months – 1 year	1–5 years	5 years or longer	Nominal amount, original currency	Total	Within 1 month	1–3 months	3 months – 1 year	1–5 years	5 years or longer
Bank loans (IB)															
Bank loans	SEK	800	907	2	5	21	879	–	800	867	2	4	15	846	–
Bank loans	EUR	1	6	0	0	2	4	–	0	4	0	0	2	2	–
Other liabilities															
Forward agreements[1]	SEK		0	0	0	0	–	–		0	0	0	0	–	–
Forward agreements[1]	EUR		5	1	1	3	–	–		7	2	2	3	–	–
Forward agreements[1]	GBP		1	0	0	1	–	–		1	0	0	1	–	–
Forward agreements[1]	NOK		0	0	0	0	–	–		0	0	0	0	–	–
Forward agreements[1]	CHF		0	0	0	0	–	–		0	0	0	0	–	–
Forward agreements[1]	USD		1	0	0	1	–	–		2	0	1	1	–	–
Current account credit (IB)	SEK		0	–	–	0	–	–		0	–	–	–	–	–
Financial lease liabilities (IB)	DKK		–	–	–	–	–	–	2	3	–	–	–	3	–
Financial lease liabilities (IB)	GBP		–	–	–	–	–	–	1	6	0	1	1	4	–
Other liabilities (IB)	SEK		2	–	2	0	–	–		2	–	2	–	–	–
Accounts payable and other liabilities	SEK		1,201	866	226	106	3	–		1,418	1,083	243	89	3	–
Total			**2,123**	**869**	**234**	**134**	**886**	**–**		**2,310**	**1,087**	**253**	**112**	**858**	**–**
Interest-bearing liabilities (IB)			808							815					

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

Age analysis, accounts receivable and other receivables

	2013		2014	
SEK m	Gross	Of which, impairment	Gross	Of which, impairment
Non-due accounts receivable	773	–	930	–
Past due accounts receivable 0–30 days	193	8	211	1
Past due accounts receivable >30 days–90 days	60	3	52	4
Past due accounts receivable >90 days–180 days	26	12	22	6
Past due accounts receivable >180 days–360 days	18	8	13	8
Past due accounts receivable >360 days	41	40	24	24
Total receivables	**1,111**	**71**	**1,252**	**43**

Deposit account for impairment of accounts receivable and other receivables

SEK m	2013	2014
Opening balance	83	71
Reversal of previously recognised impairment losses	–17	–26
Impairment for the year	11	8
Confirmed losses	–7	–1
Translation differences	1	4
Impairment reclassified to assets held for sale	–	–13
Closing balance	**71**	**43**

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. Collective 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 liabilities 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 2014 and 31 December 2013.

Offset agreements

2014 SEK m	Financial assets	Financial liabilities
Recognised amounts in statement of financial position	20	24
Amounts encompassed by netting	–20	–20
Amounts after netting	**0**	**4**

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**

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	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Net sales from external customers	4,055	4,590	5,027	5,213	2,691	2,589	–	–	11,773	12,392
Net sales from other regions	85	112	1	2	4	2	–90	–116	–	–
Total net sales	**4,140**	**4,702**	**5,028**	**5,215**	**2,695**	**2,591**	**–90**	**–116**	**11,773**	**12,392**
Depreciation/amortisation	–121	–131	–114	–118	–121	–108	–21	–21	–377	–378
Operating profit	**247**	**265**	**633**	**660**	**–83**	**–19**	**–143**	**–494**	**654**	**412**
Financial income									13	12
Financial expenses									–107	–90
Profit before tax and discontinued operations									**560**	**334**
Impairment	–6	–16	0	0	–7	0	–	–328[1]	–13	–344
Restructuring costs in EBIT	–	–83	–	–6	–36	–8	–	–336[1]	–36	–433

1) Impairment of goodwill in Hygena totalling SEK 328 million.

Total liabilities and assets per region

SEK m	UK region 2013	UK region 2014	Nordic region 2013	Nordic region 2014	Continental Europe region 2013	Continental Europe region 2014	Group-wide and eliminations 2013	Group-wide and eliminations 2014	Group 2013	Group 2014
Total operating assets	**1,438**	**1,706**	**1,561**	**1,667**	**1,169**	**1,222**	**2,228**	**2,463**	**6,396**	**7,058**
Total operating assets include:										
Investments in fixed assets	59	86	89	133	96	85	7	12	251	316
Total operating liabilities	**739**	**957**	**866**	**963**	**626**	**644**	**84**	**184**	**2,315**	**2,748**

Geographic areas, Group

SEK m	Income from external customers[1)] 2013	Income from external customers[1)] 2014	Fixed assets[2)] 2013	Fixed assets[2)] 2014
Sweden	1,059	1,153	260	279
Denmark	1,647	1,868	665	689
Norway	1,552	1,486	132	132
Finland	771	775	162	179
UK	4,187	4,757	1,656	2,178
France	1,246	1,116	714	0
Germany	232	132	235	238
Austria	447	457	315	335
Netherlands	19	15	1	1
USA	168	181	58	68
Other countries	445	452	7	9
Total	**11,773**	**12,392**	**4,205**	**4,108**

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 post-employment benefits or rights under insurance agreements.

NOTE 4 COSTS FOR EMPLOYEE BENEFITS AND REMUNERATION TO SENIOR EXECUTIVES

SEK m	2013 Salaries and other remuneration	2013 Social security costs	2013 Total	2014 Salaries and other remuneration	2014 Social security costs	2014 Total
Total subsidiaries	2,183	552	**2,735**	2,319	582	**2,901**
– of which pension costs		170	**170**		190	**190**
Parent Company	50	30	**80**	57	34	**91**
– of which pension costs		13	**13**		15	**15**
Group[1)]	2,233	582	**2,815**	2,376	616	**2,992**
– of which pension costs		183	**183**		205	**205**

1) Excludes costs for share-based remuneration.

Total costs for employee benefits

SEK m	2013	2014
Salaries and other remuneration	2,233	2,376
Social security costs	399	411
Pension costs - defined-contribution plans	128	161
Pension costs - defined-benefit plans	48	35
Costs for special employer's contributions and tax on returns	7	9
Costs for allotted employee share options		
2011–2015	3	1
Costs for the Performance Share Plan		
2012–2015	2	2
2013–2016	2	4
2014-2017	–	2
Total costs for employees	**2,822**	**3,001**

Salaries and other remuneration for the Parent Company

SEK m	2013	2014
Senior management[1)]	25	23
Other employees	25	34
Total Parent Company[2)]	**50**	**57**

1) In 2014, the number of individuals was 5 (6).
2) Excludes costs for share-based remuneration.

Salaries and other remuneration for subsidiaries

SEK m	2013	2014
Presidents of subsidiaries[1)]	33	37
Other employees of subsidiaries	2,150	2,282
Total subsidiaries[2)]	**2,183**	**2,319**

1) In 2014, the number of individuals was 15 (15).
2) Excludes costs for share-based remuneration.

Remuneration and other benefits, 2014 SEK m	Basic salary, Directors' fees	Variable remunera-tion	Other benefits	Pension costs	Share-based remu-neration	Other remunera-tion	Total	Pension com-mitments	Number of individuals
Chairman of the Board									
Johan Molin	0.93	–	–	–	–	–	0.93	–	1.0
Board members									
Nora Førisdal Larssen	0.35	–	–	–	–	–	0.35	–	1.0
Lilian Fossum Biner	0.35	–	–	–	–	–	0.35	–	1.0
Stefan Jacobsson	0.26	–	–	–	–	–	0.26	–	0.8
Fredrik Palmstierna	0.35	–	–	–	–	–	0.35	–	1.0
Thore Ohlsson	0.35	–	–	–	–	–	0.35	–	1.0
Ricard Wennerklint	0.26	–	–	–	–	–	0.26	–	0.8
President									
Morten Falkenberg	7.38	3.48	0.19	2.82	1.28	–	15.15	–	1.0
Other members of Group management	22.14	4.39	0.75	4.16	1.61	–	33.05	0.25	10.0
–of whom, from subsidiaries	13.36	2.39	0.60	1.47	0.58	–	18.40	–	6.0
Total	**32.37**	**7.87**	**0.94**	**6.98**	**2.89**	**–**	**51.05**	**0.25**	**17.6**

Remuneration and other benefits, 2013 SEK m	Basic salary, Directors' fees	Variable remunera-tion	Other benefits	Pension costs	Share-based remu-neration	Other remunera-tion	Total	Pension com-mitments	Number of individuals
Chairman of the Board									
Johan Molin	0.89	–	–	–	–	–	0.89	–	1.0
Board members									
Nora Førisdal Larssen	0.33	–	–	–	–	–	0.33	–	1.0
Lilian Fossum Biner	0.33	–	–	–	–	–	0.33	–	1.0
Fredrik Palmstierna	0.33	–	–	–	–	–	0.33	–	1.0
Thore Ohlsson	0.33	–	–	–	–	–	0.33	–	1.0
Former Board members									
Rolf Eriksen	0.08	–	–	–	–	–	0.08	–	0.3
President									
Morten Falkenberg	7.03	3.36	0.24	2.62	0.67	–	13.92	–	1.0
Other members of Group management	23.01	5.53	0.79	4.08	1.63	–	35.04	0.40	10.0
–of whom, from subsidiaries	11.85	2.32	0.50	1.10	0.61	–	16.38	–	5.0
Total	**32.33**	**8.89**	**1.03**	**6.70**	**2.30**	**–**	**51.25**	**0.40**	**16.3**

The average number of employees and number of men and women among Board members and senior managers are described in Note 5, see page 68.

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 350,000 per member and the Chairman received SEK 945,000. The Board received a total of SEK 2,843,750. Employee representatives receive a study and preparation fee of SEK 26,000 per person per year.

– President
In the 2014 fiscal year, the President received SEK 7,606,386 in salary and benefits, plus a variable salary portion related to results for 2014 of SEK 3,475,692. 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 2014, the premium cost was SEK 2,214,600. 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 eight individuals in 2014, of whom three are employed in the Parent Company, received salaries and benefits during the fiscal year amounting to SEK 22,888,667 plus variable salary portions based on results for 2014 of SEK 4,387,027. Group management has the right to ITP pensions or an equivalent scheme. The retirement age 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 38.

– 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 share rights 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 Nobia 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 share rights 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 of the company, 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.

– Performance Share Plan 2014-2017

At the 2014 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 and 2013 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 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 2014–April/May 2017, 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 share rights 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 2014-2015 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 the other approximately nine members of Group management, each saving share entitles the holder to three performance share rights. For category 3 comprising approximately six 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 2014, with deductions for the present value of the estimated dividend during the 2014–2016 fiscal years. The share rights were attributed a value of SEK 53.50. 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 schemes. 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 the exercise period. 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	200,000	370,000	640,000	1,640,000
	70,000	**200,000**	**370,000**	**640,000**	**1,640,000**

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

	Accumulated costs			2013[1]			2014[2]		
Scheme	IFRS 2[3] cost	Social security contributions	Total cost	IFRS 2[3] cost	Social security contributions	Total cost	IFRS 2[3] cost	Social security contributions	Total cost
2011–2015	9	2	11	2	1	3	1	0	1
	9	**2**	**11**	**2**	**1**	**3**	**1**	**0**	**1**

1) Price on 31 December 2013 = SEK 54.50 per share
2) Price on 31 December 2014 = SEK 69,75 per share
3) See Note 1 Share-based remuneration schemes on page 59

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

	2013		2014	
	Average exercise price, SEK per share	Number of options	Average exercise price, SEK per share	Number of options
As per 1 January	54.10	1,395,000	54.10	1,075,000
Allotted	–	0	–	0
Expired	–	0	–	0
Forfeited	54.10	–320,000	54.10	–40,000
Exercised	–	0	54.10	–395,000
As per 31 December	**54.10**	**1,075,000**	**54.10**	**640,000**

Of the 640,000 outstanding employee share option(1,075,000), it was possible to exercise 640,000 options (0) on 31 December 2014.

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

	Options		
Expiry date	Exercise price, SEK per share	2013	2014
31 December 2015	54.1	1,075,000	640,000
		1,075,000	**640,000**

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

	Accumulated costs			2013[1]			2014[2]		
Performance Share Plan	IFRS 2[3] cost	Social security contributions	Total cost	IFRS 2[3] cost	Social security contributions	Total cost	IFRS 2[3] cost	Social security contributions	Total cost
2012–2015	2	2	4	1	1	2	1	1	2
2013-2016	4	2	6	1	1	2	2	2	4
2014-2017	2	0	2	–	–	–	2	0	2
	8	**4**	**12**	**2**	**2**	**4**	**5**	**3**	**8**

1) Price on 31 December 2013 = SEK 54.50 per share
2) Price on 31 December 2014 = SEK 69.75 per share
3) See Note 1 Share-based remuneration schemes on page 59.

No. of share rights	2013	2014
As per 1 January	513,462	508,724
Allotted	344,030	185,765
Forfeited	–348,768	–150,035
As per 31 December	**508,724**	**544,454**

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

	No. of share rights	
Expiry date	2013	2014
April/May 2015	164,694	140,356
April/May 2016	344,030	238,951
April/May 2017	–	165,147
	508,724	**544,454**

Of the outstanding share rights, 302,016 are matching shares and 242,438 are performance shares.

NOTE 5 AVERAGE NUMBER OF EMPLOYEES

	2013		2014	
Subsidiaries in:	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Sweden	695	500	711	510
Denmark	1,282	906	1,244	882
Norway	308	136	311	118
Finland	415	292	395	278
Germany	400	270	337	237
Austria	410	322	397	314
UK	2,299	1,713	2,408	1,794
France	767	393	713	337
USA	48	10	50	16
Switzerland	26	21	27	18
Poland	7	3	1	0
Netherlands	2	2	2	2
Japan	3	1	3	1
Total subsidiaries	**6,662**	**4,569**	**6,599**	**4,507**
Parent Company	28	14	37	16
Group	**6,690**	**4,583**	**6,636**	**4,523**

	2013		2014	
	Number on closing date	Of whom, men, %	Number on closing date	Of whom, men, %
Board members	60	95	60	95
President and other senior executives	76	84	84	83
Group	**136**	**84**	**144**	**84**

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

	2013		2014	
	Number on closing date	Of whom, men, %	Number on closing date	Of whom, men, %
Board members	10	60	10	70
President and other senior executives	10	90	9	89
Parent Company	**20**	**75**	**19**	**79**

NOTE 6 REMUNERATION TO AUDITORS

Specification by type of costs

	Group		Parent Company	
SEK m	2013	2014	2013	2014
KPMG				
Audit assignment	9	9	3	3
Audit activities other than audit assignment	1	1	1	0
Tax advice	2	1	0	0
Other assignments	1	2	0	1
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	
Group, SEK m	2013	2014	2013	2014
Cost of goods sold	–150	–158	0	–
Selling expenses	–188	–177	–13	–342
Administrative expenses	–39	–43	0	–2
Total depreciation/amortisation and impairment	**–377**	**–378**	**–13**	**–344**

NOTE 8 OTHER OPERATING INCOME

	Group		Parent Company	
Group, SEK m	2013	2014	2013	2014
Gains attributable to sale of fixed assets	18	12	–	–
Exchange-rate gains from operating receivables/liabilities	39	33	–	–
Other	19	18	–	–
Total other operating income	**76**	**63**	**–**	**–**

NOTE 9 OTHER OPERATING EXPENSES

	Group		Parent Company	
SEK m	2013	2014	2013	2014
Exchange-rate losses from operating receivables/liabilities	–45	–41	–	–
Capital loss attributable to divestment of subsidiaries	–36	–	–	–
Loss attributable to sale of fixed assets	0	0	–	–
Other	–2	–20	–	–
Total other operating expenses	**–83**	**–61**	**–**	**–**

NOTE 10 SPECIFICATION BY TYPE OF COST

SEK m	2013	2014
Costs for goods and materials	–4,604	–4,819
Costs for remuneration to employees	–2,781	–2,960
Depreciation and impairment (Note 7)	–390	–722
Freight costs	–579	–589
Operational leasing costs, primarily stores (Note 11)	–637	–656
Other operating expenses	–2,204	–2,297
Total operating expenses	**–11,195**	**–12,043**

NOTE 11 OPERATIONAL LEASING AGREEMENTS

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	2013	2014	2013	2014
Expensed during the year	637	656	1	1
Falling due for payment within one year	512	592	0	0
Falling due for payment between one and five years	1,151	1,317	0	0
Falling due for payment later	722	848	0	0
Total	**2,385**	**2,757**	**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	2013	2014	2013	2014
Falling due for payment within one year	61	49	–	–
Falling due for payment between one and five years	153	85	–	–
Falling due for payment later	3	3	–	–
Total	**217**	**137**	**–**	**–**

NOTE 12 FINANCIAL INCOME AND EXPENSES

	Group		Parent Company	
SEK m	2013	2014	2013	2014
Profit from participations in Group companies				
Dividends	–	–	100	161
Group contributions received	–	–	144	151
Financial income				
Interest income, current	4	7	31	29
Exchange-rate differences	9	5	8	–
Financial expenses				
Interest expense	–57	–44	–80	–64
Interest expense pertaining to pension liabilities	–41	–41	–	–
Exchange-rate differences	–9	–5	0	–4
Total	**–94**	**–78**	**203**	**273**

NOTE 13 TAX ON NET PROFIT FOR THE YEAR

	Group		Parent Company	
SEK m	2013	2014	2013	2014
Current tax expenses for the period	–169	–187	–	–
Deferred tax	–26	–157	0	1
Tax on net profit for the year	**–195**	**–344**	**0**	**1**

Reconciliation of effective tax

Parent Company, %	2013	2014
Tax rate in the Parent Company	22.0	22.0
Taxes attributable to earlier periods	–	–
Non-tax deductible income	0.0	–
Non-deductible costs	0.5	0.5
Non-tax deductible dividend	–19.5	–23.1
Non-capitalised loss carryforwards	–3.3	–0.4
Other	0.1	0.4
Recognised effective tax	**–0.2**	**–0.6**

The difference between the nominal and effective tax rates for the Parent Company primarily pertains 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 109.1 per cent of profit before tax. In 2013, tax expense accounted for 35.3 per cent of profit before tax. On 1 January 2015, corporation tax in Denmark was lowered from 24.5 per cent to 23.5 per cent. On 1 April 2015, corporation tax in the UK will be lowered from 21.0 per cent to 20.0 per cent. Nobia's deferred tax liabilities and assets from these countries are thus recognised at these new tax rates as per 31 December 2014, with a marginal effect in the income statement and the balance sheet. The difference between recognised tax (109.1 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, %	2013	2014
Local tax rate in Sweden	22.0	22.0
Different local tax rates	6.7	4.2
Taxes attributable to earlier periods	–1.1	0.4
Non-tax deductible income	–1.4	–3.2
Non-deductible costs	3.4	5.8
Changed tax rate	1.5	–0.6
Reconsideration of previously capitalised loss carryforwards	1.2	45.2
Reconsideration of not previously capitalised loss carryforwards	–4.5	–
Non-capitalised loss carryforwards	0.9	12.3
Taxable contribution to subsidiaries	7.0	–
Impairment of goodwill	–	22.9
Other	–0.4	0.1
Recognised effective tax	**35.3**	**109.1**

Note 26 on page 78 explains the calculation of deferred tax assets and liabilities.

NOTE 14 INTANGIBLE ASSETS

Goodwill, SEK m	2013	2014
Opening carrying amount	2,102	2,153
Goodwill arising from acquisition of net assets	2	–
Acquisition of operations	–	260
Impairment	–	–328
Translation differences	49	193
Closing carrying amount	**2,153**	**2,278**

Impairment testing of goodwill

At the end of 2014, recognised goodwill amounted to SEK 2,278 million (2,153). The carrying amount of goodwill is specified by cash-generating units as follows:

SEK m	2013	2014
Nobia UK	1,050	1,455
Hygena	322	–
Nobia DK	307	327
Nobia SweNo	147	147
Other	327	349
Total	**2,153**	**2,278**

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, which reflects previous experience.

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. The trend in 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 2014, the Group's weighted cost of capital before tax amounted to 10.8 per cent (12.1) and after tax to 8.6 per cent (9.6). In total, the utilised cost of capital after tax for 2014 is in the interval 7.9-9.2 per cent (8.9-12.2).

Due to the planned sale of Hygena, the value of Hygena's goodwill of SEK 328 million as per the closing day rate on 31 December 2014 was impaired in the third-quarter accounts. According, Hygena's goodwill was not tested on 31 December 2014. Other testing of goodwill did not lead to any impairment of goodwill in 2014.

Assumptions for calculating recoverable amounts:

Discount rate before tax, %

%	2013	2014
Nobia UK	12.2	11.1
Hygena	15.7	–
Nobia DK	11.3	10.4
Nobia SweNo	12.3	11.7
Other	10.9–12.2	9.5–10.8

Other intangible assets

SEK m	2013	2014
Opening cost	473	494
Investments for the year	22	59
Sales and scrapping	0	–3
Divestment of operations	–17	–
Acquisition of operations	–	2
Reclassification	2	–173
Translation differences	14	32
Closing accumulated cost	**494**	**411**
Opening amortisation	276	318
Sales and scrapping	0	–2
Amortisation for the year	49	14
Divestment of operations	–17	–
Reclassification	0	–98
Impairment	0	2
Translation differences	10	19
Closing accumulated amortisation	**318**	**253**
Closing carrying amount	**176**	**158**
Of which:		
Software	112	123
Brands	20	23
Other	44	12
Closing carrying amount	**176**	**158**

NOTE 15 TANGIBLE FIXED ASSETS

	Group	
Buildings, SEK m	2013	2014
Opening cost	1,881	1,810
Investments for the year	12	25
Sales and scrapping	–6	–29
Divestment of operations	–123	–
Acquisition of operations	–	75
Reclassification	1	–101
Translation differences	45	140
Closing cost including written-up amount	**1,810**	**1,920**
Opening depreciation and impairment	1,197	1,184
Sale and scrapping	–4	–20
Divestment of operations	–123	–
Reclassification	0	–66
Depreciation for the year	79	78
Impairment	6	–7
Translation differences	29	92
Closing depreciation and impairment	**1,184**	**1,261**
Closing carrying amount	**626**	**659**
Closing accumulated depreciation	**1,171**	**1,257**

	Group	
Land and land improvements, SEK m	2013	2014
Opening cost	190	183
Investments for the year	1	1
Sales and scrapping	–	–2
Divestment of operations	–14	–
Acquisition of operations	–	11
Reclassification	0	–20
Translation differences	6	11
Closing cost including written-up amount	**183**	**184**
Opening depreciation and impairment	37	25
Sales and scrapping	–	–
Divestment of operations	–14	–
Reclassification	0	0
Depreciation for the year	1	1
Impairment	0	0
Translation differences	1	1
Closing depreciation and impairment	**25**	**27**
Closing carrying amount	**158**	**157**
Closing accumulated depreciation	**24**	**25**

	Group	
Investments in progress, SEK m	2013	2014
Opening balance	17	13
Investments initiated during the year	16	34
Investments completed during the year[1]	–20	–15
Translation differences	0	2
Closing carrying amount	**13**	**34**

1) Assets reclassified as other tangible fixed assets.

Machinery and other technical equipment, SEK m	Group 2013	Group 2014
Opening cost	2,492	2,494
Investments for the year	92	61
Sales and scrapping	–52	–37
Divestment of operations	–112	–
Acquisition of operations	–	14
Reclassification	14	–474
Translation differences	60	155
Closing cost including written-up amount	**2,494**	**2,213**
Opening depreciation and impairment	1,738	1,769
Sales and scrapping	–51	–35
Divestment of operations	–112	–
Reclassification	0	–325
Depreciation for the year	149	147
Impairment	4	0
Translation differences	41	114
Closing depreciation and impairment	**1,769**	**1,670**
Closing carrying amount	**725**	**543**
Closing accumulated depreciation	**1,752**	**1,654**

Equipment, tools, fixtures and fittings, SEK m	Group 2013	Group 2014
Opening cost	1,391	1,408
Investments for the year	106	123
Sales and scrapping	–92	–165
Divestment of operations	–17	–
Acquisition of operations	–	12
Reclassification	–4	–107
Translation differences	24	124
Closing cost	**1,408**	**1,395**
Opening depreciation and impairment	1,039	1,054
Sales and scrapping	–76	–135
Divestment of operations	–16	–
Reclassification	–11	–57
Depreciation for the year	99	138
Impairment	3	21
Translation differences	16	95
Closing depreciation and impairment	**1,054**	**1,116**
Closing carrying amount	**354**	**279**
Closing accumulated depreciation	**1,020**	**1,061**

Advance payments for tangible fixed assets, SEK m	Group 2013	Group 2014
Opening balance	1	0
Expenses during the year	0	0
Reclassification	–1	0
Closing carrying amount	**0**	**0**

Reclassifications for the year amounted to a negative SEK 269 million, of which SEK 272 million referred to reclassifications to Assets held for sale and SEK 3 million to financial leasing. Impairment for the year for tangible fixed assets amounted to SEK 21 million (13) and reversals of previous impairment amounted to SEK 7 million. Of this amount SEK 14 million (6) was charged to the UK region and pertained to buildings and kitchen displays. SEK 0 million (0) was charged to the Nordic region. No impairment was charged to the Continental Europe region (7) or to 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 2013	Group 2014
Deposits	48	27
Long-term loans to retailers	1	1
Other interest-bearing receivables	2	6
Other	4	1
Total	**55**	**35**

Shares and participations in Group companies, SEK m	Parent Company 2013	Parent Company 2014
Opening cost	2,229	2,231
Intra-Group sale	–	–
Shareholders' contribution	–	–
Other changes	2	3
Closing cost	**2,231**	**2,234**

NOTE 17 SHARES AND PARTICIPATIONS IN SUBSIDIARIES

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

					Carrying amount	
	Corp. Reg. No.	Domicile	Share of equity, %	No. of shares	2013	2014
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		Isle of 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			
Rollfold Holdings Ltd		Dewsbury	100			
Rollfold Group Ltd		Dewsbury	100			
Rollfold Trustee Ltd		Dewsbury	100			
Rollfold Ltd		Dewsbury	100			
Rixonway Kitchens Ltd		Dewsbury	100			
Halvanto Kitchens Ltd		Dewsbury	100			
Lovene Dörr AB[1)]	556038-1724	Stockholm	100			
Star Möbelwerk GmbH[1)]		Herford	100			
Swedoor Bauelementevertrieb Gmbh[1)]		Herford	100			

	Corp. Reg. No.	Domicile	Share of equity, %	No. of shares	Carrying amount 2013	Carrying amount 2014
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			
Norman Glen Kitchens & Interiors Ltd		London	100			
Wigmore Street Kitchens Ltd		London	100			
Ultimo 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					13	16
Total					**2,231**	**2,234**

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 2014	Group Fair value 2014	Parent Company Carrying amount 2014	Parent Company Fair value 2014
Forward agreements, transaction exposure – assets	20	20	–	–
Forward agreements, transaction exposure – liabilities	–10	–10	–	–
Interest swaps	–14	–14	–	–
Total	**–4**	**–4**	**–**	**–**

Unrealised gains and losses totalling a net loss of SEK 4 million in shareholders' equity as per 31 December 2014 will be recognised in profit or loss at different times within 24 months of the closing date. For information about forward agreements and interest swaps, see Note 2 Financial risks on page 60. The preceding year's unrealised gains and losses totalling a net profit of SEK 3 million were reversed in profit or loss in their entirety in 2014.

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

SEK m	Group 2013	Group 2014	Parent Company 2013	Parent Company 2014
Prepaid rent	73	72	0	–
Bonus from suppliers	69	91	43	45
Prepaid bank charges	5	4	–	–
Insurance policies	5	8	0	1
Other	78	72	4	8
Total	**230**	**247**	**47**	**54**

NOTE 20 CASH AND CASH EQUIVALENTS

	Group		Parent Company	
SEK m	2013	2014	2013	2014
Cash and bank balances	278	470	152	184

Unutilised overdraft facilities, which are not included in cash and cash equivalents, totalled SEK 401 million (383) in the Group, and SEK 351 million (333) in the Parent Company at year-end. In addition to the overdraft facilities, the company has unutilised credit commitments of SEK 1,000 million (2,000).

NOTE 21 SHARE CAPITAL

	No. of registered shares	No. of outstanding shares
As per 1 January 2013	175,293,458	167,131,158
As per 31 December 2013	175,293,458	167,131,158
As per 31 December 2014	175,293,458	167,526,158

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 7,767,300 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 51 and 54.

SEK m	Translation reserve	Hedging reserve	Total
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**
Opening balance, 1 January 2014	**–361**	**3**	**–358**
Exchange-rate differences attributable to translation of foreign operations	369	–	369
Cash-flow hedges, before tax	–	–5	–5
Tax attributable to change in hedging reserve for the year	–	1	1
Closing balance, 31 December 2014	**8**	**–1**	**7**

Translation reserve

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

Hedging reserve

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

NOTE 23 EARNINGS PER SHARE

Earnings per share before dilution

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

	2013	2014
Profit/loss attributable to Parent Company's shareholders, SEK m	351	–28
Profit/loss from continuing operations, SEK m	366	–11
Loss from discontinued operations, SEK m	–15	–17
Weighted average number of outstanding ordinary shares before dilution	167,131,158	167,334,491
Earnings/loss per share before dilution, SEK	2.10	–0.17
Earnings/loss per share before dilution, from continuing operations, SEK	2.19	–0.06
Loss per share before dilution, for discontinued operations, SEK	–0.09	–0.11

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, 2013 and 2014. Refer to Notes 4 and 21, on pages 64 and 75.

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 and the Performance Share Plans, at least one of these circumstances is required to bring about dilution.

	2013	2014
Weighted average number of outstanding ordinary shares	167,131,158	167,334,491
Employee share option scheme 2011	–	–
Performance Share Plan 2012	119,906	–
Performance Share Plan 2013	58,459	–
Performance Share Plan 2014	–	–
Weighted average number of outstanding ordinary shares after dilution	167,309,523	167,334,491
Earnings/loss per share, after dilution, SEK	2.10	–0.17
Earnings per share after dilution from continuing operations, SEK	2.19	–0.06
Earnings per share after dilution from discontinued operations, SEK	–0.09	–0.11

NOTE 24 DIVIDEND

A dividend of SEK 1.75 per share for the 2014 fiscal year will be proposed at the Annual General Meeting on 14 April 2015. Based on the number of shares outstanding at the end of 2014, the proposed dividend totals SEK 293 million.This amount has not been recognised as a liability, but will be recognised as an appropriation of profits under shareholders' equity for the 2015 fiscal year.

In 2014, dividends totalling SEK 167 million were paid for the 2013 fiscal year.Dividends to non-controlling interests in subsidiaries amounted to SEK 0.5 million.

In 2013, dividends totalling SEK 84 million were paid for the 2012 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	2013	2014
Defined-benefit pension plans	654	869

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 and Germany. In Norway, the defined-benefit pension plan was essentially discontinued in 2014 and the remaining minor amounts will be discontinued in 2015. These pension plans will be replaced by defined-contribution plans. The plans in the UK and Germany have already been concluded.

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 2014 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 2.7 million (2.2).

On 31 December 2014, 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 143 per cent (148 per cent on 31 December 2013). 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	2013	2014
Present value of funded obligations	2,330	2,965
Fair value of plan assets	–1,821	–2,275
	509	**690**
Present value of unfunded obligations	145	179
Net debt in balance sheet	**654**	**869**

The net debt for defined-benefit plans amounting to SEK 869 million (654) 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 79 per cent (76), Sweden 13 per cent (13), Germany 8 per cent (9) and Norway 0 per cent (2).

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

	Defined-benefit obligation		Plan assets		Net debt	
	2013	2014	2013	2014	2013	2014
At beginning of the year	**2,495**	**2,475**	**–1,676**	**–1,821**	**819**	**654**
Recognised in the income statement						
Costs for service during current year	7	–6			7	–6
Interest expense (+)/income (–)	101	113	–60	–72	41	41
	108	**107**	**–60**	**–72**	**48**	**35**
Recognised in other comprehensive income						
Remeasurements						
Actuarial gains/loss due to:						
– demographic assumptions	1	–50			1	–50
– financial assumptions	–91	417			–91	417
– experience-based adjustments	5	2			5	2
Return on plan assets excluding interest income			–65	–167	–65	–167
Exchange-rate differences	45	333	–37	–252	8	81
	–40	**702**	**–102**	**–419**	**–142**	**283**
Other						
Employer contributions			–63	–95	–63	–95
Benefits paid	–88	–140	80	132	–8	–8
	–88	**–140**	**17**	**37**	**–71**	**–103**
At year-end	**2,475**	**3,144**	**–1,821**	**–2,275**	**654**	**869**

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

	Group	
SEK m	2013	2014
Cost of goods sold	1	0
Selling expenses	1	1
Administrative expenses	5	–7
Net financial items	41	41
Total pension costs	**48**	**35**

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

SEK m	2013	2014
Interest income	60	72
Return on pension assets excluding interest income	65	167
Total actual return on plan assets	**125**	**239**

Principal actuarial assumptions:

	Group	
%	2013	2014
Discount rate	2.9–4.6	1.95–3.7
Future annual salary increases	2.5–3.5	2.0–2.5
Future annual pension increases	3.0–3.4	1.0–3.1

Life expectancy

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

	Group	
	2013	2014
On closing date		
Men	22.0–23.0	22.0–23.0
Women	25.0–25.2	25.0–25.3
20 years after closing date		
Men	23.0–25.0	23.0–25.1
Women	25.0–28.4	25.0–28.5

Plan assets comprise the following:

	2013		2014	
Group, SEK m	Listed price on an active market	Unlisted prices	Listed price on an active market	Unlisted prices
Cash and cash equivalents	28	–	39	–
High-quality corporate bonds	61	–	120	–
Mutual funds, Western Europe	121	–	131	–
Mutual funds, growth markets	22	–	27	–
Mutual funds, global	334	–	412	–
Hedge funds	160	–	200	–
Fixed-income funds, term 7–20 years	996	–	1 342	–
Fixed-income funds, term 1–3 years	10	–	–	–
Property funds	89	–	4	–
Total	**1,821**	**–**	**2,275**	**–**

Contributions to remuneration plans after employment has been completed are expected to amount to SEK 71 million (70) for the 2015 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	Decrease
Discount rate (1% change)	–549	613
Expected mortality (1 year change)	66	–54
Future salary increase (1% change)	9	–6
Future increase in pension (1% change)	425	–316

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

	Group	
Pension costs, SEK m	2013	2014
Total costs for defined-benefit plans	48	35
Total costs for defined-contribution plans	128	161
Costs for special employer's contributions and tax on returns from pension	7	9
Total pension costs	**183**	**205**

Defined-benefit pension plans:

	Parent Company	
Provisions for pensions, SEK m	2013	2014
Provisions in accordance with Pension Obligations Vesting Act, FPG/PRI pensions	16	24

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

	Parent Company	
Defined-benefit plans, SEK m	2013	2014
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	2013	2014
Total costs for defined-benefit plans	2	2
Total costs for defined-contribution plans	9	11
Costs for special employer's contributions and tax on returns from pension	2	2
Total pension costs	**13**	**15**

Parent Company pension liabilities are calculated at a discount rate of 3.0 per cent (4.0).

The assumptions are calculated on the basis of the salary levels applicable on the closing date. SEK 311,000, pertaining to defined-benefit pension plans in the Parent Company, is expected to be paid in 2015.

NOTE 26 DEFERRED TAX

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

	2013			2014		
SEK m	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Opening balance	469	161	308	410	162	248
Recognised in net profit for the year	–31	–5	–26	–170	–13	–157
Remeasurements of defined-benefit pension plans	–37	–	–37	41	–	41
Changes in forward agreements	0	1	–1	3	2	1
Other changes	1	–	1	2	–	2
Offset/Reclassification	–	–	–	0	0	0
Acquisitions	–	–	–	0	1	–1
Reclassification of assets held for sale	–	–	–	–11	–19	8
Translation differences	8	5	3	28	10	18
Closing balance	**410**	**162**	**248**	**303**	**143**	**160**

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 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**
As per 1 January 2014	**115**	**57**	**238**	**410**
Recognised in net profit for the year	–15	–2	–153	–170
Recognised in other comprehensive income	41	3	–	44
Recognised directly against shareholders' equity	–	2	–	2
Offset/Reclassification	–	0	–	0
Acquisitions	–	0	–	0
Reclassification of assets held for sale	–	–11	–	–11
Translation differences	16	3	9	28
As per 31 December 2014	**157**	**52**	**94**	**303**

Deferred tax liabilities	Temporary differences in fixed assets	Other	Total
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**
As per 1 January 2014	**133**	**29**	**162**
Recognised in net profit for the year	–16	3	–13
Recognised in other comprehensive income	–	2	2
Offset/Reclassification	–2	2	0
Acquisitions	1	–	1
Reclassification of liabilities attributable to assets held for sale	–10	–9	–19
Translation differences	8	2	10
As per 31 December 2014	**114**	**29**	**143**

On 1 January 2015 corporation tax in Denmark was lowered from 24.5 per cent to 23.5 per cent and on 1 April 2015 corporation tax will be lowered in the from 21.0 per cent to 20.0 per cent. Nobia's deferred tax liabilities and receivables from these countries are recognised at this new tax rate from 31 December 2014, with a marginal effect in the income statement and the balance sheet. The change in loss carryforwards for the year pertained primarily to dissolution of capitalised losses in France. Deferred tax assets at year-end were attributable to Germany, Sweden and the US. The loss carryforwards attributable to the US will expire in 2029 or later. The value of the loss carryforward for which a deferred tax asset is not recognised amounted to SEK 292 million (63) and was primarily attributable to France. Of the loss carryforwards that have not been recognised, approximately SEK 25 million will expire in 2018 or later, and SEK 267 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 2014	**22**	**38**	**69**	**51**	**18**	**198**
Expensed in consolidated income statement						
– Additional provisions	9	13	15	38	41	116
– Reversed unutilised amounts			–13	–1	–4	–18
Reclassification to liabilities attributable to assets held for sale	–3	–	–15	–16	–14	–48
Reclassifications, other	–4	4	–	–	–	0
Utilised during the year	–12	–27	–6	–67	–4	–116
Translation differences	3	4	4	4	0	15
As per 31 December 2014	**15**	**32**	**54**	**9**	**37**	**147**

NOTE 28 LIABILITIES TO CREDIT INSTITUTIONS

	Group		Parent Company	
Maturity structure, SEK m	2013	2014	2013	2014
Within 1 year	1	1	–	–
Between 1 and 5 years	806	804	800	800
Longer than 5 years	–	–	–	–
Total	**807**	**805**	**800**	**800**

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Company	
SEK m	2013	2014	2013	2014
Bonus to customers	90	112	–	–
Accrued salary-related costs	246	223	21	32
Accrued interest	6	2	3	2
Rents	23	26	0	–
Other	323	244	4	3
Total	**688**	**607**	**28**	**37**

NOTE 30 FINANCIAL ASSETS AND LIABILITIES

Group 2014, SEK m	Derivatives used in hedge accounting	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Long-term interest-bearing receivables	–	7	–	7
Other long-term receivables	–	28	–	28
Accounts receivable	–	1,091	–	1,091
Current interest-bearing receivables		1	–	1
Other receivables	20	118	–	138
Total	**20**	**1,245**	**–**	**1,265**
Long-term interest-bearing liabilities		–	811	811
Current interest-bearing liabilities	–	–	4	4
Accounts payable	–	–	1,053	1,053
Other liabilities	24	–	365	389
Total	**24**	**–**	**2,233**	**2,257**
Unrealised gains/losses	–	–	–	–

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

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 essentially correspond to the fair value.

Exchange-rate gains and losses pertaining to the operations were recognised in other operating income and operating expenses in the net amount of negative SEK 8 million (neg: 6).

Financial exchange-rate gains and losses were recognised in net financial items in the amount of SEK 0 million (0).

Parent Company 2014, SEK m	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Accounts receivable	8	–	8
Other receivables	3,207	–	3,207
Total	**3,215**	**–**	**3,215**
Long-term interest-bearing liabilities	–	800	800
Current interest-bearing liabilities	–	1,110	1,110
Accounts payable	–	22	22
Other liabilities	–	2	2
Total	**–**	**1,934**	**1,934**
Unrealised gains/losses	–	–	–

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	–	–	–

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

Determination of fair value of financial instruments

Level 1 According to prices listed in an active market for the same instrument.

Level 2 Based directly or indirectly on observable market information not included in Level 1.

Level 3 Based on input that is not observable in the market.

Nobia's financial instruments are measured at fair value in accordance with Level 2, meaning based directly or indirectly on observable market information. The measurement of derivative instruments is based on market listings or the counterparty's measurement. Derivative instruments amounted to SEK 20 million (10) in assets and 24 million (7) 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	2013	2014	2013	2014
Floating charges	–	–	–	–
Endowment insurance	–	–	–	–
Property mortgage	–	–	–	–
Other assets		12	–	–
Total pledged assets	**–**	**12**	**–**	**–**

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

	Group		Parent Company	
SEK m	2013	2014	2013	2014
Securities for pension commitments	1	1	16	17
Other contingent liabilities	149	144	156	162
Total	**150**	**145**	**172**	**179**

NOTE 32 DISCONTINUED OPERATIONS

Nobia holds a number of stores that were acquired from franchisees, with the intention of subsequently selling on. At year-end 2013, Nobia had four stores in Denmark and four stores in Sweden, a total of eight stores. Two additional stores were acquired in Sweden during the first half of 2014, one of which was sold on in the third quarter. Two stores were sold on in Sweden in the fourth quarter. At year-end 2014, Nobia had four stores in Denmark and three 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	2013	2014
Profit/loss from business activities of discontinued operations		
Income	106	136
Expenses	–123	–152
Loss before tax	–17	–16
Tax	2	1
Loss after tax	–15	–15
Profit/loss from remeasurement to fair value after deductions for selling expenses		
Profit/loss from remeasurement to fair value after deductions for selling expenses attributable to discontinued operations before tax	–1	–1
Tax attributable to aforementioned remeasurement	0	0
Profit/loss from remeasurement after tax	–1	–1
Profit/loss in conjunction with divestment of discontinued operations		
Capital gains in conjunction with divestment of discontinued operations	1	–1
Tax attributable to aforementioned capital gains	0	0
Profit/loss from divestment after tax	1	–1
Total loss from discontinued operations after tax	**–15**	**–17**
Loss per share from divested operations		
before dilution (SEK)	–0.09	–0.11
after dilution (SEK)	–0.09	–0.11

The loss from discontinued operations of SEK 17 million (loss: 15) was attributable to the Parent Company's owners.

Of the loss of SEK 10 million (profit: 365) from continuing operations, SEK 11 million (profit: 366) was attributable to the Parent Company's owners.

Net cash flow from discontinued operations	2013	2014
Cash flow from operating activities	–2	1
Cash flow from investing activities	3	1
Cash flow from financing activities	0	0
Net cash flow from discontinued operations	1	2

NOTE 33 ASSETS HELD FOR SALE

On 30 October, Nobia signed an agreement for the sale of Hygena Cuisine SAS to French kitchen company Fournier Group. For this reason, the net assets of Hygena Cuisine SAS and Nobia Holding France were reclassified to Assets held for sale in accordance with IFRS 5. The sale took place during the first quarter of 2015.

Assets and liabilities for the seven stores acquired by Nobia between 2011–2014 with the intention of selling on are recognised as Assets held for sale, refer also to Note 32.

	Group	
SEK m	2013	2014
Assets held for sale		
Disposal group for sale:		
Tangible fixed assets	10	380
Inventories	0	48
Accounts receivable and other receivables	5	164
Total	**15**	**592**
Liabilities attributable to assets held for sale		
Disposal group for sale:		
Accounts payable and other liabilities	2	341
Deferred tax liabilities	–	19
Total	**2**	**360**

NOTE 34 COMPANY ACQUISITIONS

On 9 December 2014, Nobia acquired the UK kitchen company Rixonway Kitchens by acquiring 100 per cent of the shares in Rollfold Holdings Limited. Rixonway Kitchens is a large kitchen supplier in the UK project market, and a leader in the social housing segment. The acquisition of Rixonway strengthens Nobia's position in the UK kitchen market and enables synergy effects. Transaction costs for the year for the acquisition amounted to SEK 4 million and are recognised under the Group's administrative expenses. The additional purchase consideration of a maximum of SEK 35 million is conditional on the performance of the operations until 29 February 2016 and is measured according to Level 3 of the fair value hierarchy. Rixonway Kitchens has after the acquisition generated sales of SEK 57 million. Sales from the beginning of the year amounted to approximately SEK 440 million. Net profit for the year from the acquisition date and profit as if the company had been owned since the beginning of the year are not specified.

The acquisition analysis below is preliminary since the acquisition amounts of fair value have not been finally determined.

Acquired net assets and goodwill, SEK m	2013	2014
Purchase consideration including acquisition costs	–	252
Additional purchase consideration	–	35
Fair value of acquired net assets	–	–27
Goodwill	**–**	**260**

Goodwill is attributable to synergies that are expected to be achieved through additional co-ordination of sourcing, production, distribution and administration.

	2013		2014	
Assets and liabilities included in the acquisition, SEK m	Fair value	Acquired carrying amount	Fair value	Acquired carrying amount
Cash and cash equivalents	–	–	2	2
Tangible fixed assets	–	–	112	112
Intangible fixed assets	–	–	2	2
Inventories	–	–	23	23
Accounts receivable and other receivables	–	–	90	90
Accounts payable and other operating liabilities	–	–	–86	–86
Interest-bearing liabilities	–	–	–112	–112
Taxes, net	–	–	–3	–3
Deferred taxes, net	–	–	–1	–1
Acquired net assets	**–**	**–**	**27**	**27**

SEK m	2013	2014
Purchase consideration paid in cash	–	252
Cash and cash equivalents in acquired subsidiaries	–	2
Reduction in the Group's cash and cash equivalents in conjunction with acquisition	**–**	**250**

NOTE 35 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 73.

Remuneration was paid to senior executives during the year, refer to Note 4 on page 64.

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	2014	–	35	118	312	3,195	1,110
Subsidiaries	2013	–	19	77	244	2,501	406

NOTE 36 EVENTS AFTER THE CLOSING DATE

On 23 February 2015, the French competition authority approved the divestment of Hygena to the French kitchen company Fournier Group. The transaction took place on 2 March 2015.

BOARD OF DIRECTORS' ASSURANCE

The Board of Directors and the President declare that the Annual Report was prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Annual Report and the consolidated financial statements give a true and fair view of the position and earnings of the Parent Company and the Group. The Board of Directors' Report for the Parent Company and the Group gives a true and fair view of the developments of operations, position and earnings and describes significant risks and uncertainties facing the Parent Company and companies included in the Group. The consolidated accounts and balance sheet and the Parent Company income statement and balance sheet will be presented to the Annual General Meeting for adoption on 14 April 2015.

Stockholm, 24 March 2015

Johan Molin
Chairman

Nora Førisdal Larssen

Lilian Fossum Biner

Thore Ohlsson

Stefan Jacobsson

Ricard Wennerklint

Fredrik Palmstierna

Morten Falkenberg
President

Per Bergström
Employee representative

Marie Ströberg
Employee representative

Our audit report was submitted on 24 March 2015

KPMG AB

George Pettersson
Authorised Public Accountant

AUDITOR'S 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 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 28–84.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the 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 Managing Director 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 Managing Director, 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 2014 and of their financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the 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 Managing Director of Nobia AB (publ) for the year 2014.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director 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 accept-ed 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 Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director 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 Managing Director be discharged from liability for the financial year.

Stockholm 24 March 2015
KPMG AB

George Pettersson
Authorised Public Accountant

THE NOBIA SHARE

In 2014, the closing price of the Nobia share on the Nasdaq Stockholm was SEK 69.75 (54.50), corresponding to a market capitalisation of approximately SEK 12.2 billion (9.6).

Facts in brief

- The Nobia share is listed on the Nasdaq Stockholm under the short name NOBI.
- The share is traded on the Large Cap list, Consumer Goods sector.
- Nobia is the only kitchen company on the Nasdaq Stockholm.
- Four-fifths of the shareholdings are Swedish.

Analysts that follow Nobia

COMPANY	ANALYST
Carnegie Investment Bank	Kenneth Toll Johansson
Danske Markets Equities	Anders Hansson
Handelsbanken	Rasmus Engberg
Nordea Bank	Catrin Jansson
Penser Bank	Johan Dahl
Skandinaviska Enskilda Banken	Stefan Cederberg

Share trading and share-price trend

The Nobia share has been listed on the Nasdaq Stockholm since 2002. The share is since 2 January 2015 traded on the Large Cap list, which is the stock exchange's segment for companies with a market capitalisation of more than EUR 1 billion. The Nobia share is in the Consumer Goods sector.

In 2014, the Nobia share price rose 28 per cent, compared with the entire stock exchange which increased 12 per cent during the same period. During the same period, the OMX Stockholm Consumer Goods PI index rose 10 per cent.

During the year, a total of 64.9 million (50.7) Nobia shares were traded at a value of SEK 3.7 billion (2.1). The average turnover per day was approximately 260,000 shares (203,000), corresponding to a value of SEK 14.9 million (8.8). In 2014, the turnover rate, or the share's liquidity, amounted to 37 per cent (28), which can be compared with the average on the Nasdaq Stockholm of 67 per cent (67).

The highest closing price for the Nobia share during 2014 was SEK 71.50 on 29 December. The lowest closing price during the year was SEK 48.60 on 4 February.

Ownership structure

On 31 December 2014, the number of shareholders was 4,412 (4,221). At year-end, the five largest shareholders held 57.1 per cent (54.9) of all shares and the ten largest shareholders held 68.8 per cent (64.1). The proportion of registered shares held by foreign owners amounted to 22.1 per cent (26.8) of the total number of shares at year-end.

On the date of publication of this Annual Report, Nobia's Board of Directors, excluding the President, owned a total of 740,051 shares in the company (715,389). On the same date, members of Nobia's Group management, with four individuals leaving Group management and six individuals joining in 2014, had combined holdings of 571,486 shares (489,280).

Share capital and treasury shares

On 31 December 2014, 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 bought-back treasury shares, entitles the holder to one vote, and carries the same entitlement to the company's capital and profits.

At the start of the year, Nobia held 8,162,300 treasury shares. The aim of the holding is that the treasury shares 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.

In 2014, the Board decided to sell 395,000 treasury shares, utilising the authorisation from the 2014 Annual General Meeting, which is valid until the 2015 Annual General Meeting. The purpose of the sale was to deliver shares under an employee share option scheme decided by the 2011 Annual General Meeting, as described in greater detail on page 66.

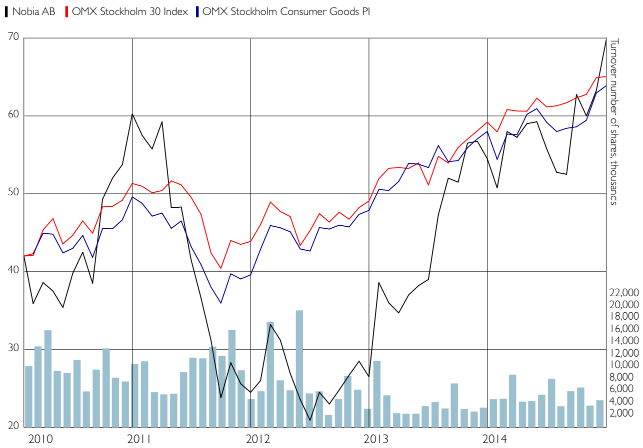
On 31 December 2014, Nobia had 7,767,300 treasury shares, corresponding to 4.4 per cent of the total number of shares issued. The number of additional shares that will be sold during the period until the 2015 Annual General Meeting for the purpose of fulfilling the aforementioned employee share option scheme is based on the number of options that will actually be utilised, but will not exceed 640,000.

Dividend policy and proposed dividend

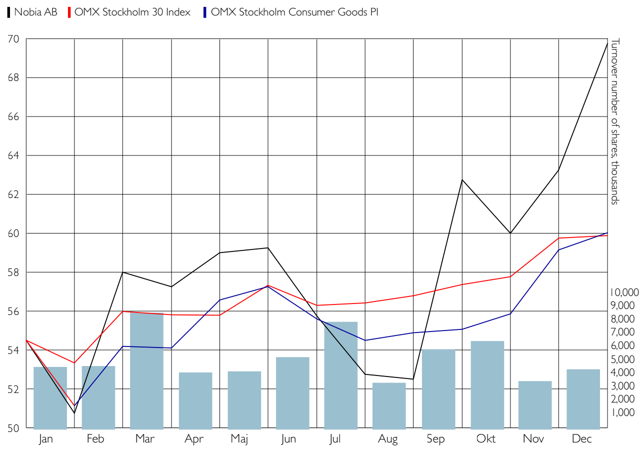
Nobia's objective is that the average dividend should comprise 40–60 per cent of net profit after tax. Investment requirements, acquisition opportunities, liquidity and the financial position of the company are taken into consideration when preparing dividend proposals.

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 1.75 per share for the 2014 fiscal year, corresponding to 7.9 per cent of the Parent

Share price diagram, 5 years



Share price diagram, 1 year



Ownership structure, 31 December 2014

	Number of shareholders	Percentage of shareholders, %	No. of shares	Percentage of capital, %
1–500	2,242	50.8	456,652	0.3
501–1,000	835	18.9	691,646	0.4
1,001–5,000	895	20.3	2,107,771	1.2
5,001–10,000	146	3.3	1,064,644	0.6
10,001–15,000	54	1.2	697,865	0.4
15,001–20,000	31	0.7	545,326	0.3
–20,001	209	4.7	169,729,554	96.8
Total	**4,421**	**100**	**175,293,458**	**100**

Nobia's largest owners, 31 December 2014

Shareholder	No. 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 fonder	12,710,764	7.2
Handelsbanken fonder	6,680,274	3.8
Lannebo fonder	5,368,801	3.1
AMF försäkring och fonder	4,982,714	2.8
Fourth Swedish National Pension Fund	3,965,042	2.3
Nordea Investment funds	3,746,015	2.1
Unionen	2,483,287	1.4

Source: Euroclear Sweden.

At year-end, Nobia held 7,767,300 treasury shares corresponding to 4.4 per cent of the total number of shares issued.

Data per share

	2012	2013	2014
Earnings/loss per share, SEK	–3.27	2.10	–0.17
Dividend per share, SEK	0.50	1,00	1.75[1)]
Shareholders' equity per share, SEK	16	19	19
Number of shares at end of the period	175,293,458	175,293,458	175,293,458
Shareholders at year-end	4,162	4,221	4,421
Share price at year-end	26.50	54.50	69.75

1) The Board's proposal

Company's shareholders' equity and 9.2 per cent of the Group's shareholders' equity. The proposal entails a total dividend of approximately SEK 293 million.

Financial information

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

The contact person for information at Nobia is Lena Schattauer, Head of Communication and Investor Relations, telephone: +46 8 440 16 07 or e-mail: lena.schattauer@nobia.com.

Financial calendar

14 April	Annual General Meeting
27 April	Interim report Jan–Mar 2015
20 July	Interim report Jan–Jun 2015
30 October	Interim report Jan–Sep 2015

FIVE-YEAR OVERVIEW

SEK m	2010	2011	2012	2013	2014
Income statement					
Net sales	14,085	13,114	12,343	11,773	12,392
Change in per cent	–9	–7	–6	–5	1
Gross profit	5,345	5,048	4,791	4,824	5,117
Operating profit/loss	6	184	–274	654	412
Financial income	18	9	11	13	12
Financial expenses	–103	–92	–107	–107	–90
Profit/loss after financial items	**–79**	**101**	**–370**	**560**	**334**
Tax on net profit for the year	25	–16	–155	–195	–344
Profit/loss for continuing operations	–54	85	–525	365	–10
Loss from discontinued operations, net after tax	–35	–16	–20	–15	–17
Net profit/loss for the year	**–89**	**69**	**–545**	**350**	**–27**
Net profit/loss for the year attributable to:					
Parent Company shareholders	–89	70	–546	351	–28
Non-controlling interests	0	–1	1	–1	1
Net profit/loss for the year	**–89**	**–69**	**–545**	**350**	**–27**
Balance sheet					
Fixed assets	5,586	5,556	4,782	4,670	4,446
Inventories	971	1,005	929	849	853
Current receivables	1,501	1,632	1,325	1,373	1,494
Cash and cash equivalents	356	152	171	278	470
Assets held for sale	72	71	71	15	592
Total assets	**8,486**	**8,416**	**7,278**	**7,185**	**7,855**
Shareholders' equity	3,441	3,521	2,657	3,154	3,191
Non-controlling interests	5	4	5	4	5
Non-interest-bearing liabilities	3,152	3,145	2,624	2,563	2,615
Interest-bearing liabilities	1,877	1,744	1,883	1,462	1,684
Liabilities attributable to assets held for sale	11	2	109	2	360
Total shareholders' equity and liabilities	**8,486**	**8,416**	**7,278**	**7,185**	**7,855**
Net debt including pensions	1,510	1,586	1,707	1,176	1,206
Capital employed	5,323	5,269	4,546	4,620	4,880
Key figures					
Gross margin, %	37.9	38.5	38.8	41.0	41.3
Operating margin, %	0.0	1.4	–2.2	5.6	3.3
Operating profit before depreciation/amortisation and impairment (EBITDA)	550	632	739	950	1,134
Operating margin before depreciation/amortisation and impairment, %	3.9	4.8	6.0	8.1	9.2
Profit/loss after financial items as a percentage of net sales	–0.6	0.8	–3.0	4.8	2.7
Turnover rate of capital employed, multiple	2.6	2.5	2.7	2.5	2.5
Return on capital employed, %	0.4	3.6	–5.3	14.6	8.9
Return on shareholders' equity, %	–2.4	2.0	–17.7	12.0	–0.9
Debt/equity ratio, %	44	45	64	37	38
Equity/assets ratio, %	41	42	37	44	41
Cash flow from operating activities	963	413	560	831	1,051
Investments	347	471	393	251	316
Earnings per share after dilution effects, SEK	–0.53	0.42	–3.27	2.10	–0.17
Dividend per share, SEK	0	0	0.50	1.00	1.75[1)]
Personnel					
Average number of employees	7,681	7,475	7,355	6,690	6,636
Net sales per employees, SEK 000s	1,717	1,765	1,780	1,799	1,789
Personnel expenses	3,250	3,103	2,955	2,822	3,001

1) The Board's proposal

2015 ANNUAL GENERAL MEETING

The shareholders of Nobia AB (publ) are hereby invited to the Annual General Meeting on Tuesday, 14 April 2015 at 3:00 p.m. at Lundqvist & Lindqvist Klara Strand Konferens, Klarabergsviadukten 90, Stockholm, Sweden.

Right to participate at 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 Wednesday, 8 April 2015, and,
- secondly notify Nobia of their participation not later than Wednesday, 8 April 2015.

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 shareholders' 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 proxies who may accompany the shareholder to the Meeting

When applicable, complete authorisation documents, such as registration certificates or the equivalent, 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 Wednesday, 8 April 2015. 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 1.75 per share be paid for the 2014 fiscal year. The record date to be entitled to receive dividend is proposed as Thursday, 16 April 2015.

Annual Report

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

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.

RETURN ON OPERATING CAPITAL
Operating profit as a percentage of average operating capital.

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.

GROSS MARGIN
Gross profit as a percentage of net sales.

EBITDA
Earnings before depreciation/amortisation and impairment.

NET DEBT
Interest-bearing liabilities less interest-bearing assets. Interest-bearing liabilities include pension liabilities.

OPERATING CAPITAL
Capital employed excluding interest-bearing assets and current and deferred taxes.

OPERATING CASH FLOW
Cash flow from operating activities including cash flow from investing activities, excluding cash flow from acquisitions/divestments of operations, interest received, increase/decrease in interest-bearing assets.

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

EARNINGS PER SHARE
Net profit for the year divided by a weighted average number of outstanding shares during the year.

OPERATING MARGIN
Operating profit as a percentage of net sales.

DEBT/EQUITY RATIO
Net debt as a percentage of shareholders' equity including non-controlling interests.

EQUITY/ASSETS RATIO
Shareholders' equity including non-controlling interests as a percentage of balance-sheet total.

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 arising when purchases or sales are made in currency other than the currency of the producing country (functional currency).

Nobia AB

Street address: Klarabergsviadukten 70 A5
Postal address: Box 70376, SE-107 24 Stockholm, Sweden
Tel. +46 8 440 16 00 Fax +46 8 503 826 49
info@nobia.com, www.nobia.com

EWE Küchen GmbH
Dieselstraße 14
A-4600 Wels
Austria
Tel. +43 7242 237 0
Fax +43 7242 237 221
www.ewe.at
www.intuo-kitchen.com

FM Küchen GmbH
Galgenau 30
A-4240 Freistadt
Austria
Tel. +43 7942 701 0
Fax +43 7942 701 2551
www.fm-kuechen.at

Gower Furniture Ltd
Holmfield Industrial Estate
Halifax
West Yorkshire
HX2 9TN
UK
Tel. +44 1422 232 200
Fax +44 1422 243 988
www.gower-furniture.co.uk

Magnet Ltd
3 Allington Way
Yarm Road Business Park
Darlington, Co Durham
DL1 4XT
UK
Tel. +44 1325 469 441
Fax +44 1325 744 003
www.magnet.co.uk
www.magnettrade.co.uk

Nobia Denmark A/S
Industrivej 6
DK-6870 Ølgod
Denmark
Tel. +45 75 24 47 77
Fax +45 75 24 63 02
www.hth.dk
www.invita.dk

Nobia Svenska Kök AB
Mossebogatan 6
Box 603
SE-522 81 Tidaholm
Sweden
Tel. +46 502 170 00
Fax +46 502 173 20
www.marbodal.se

Novart Oy
Kouvolantie 225
Box 10
FI-155 61 Nastola
Finland
Tel. +358 207 730 730
Fax +358 207 730 803
www.novart.fi
www.petrakeittiot.fi
www.alacartekeittiot.fi
www.keittiomaailma.fi

Poggenpohl Möbelwerke GmbH
Poggenpohlstraße 1
DE-32051 Herford
Germany
Tel. +49 5221 38 10
Fax +49 5221 38 1321
www.poggenpohl.de
www.goldreif.com

Sigdal Kjøkken AS and Norema AS
Trollåsveien 6
Postboks 633
NO-1411 Kolbotn
Norway
Tel. +47 66 82 23 00
Fax +47 66 82 23 40
www.sigdal.com
www.norema.no

Rixonway Kitchens Ltd
Churwell Vale
Shaw Cross Business Park
Dewsbury, West Yorkshire
WF12 7RD
UK
Tel. +44 1924 431 300
Fax +44 1924 431 301
www.rixonway.co.uk

uno form
Fabriksvej 7
DK-9640 Farsø
Denmark
Tel. +45 98 63 29 44
Fax +45 98 63 29 55
www.unoform.dk

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