



## Interim report January - September 2019

### Third quarter 2019

- Net sales for the third quarter amounted to SEK 3,265m (3,143).
- Organic growth was 3% (-5).
- Operating profit was unchanged at SEK 267m (267), corresponding to an operating margin of 8.2% (8.5).
- Changes in exchange rates impacted operating profit negatively by SEK 15m.
- Profit after tax amounted to SEK 187m (201), corresponding to earnings per share after dilution of SEK 1.11 (1.19).
- Operating cash flow amounted to SEK 346m (213).

### Nobia Group summary

	Q3		Ch. %	Jan - Sep		Ch. %	Jan - Dec 2018	12 months rolling*	Ch. %
	2018	2019*		2018	2019*				
Net sales, SEK m	3,143	3,265	4	9,819	10,485	7	13,209	13,875	5
Gross margin, %	37.7	37.6	-	39.1	38.2	-	38.5	37.9	-
Operating margin before depreciation and impairment (EBITDA), %	11.1	14.5	-	11.6	14.7	-	10.2	12.6	-
Operating profit (EBIT), SEK m	267	267	0	909	918	1	1,018	1,027	1
Operating profit (EBIT), excl IAC, SEK m	267	267	0	909	918	1	1,084	1,093	1
Operating margin, %	8.5	8.2	-	9.3	8.8	-	7.7	7.4	-
Operating margin excl IAC, %	8.5	8.2	-	9.3	8.8	-	8.2	7.9	-
Profit after financial items, SEK m	258	242	-6	886	852	-4	986	952	-3
Profit/loss after tax, SEK m	201	187	-7	691	660	-4	753	722	-4
Profit/loss after tax, excl IAC, SEK m	201	187	-7	691	660	-4	808	777	-4
Earnings/loss per share, after dilution, SEK	1.19	1.11	-7	4.10	3.91	-5	4.46	4.27	-4
Earnings/loss per share, after dilution excl IAC, SEK	1.19	1.11	-7	4.10	3.91	-5	4.79	4.60	-4
Operating cash flow, SEK m	213	346	62	461	831	80	599	969	62

\* 2019 year's figures following the adoption of IFRS 16. For relevant effects excluding the impact of IFRS 16, please see next page.

**Nobia Group summary excluding the impact of IFRS 16**

	Q3		Ch.	Jan - Sep		Ch.	Jan - Dec	12 months	Ch.
	2018	2019*	%	2018	2019*	%	2018	rolling*	%
Operating margin before depreciation and impairment (EBITDA), %	11.1	10.6	-	11.6	11.0	-	10.2	9.8	-
Operating profit (EBIT), SEK m	267	260	-3	909	895	-2	1,018	1,004	-1
Operating margin, %	8.5	8.0	-	9.3	8.5	-	7.7	7.2	-
Profit after financial items, SEK m	258	248	-4	886	871	-2	986	971	-2
Profit/loss after tax, SEK m	201	193	-4	691	676	-2	753	738	-2
Operating cash flow, SEK m	213	215	1	461	437	-5	599	575	-4

\* 2019 year's figures excluding the impact of IFRS 16. This means that 2019 year's figures are calculated as if IAS 17 was valid for the contracts that as of 2019 are treated in accordance to IFRS 16. This applies throughout the whole report where this comment appears.

## Comments from the President and CEO

### A stable quarter in a challenging market

Soon I will already be two months into my new position as the President and CEO of Nobia. I have spent a lot of time visiting our various operations and listening to and learning from colleagues. I am proud to join a financially strong company with a solid foundation built on the knowledge and ability of its dedicated employees, strong brands and long-lasting trade partner relationships.

For some time, the Group has been conducting a strategic review of areas including our manufacturing footprint, sourcing and how we go to market, to determine how we can create more long-term value for all our stakeholders. Many promising initiatives are being started and I will be able to share the substantial opportunities that we have to create value in due course.

Nobia delivered a stable third quarter. Organic growth was an encouraging 3% with positive contributions from all three of our regions, despite uncertainty and somewhat softer market conditions in some of the main markets. Operating income was in line with the previous year's third quarter. The unfavourable impact of the further weakening of the GBP against the EUR and higher direct material costs were compensated by higher average selling prices and a favourable customer mix development.

The performance of Magnet in the UK and the consumer segment in Denmark was especially pleasing. Sales to project customers reported a volatile trend reflecting uncertainty in the property markets in Sweden, Norway and the UK. In the Netherlands, Bribus our most recent acquisition, continued to perform well.

In the UK we are seeing the benefits of the re-positioning of Magnet to both consumers and trade customers. We have now adapted 160 stores to the improved Trade concept, and this is reflected in the healthy organic sales developments in the quarter. The investment in the new positioning and the transition costs held back profit which improved only marginally for the UK region.

The political insecurity over Brexit continued to hamper demand and increased uncertainty in the UK market. Even though it is difficult to predict the short-term consequences of a hard Brexit, Nobia has taken several actions to mitigate risk, including building up its own safety stock, securing safety stock at key suppliers and administrative actions to make import procedures as smooth as possible.



*Jon Sintorn*  
President and CEO

## Third quarter, consolidated

### Market overview

The overall Nordic kitchen market is deemed to be slightly down compared with the third quarter of 2018.

The UK kitchen market is deemed to have weakened due to the continued macroeconomic uncertainty.

The kitchen market in Central Europe is deemed to be almost in-line with the preceding year.

### Net sales, earnings and cash flow

The Group's net sales increased to SEK 3,265m (3,143), positively impacted by currency effects of SEK 40m. Organic sales growth was 3% (-5), primarily due to higher sales in the UK.

The gross margin amounted to 37.6% (37.7) and the gross profit increased to SEK 1,228m (1,184). Higher sales values compensated for unfavourable currency impact and higher direct material costs. Selling and administrative costs were higher, mainly as a result of activities to grow sales to the trade segment. The currency impact amounted to SEK -15m. Operating profit was unchanged at SEK 267m (267).

The return on operating capital was 13.8% (or 18.4% adjusted for the IFRS 16 impact) over the last rolling twelve months (Jan - Dec 2018: 21.7). The return on equity was 17.6% over the last rolling twelve months (Jan-Dec 2018: 20.2).

Operating cash flow improved to SEK 346m (213) as a result of the IFRS16 accounting policy. Adjusted for IFRS16, operating cash flow was SEK 215m<sup>1)</sup> (213). Investments in fixed assets amounted to SEK 103m (95).

<sup>1)</sup> Before the adoption of IFRS 16 lease payments were included in the operating activities and thereby affected the operating cash flow. After the adoption of IFRS 16 the lease payments are recognised in financing activities and thereby excluded from the operating cash flow.

### Analysis of net sales

	Q3	
	%	SEK m
<b>2018</b>		<b>3,143</b>
Organic growth	3	82
–of which Nordic region	1	11
–of which UK region	5	70
–of which Central Europe region	0	1
Currency effects	1	40
<b>2019</b>	<b>4</b>	<b>3,265</b>

### Currency effect on operating profit

SEK m	Q3		
	Translation effect	Transaction effect	Total effect
Nordic region	5	-15	-10
UK region	0	-5	-5
CE region	0	0	0
<b>Group</b>	<b>5</b>	<b>-20</b>	<b>-15</b>

### Store trend, Q3 2019

	Q3
Newly opened/closed, net	-4
Number of own stores	236

### Net sales and profit by region

SEK m	Nordic		UK		Central Europe		Group-wide and eliminations		Group		Ch. %
	Q3		Q3		Q3		Q3		Q3		
	2018	2019*	2018	2019*	2018	2019*	2018	2019*	2018	2019*	
<b>Net sales from external customers</b>	<b>1,474</b>	<b>1,501</b>	<b>1,378</b>	<b>1,464</b>	<b>291</b>	<b>300</b>	<b>–</b>	<b>–</b>	<b>3,143</b>	<b>3,265</b>	<b>4</b>
Net sales from other regions	0	0	–	–	0	0	0	0	–	–	–
<b>Net sales</b>	<b>1,474</b>	<b>1,501</b>	<b>1,378</b>	<b>1,464</b>	<b>291</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>3,143</b>	<b>3,265</b>	<b>4</b>
Gross profit	557	562	543	548	70	103	14	15	1,184	1,228	4
Gross margin, %	37.8	37.4	39.4	37.4	24.1	34.3	–	–	37.7	37.6	–
<b>Operating profit/loss</b>	<b>185</b>	<b>193</b>	<b>105</b>	<b>88</b>	<b>10</b>	<b>28</b>	<b>-33</b>	<b>-42</b>	<b>267</b>	<b>267</b>	<b>0</b>
Operating margin, %	12.6	12.9	7.6	6.0	3.4	9.3	–	–	8.5	8.2	–

\*2019 year's figures following the adoption of IFRS 16, for figures excluding the impact of IFRS 16, please see page 21.

## Third quarter, the regions

### Nordic region

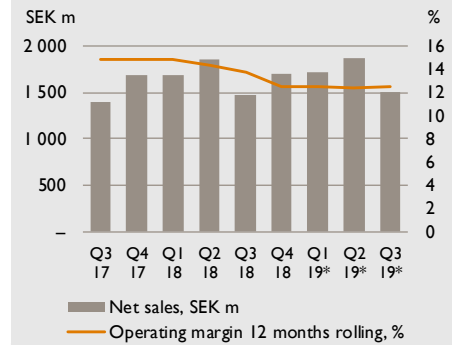
Net sales in the Nordic region amounted to SEK 1,501m (1,474). Organic growth was 1% (-1). Adjusted for the conversion of own Norema and HTH stores to franchise, organic sales growth was 2%.

Project sales were up in Denmark, while the other Nordic countries reported lower sales to the project segment. Sales to the consumer segment increased in Denmark and Finland.

The gross margin amounted to 37.4% (37.8). Higher sales values and a favourable mix due to the higher consumer sales contributed positively while currency impact and effects from the franchise conversion had a negative effect.

Operating profit increased to SEK 193m (185) and the corresponding margin rose to 12.9% (12.6), positively impacted by cost reductions and lower costs as a result of franchise conversions.

#### Nordic region



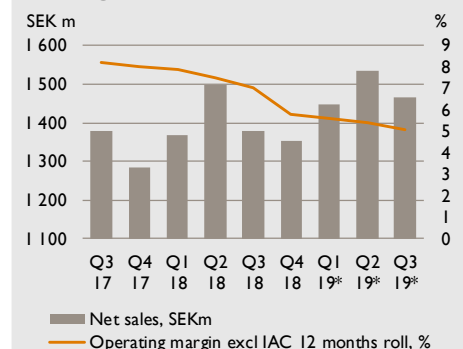
### UK region

Net sales in the UK amounted to SEK 1,464m (1,378). Organic growth amounted to 5% (-9%).

Net sales in Magnet increased in both retail and trade. The retail increase was driven by the affordable offer Simply Magnet while Magnet Trade grew as a result of the increased efforts and store investments to improve service to the trade segment. Project sales in Commodore/CIE increased mainly due to favourable phasing of property development projects.

The gross margin amounted to 37.4% (39.4). A favourable volume impact was offset by lower sales values and impact from currency. Operating profit decreased to SEK 88m (105). Staff costs increased mainly due to the continued introduction of the new Magnet Trade concept.

#### UK region



### Central Europe region

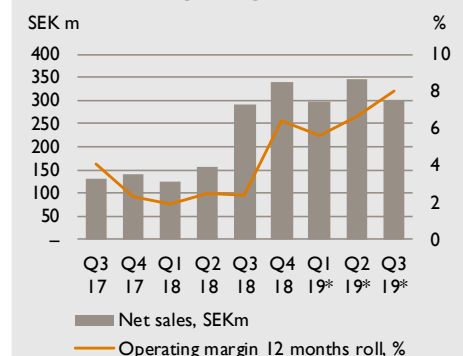
Net sales in the Central Europe region amounted to SEK 300m (291). Organic growth was 0% (3).

Organic net sales in Bribus in the Netherlands grew 4%. Net sales in Austria declined mainly due to a continued move away from the low-end market to prioritise profit ahead of volume.

The gross margin strengthened to 34.3% (24.1). Cost savings and timing of cost accruals had a positive impact.

Operating profit increased to SEK 28m (10) and the corresponding margin rose to 9.3% (3.4).

#### Central Europe region



\*2019 following the adoption of IFRS 16.

## First nine months, consolidated

### January - September 2019

- Net sales for the first nine months totalled SEK 10,485m (9,819).
- Operating profit totalled SEK 918m (909), corresponding to an operating margin of 8.8% (9.3).
- Changes in exchange rates negatively impacted operating profit by SEK 10m.
- Profit after tax amounted to SEK 660m (691), corresponding to earnings per share after dilution of SEK 3.91 (4.10).
- Operating cash flow amounted to SEK 831m (461). Operating cash flow excluding impact from IFRS16 was SEK 437m.

### Comments on performance

Net sales were positively impacted by currency effects of SEK 258m. Organic sales growth was flat (-4%).

The gross margin decreased to 38.2% (39.1). Higher sales values and mix impacted positively, while mainly lower volumes impacted negatively. Operating profit increased to SEK 918m (909).

Operating cash flow improved to SEK 831m (461) as a result of the IFRS16 accounting policy. Adjusted for IFRS16, the operating cash flow was SEK 437m<sup>1</sup>. Investments in fixed assets amounted to SEK 240m (237), of which SEK 71m (51) pertained to store investments.

<sup>1</sup>) Before the adoption of IFRS 16 lease payments were included in the operating activities and thereby affected the operating cash flow. After the adoption of IFRS 16 the lease payments are recognised in financing activities and thereby excluded from the operating cash flow.

### Analysis of net sales

	Jan - Sep	
	%	SEK m
<b>2018</b>		<b>9,819</b>
Organic growth	0	29
–of which Nordic region	0	-10
–of which UK region	1	60
–of which Central Europe region	-4	-21
Acquired units	4	379
Currency effects	3	258
<b>2019</b>	<b>7</b>	<b>10,485</b>

### Currency effect on operating results

SEK m	Jan - Sep		
	Translation effect	Transaction effect	Total effect
Nordic region	15	-30	-15
UK region	10	-5	5
CE region	0	0	0
<b>Group</b>	<b>25</b>	<b>-35</b>	<b>-10</b>

### Store trend

	Jan - Sep
Newly opened/closed, net	-12
Number of own stores	236

### Net sales and profit by region

	Nordic		UK		Central Europe		Group-wide & eliminations		Group		Ch. %
	Jan - Sep		Jan - Sep		Jan - Sep		Jan - Sep		Jan - Sep		
	2018	2019*	2018	2019*	2018	2019*	2018	2019*	2018	2019*	
<b>Net sales from external customers</b>	<b>5,007</b>	<b>5,095</b>	<b>4,243</b>	<b>4,447</b>	<b>569</b>	<b>943</b>	<b>–</b>	<b>–</b>	<b>9,819</b>	<b>10,485</b>	<b>7</b>
Net sales from other regions	0	0	–	–	1	0	-1	0	–	–	–
<b>Net sales</b>	<b>5,007</b>	<b>5,095</b>	<b>4,243</b>	<b>4,447</b>	<b>570</b>	<b>943</b>	<b>-1</b>	<b>0</b>	<b>9,819</b>	<b>10,485</b>	<b>7</b>
Gross profit	1,957	1,949	1,685	1,728	155	287	40	46	3,837	4,010	5
Gross margin, %	39.1	38.3	39.7	38.9	27.2	30.4	–	–	39.1	38.2	–
<b>Operating profit/loss</b>	<b>676</b>	<b>682</b>	<b>318</b>	<b>288</b>	<b>21</b>	<b>65</b>	<b>-106</b>	<b>-117</b>	<b>909</b>	<b>918</b>	<b>1</b>
Operating margin, %	13.5	13.4	7.5	6.5	3.7	6.9	–	–	9.3	8.8	–
Net financial items									-23	-66	-187
<b>Profit after financial items</b>									<b>886</b>	<b>852</b>	<b>-4</b>

\*2019 year's figures following the adoption of IFRS 16, for figures excluding the impact of IFRS 16, please see page 21.

## Other information

### Financing

In July 2018, Nobia signed a new syndicated bank loan of SEK 2,000m with two banks. This bank loan has a term of five years and includes two covenants: leverage (net debt to EBITDA) and interest cover (EBITDA to net interest expenses). At the end of Q3 2019, the bank loan had been utilised in the amount of approximately SEK 1,286m.

Net debt including pension provisions amounted to SEK 4,206m (1,256) at the end of the third quarter. The debt/equity ratio was 102% (32). Net debt excluding IFRS 16 but including pension provisions amounted to SEK 1,562m. The debt/equity ratio excluding IFRS 16 was 38%.

Net financial items amounted to an expense of SEK 66m (23). Net financial items include the net of returns on pension assets and interest expense on pension liabilities corresponding to an expense of SEK 12m (14). The net interest cost amounted to SEK 54m (9), of which SEK 42m was attributable to leasing interest.

### Items affecting comparability

Nobia recognises items affecting comparability separately to distinguish the performance of the underlying operations. Items affecting comparability refer to items that affect comparisons insofar as they do not recur with the same regularity as other items.

No items affecting comparability (–) were recognised for the first nine months of 2019.

### Personnel

The number of employees on 30 September 2019 was 6,170 (6,284).

### New President and CEO

On 2 May, it was announced that Jon Sintorn has been appointed new CEO and President of Nobia. Jon Sintorn, who most recently served as President and CEO of Permobil, took office on 1 September 2019.

### Significant risks

Nobia is exposed to strategic, operating and financial risks, which are described on pages 67-69 of the 2018 Annual Report.

In the ordinary course of business, the Group is exposed to legal risks such as commercial, product liability and other disputes and provides for them as appropriate.

The Nobia Group has operations, both sales and production, in the UK and thus can be impacted by a potential Brexit scenario. The Group has performed an analysis and initiated mitigation activities in order to minimize any potential impact.

Financial risks refer primarily to currency exchange rates, interest rates, financing, tax and credit risks. Risk management within Nobia Group is regulated by a financial policy established by the Board of Directors.

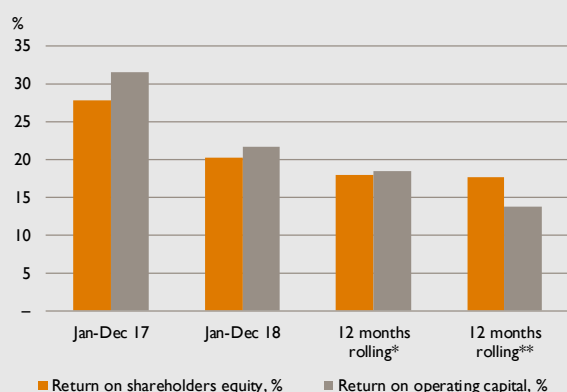
Nobia's balance sheet as of 30 September 2019 contained goodwill of SEK 3,042m (2,922). The value of this asset item is tested if there are any indications of a decline in value and at least once annually.

Stockholm, 23 October 2019

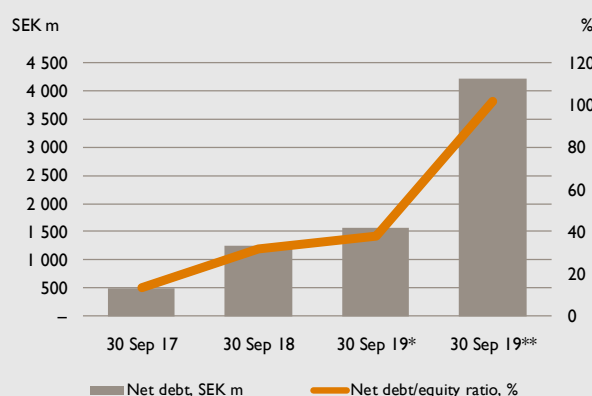
Jon Sintorn  
President and CEO

Nobia AB, Corporate Registration Number 556528-2752

### Return on shareholders' equity and on operating capital



### Net debt and net debt/equity ratio



\*2019 excluding the impact of IFRS 16. \*\*2019 following the adoption of IFRS 16.

## Review report

### Introduction

We have reviewed the interim report for Nobia AB (publ) for the period 1 January - 30 September 2019. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 23 October 2019

Deloitte AB

Daniel de Paula

*Authorised Public Accountant*



## Condensed consolidated income statement

SEK m	Q3		Jan - Sep		Jan - Dec	12 months
	2018	2019*	2018	2019*	2018	rolling*
Net sales	3,143	3,265	9,819	10,485	13,209	13,875
Cost of goods sold	-1,959	-2,037	-5,982	-6,475	-8,119	-8,612
<b>Gross profit</b>	<b>1,184</b>	<b>1,228</b>	<b>3,837</b>	<b>4,010</b>	<b>5,090</b>	<b>5,263</b>
Selling and administrative expenses	-922	-999	-2,954	-3,169	-4,031	-4,246
Other income/expenses	5	38	26	77	-41	10
<b>Operating profit</b>	<b>267</b>	<b>267</b>	<b>909</b>	<b>918</b>	<b>1,018</b>	<b>1,027</b>
Net financial items	-9	-25	-23	-66	-32	-75
<b>Profit after financial items</b>	<b>258</b>	<b>242</b>	<b>886</b>	<b>852</b>	<b>986</b>	<b>952</b>
Tax	-57	-55	-195	-192	-233	-230
<b>Profit after tax</b>	<b>201</b>	<b>187</b>	<b>691</b>	<b>660</b>	<b>753</b>	<b>722</b>
Total profit attributable to:						
Parent Company shareholders	201	187	691	660	753	722
Total depreciation	-82	-208	-232	-624	-315	-707
Total impairment	-	-	-	1	-11	-10
Gross margin, %	37.7	37.6	39.1	38.2	38.5	37.9
Operating margin, %	8.5	8.2	9.3	8.8	7.7	7.4
Return on operating capital, %	-	-	-	-	21.7	13.8
Return on shareholders equity, %	-	-	-	-	20.2	17.6
Earnings per share before dilution, SEK	1.19	1.11	4.10	3.92	4.46	4.28
Earnings per share after dilution, SEK	1.19	1.11	4.10	3.91	4.46	4.27
Number of shares at period end before dilution, 000s <sup>1</sup>	168,687	168,687	168,687	168,687	168,687	168,687
Average number of shares before dilution, 000s <sup>1</sup>	168,687	168,687	168,641	168,687	168,653	168,687
Number of shares after dilution at period end, 000s <sup>1</sup>	168,726	169,132	168,730	169,114	168,687	169,110
Average number of shares after dilution, 000s <sup>1</sup>	168,726	168,837	168,711	168,873	168,687	168,812

\* 2019 year's figures following the adoption of IFRS 16.

<sup>1</sup>) Excluding treasury shares.

## Consolidated statement of comprehensive income

SEK m	Q3		Jan - Sep		Jan - Dec	12 months
	2018	2019*	2018	2019*	2018	rolling*
Profit after tax	201	187	691	660	753	722
<b>Other comprehensive income</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Exchange-rate differences attributable to translation of foreign operations	-79	115	188	281	98	191
Cash flow hedges before tax	-7	-1	-17 <sup>1</sup>	0 <sup>1</sup>	-7 <sup>1</sup>	10
Tax attributable to change in hedging reserve for the period	2	0	4 <sup>2</sup>	0 <sup>2</sup>	2 <sup>2</sup>	-2
	<b>-84</b>	<b>114</b>	<b>175</b>	<b>281</b>	<b>93</b>	<b>199</b>
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of defined benefit pension plans	-39	-12	144	-46	100	-90
Tax relating to remeasurements of defined benefit pension plans	6	2	-25	8	-17	16
	<b>-33</b>	<b>-10</b>	<b>119</b>	<b>-38</b>	<b>83</b>	<b>-74</b>
<b>Other comprehensive income</b>	<b>-117</b>	<b>104</b>	<b>294</b>	<b>243</b>	<b>176</b>	<b>125</b>
<b>Total comprehensive income</b>	<b>84</b>	<b>291</b>	<b>985</b>	<b>903</b>	<b>929</b>	<b>847</b>
Total comprehensive income attributable to:						
Parent Company shareholders	84	291	985	903	929	847

\* 2019 year's figures following the adoption of IFRS 16.

<sup>1)</sup> Reversal recognised in profit and loss amounts to a negative SEK 3m (neg: 10), (Jan-Dec 2018, neg: 10). New provision amounts to a positive SEK 3m (neg: 7), (Jan-Dec 2018, pos: 3).

<sup>2)</sup> Reversal recognised in profit and loss amounts to a positive SEK 1m (pos: 2), (Jan-Dec 2018, pos: 3). New provision amounts to a negative SEK 1m (pos: 2), (Jan-Dec 2018, neg: 1).

## Items affecting comparability

	Q3		Jan - Sep		Jan - Dec	12 months
	2018	2019	2018	2019	2018	rolling
<b>Items affecting comparability, SEK m</b>						
Pensionadjustment in UK	-	-	-	-	-66	-66
<b>Items affecting comparability in operating profit</b>	-	-	-	-	<b>-66</b>	<b>-66</b>
Items affecting comparability in taxes	-	-	-	-	11	11
<b>Items affecting comparability, total loss</b>	-	-	-	-	<b>-55</b>	<b>-55</b>

	Q3		Jan - Sep		Jan - Dec	12 months
	2018	2019	2018	2019	2018	rolling
<b>Items affecting comparability per function, SEK m</b>						
Other income/expenses	-	-	-	-	-66	-66
<b>Items affecting comparability in operating profit</b>	-	-	-	-	<b>-66</b>	<b>-66</b>
Items affecting comparability in taxes	-	-	-	-	11	11
<b>Items affecting comparability, total loss</b>	-	-	-	-	<b>-55</b>	<b>-55</b>

	Q3		Jan - Sep		Jan - Dec	12 months
	2018	2019	2018	2019	2018	rolling
<b>Items affecting comparability in operating profit per region, SEK m</b>						
UK	-	-	-	-	-66	-66
<b>Group</b>	-	-	-	-	<b>-66</b>	<b>-66</b>

## Condensed consolidated balance sheet

SEK m	30 Sep		31 Dec
	2018	2019*	2018
<b>ASSETS</b>			
Goodwill	2,922	3,042	2,887
Other intangible fixed assets	136	166	184
Tangible fixed assets	1,534	4,315 <sup>1</sup>	1,547
Long-term receivables, interest-bearing (IB)	3	3	2
Long-term receivables	42	82	42
Deferred tax assets	90	81	97
<b>Total fixed assets</b>	<b>4,727</b>	<b>7,689</b>	<b>4,759</b>
Inventories	1,020	1,129	962
Accounts receivable	1,667	1,656	1,426
Current receivables, interest-bearing (IB)	30	1	33
Other receivables	524	534	458
<i>Total current receivables</i>	<i>2,221</i>	<i>2,191</i>	<i>1,917</i>
Cash and cash equivalents (IB)	145	220	128
<b>Total current assets</b>	<b>3,386</b>	<b>3,540</b>	<b>3,007</b>
<b>Total assets</b>	<b>8,113</b>	<b>11,229</b>	<b>7,766</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	57	57	57
Other capital contributions	1,485	1,495	1,484
Reserves	-89	110	-171
Profit brought forward	2,501	2,474	2,527
<i>Total shareholders' equity attributable to Parent Company shareholders</i>	<i>3,954</i>	<i>4,136</i>	<i>3,897</i>
<b>Total shareholders' equity</b>	<b>3,954</b>	<b>4,136</b>	<b>3,897</b>
Provisions for pensions (IB)	411	532	505
Other provisions	32	22	42
Deferred tax liabilities	85	52	75
Other long-term liabilities, interest-bearing (IB)	1,023	3,494 <sup>2</sup>	850
Other long-term liabilities, non interest-bearing	44	33	44
<b>Total long-term liabilities</b>	<b>1,595</b>	<b>4,133</b>	<b>1,516</b>
Current liabilities, interest-bearing (IB)	0	404 <sup>3</sup>	74
Current liabilities and provisions	2,564	2,556	2,279
<b>Total current liabilities</b>	<b>2,564</b>	<b>2,960</b>	<b>2,353</b>
<b>Total shareholders' equity and liabilities</b>	<b>8,113</b>	<b>11,229</b>	<b>7,766</b>
<b>BALANCE-SHEET RELATED KEY RATIOS</b>			
Equity/assets ratio, %	49	37	50
Debt/equity ratio, %	32	102	32
Debt/equity ratio excluding the impact of IFRS 16, %	n/a	38	n/a
Net debt, closing balance, SEK m	1,256	4,206	1,266
Operating capital, closing balance, SEK m	5,210	8,342	5,163
Capital employed, closing balance, SEK m	5,388	8,566	5,326

\* 2019 year's figures following the adoption of IFRS 16.

1) Of which, right of use assets amounted to SEK 2,723m on Sep 30, 2019.

2) Of which, long-term lease liabilities amounted to SEK 2,264m on Sep 30, 2019.

3) Of which, short-term lease liabilities amounted to SEK 380m on Sep 30, 2019.

## Statement of changes in consolidated shareholders' equity

SEK m	Attributable to Parent Company shareholders						Total share-holders equity
	Share capital	Other capital contributions	Exchange-rate differences attributable to translation of foreign operations	Cash-flow hedges after tax	Profit brought forward		
Opening balance, 1 January 2018	58	1,486	-271	7	2,874	4,154	
New accounting principles, financial instruments	-	-	-	-	-4	-4	
Restated opening balance, 1 January 2018	58	1,486	-271	7	2,870	4,150	
Profit for the period	-	-	-	-	691	691	
Other comprehensive income for the period	-	-	188	-13	119	294	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>188</b>	<b>-13</b>	<b>810</b>	<b>985</b>	
Cancellation of treasury shares	-1	-	-	-	1	-	
Dividend	-	-	-	-	-1,180	-1,180	
Allocation of share saving schemes	-	-1	-	-	-	-1	
<b>Closing balance, 30 Sep 2018</b>	<b>57</b>	<b>1,485</b>	<b>-83</b>	<b>-6</b>	<b>2,501</b>	<b>3,954</b>	
Opening balance, 1 January 2019	57	1,484	-173	2	2,527	3,897	
Profit for the period	-	-	-	-	660	660	
Other comprehensive income/loss for the period	-	-	281	0	-38	243	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>281</b>	<b>0</b>	<b>622</b>	<b>903</b>	
Dividend	-	-	-	-	-675	-675	
Treasury share reissued	-	9	-	-	-	9	
Allocation of share saving schemes	-	2	-	-	-	2	
<b>Closing balance, 30 Sep 2019</b>	<b>57</b>	<b>1,495</b>	<b>108</b>	<b>2</b>	<b>2,474</b>	<b>4,136</b>	

## Condensed consolidated cash-flow statement

SEK m	Q3		Jan - Sep		Jan - Dec	12 months
	2018	2019*	2018	2019*	2018	rolling*
<i>Operating activities</i>						
Operating profit	267	267	909	918	1,018	1,027
Depreciation/Impairment	82	208	232 <sup>1</sup>	623 <sup>2</sup>	326 <sup>3</sup>	717
Adjustments for non-cash items	-14	-3	-17	-1	126	142
Tax paid	-29	-47	-152	-190	-261	-299
Change in working capital	-2	20	-287	-284	-208	-205
<b>Cash flow from operating activities</b>	<b>304</b>	<b>445</b>	<b>685</b>	<b>1,066</b>	<b>1,001</b>	<b>1,382</b>
<i>Investing activities</i>						
Investments in fixed assets	-95	-103	-237	-240	-414	-417
Other items in investing activities	4	4	13	5	12	4
Interest received	0	0	1	1	2	2
Change in interest-bearing assets	1	1	-10	32	-12	30
Acquisition of operations	-558	-	-558	-	-558	-
<b>Cash flow from investing activities</b>	<b>-648</b>	<b>-98</b>	<b>-791</b>	<b>-202</b>	<b>-970</b>	<b>-381</b>
Operating cash flow before acquisition/divestment of operations, interest, increase/decrease of interest-bearing assets	213	346	461	831	599	969
<b>Total cashflow from operating and investing activities</b>	<b>-344</b>	<b>347</b>	<b>-106</b>	<b>864</b>	<b>31</b>	<b>1,001</b>
<i>Financing activities</i>						
Interest paid	-4	-18	-11	-55	-13	-57
Change in interest-bearing liabilities	399	-245	932 <sup>4</sup>	-118 <sup>5</sup>	818 <sup>6</sup>	-232
Treasury share reissued	-	-	-	9	-	9
Dividend	-	-	-1,180	-675	-1,180	-675
<b>Cash flow from financing activities</b>	<b>395</b>	<b>-263</b>	<b>-259</b>	<b>-839</b>	<b>-375</b>	<b>-955</b>
<b>Cash flow for the period excluding exchange-rate differences</b>	<b>51</b>	<b>84</b>	<b>-365</b>	<b>25</b>	<b>-344</b>	<b>46</b>
Cash and cash equivalents at beginning of the period	52	126	473	128	473	145
Cash flow for the period	51	84	-365	25	-344	46
Exchange-rate differences in cash and cash equivalents	42	10	37	67	-1	29
<b>Cash and cash equivalents at period-end</b>	<b>145</b>	<b>220</b>	<b>145</b>	<b>220</b>	<b>128</b>	<b>220</b>

\*2019 year's figures following the adoption of IFRS 16.

1) No impairment during the period.

2) Reversal of impairment amounted to SEK 1m and pertained to equipment, tools, fixtures and fittings.

3) Impairments amounted to SEK 11m and pertained to equipment, tools, fixtures and fittings by SEK 2m and kitchen displays by SEK 9m.

4) Net of repayment and raising of loans amounted to SEK 1,000m.

5) Net of repayment and raising of loans amounted to SEK 330m. Amortisation of leasing amounted to SEK 350m.

6) Net of repayment and raising of loans amounted to SEK 802m.

## Analysis of net debt

SEK m	Q3		Jan - Sep		Jan - Dec	12 months
	2018	2019*	2018	2019*	2018	rolling*
<b>Opening balance</b>	<b>825</b>	<b>4,407</b>	<b>77</b>	<b>1,266</b>	<b>77</b>	<b>1,256</b>
OB leasing liabilities new accounting principle	-	-	-	2,716	-	2,716
New leasing contracts/Closed leasing contracts in advance, net	-	49	-	140	-	140
Acquisition of operations	618	-	618	-	618	-
Translation differences	-17	66	-33	144	-6	171
Operating cash flow	-213	-346	-461	-831	-599	-969
Interest paid, net	4	18	10	54	11	55
Remeasurements of defined benefit pension plans	39	12	-144	46	-100	90
Other change in pension liabilities	0	0	9	5	85	81
Treasury share reissued	-	-	-	-9	-	-9
Dividend	-	-	1,180	675	1,180	675
<b>Closing balance</b>	<b>1,256</b>	<b>4,206</b>	<b>1,256</b>	<b>4,206</b>	<b>1,266</b>	<b>4,206</b>

\*2019 year's figures following the adoption of IFRS 16.

## Note I – Accounting policies

This interim report has been prepared in accordance with IFRS, with the application of IAS 34 Interim Financial Reporting. For the Parent Company, accounting policies are applied in accordance with Chapter 9, Interim Reports, of the Swedish Annual Accounts Act. Nobia has applied the same accounting policies in this interim report as were applied in the 2018 Annual Report, except for the recognition of leases (IFRS 16). A description of the new accounting policies in their entirety is provided in the 2018 Annual Report.

### IFRS 16 Leases

Nobia applies *IFRS 16 Leases* from 1 January 2019. IFRS 16 introduces a standardised lease recognition model for lessees. Nobia assess whether a lease contract is, or contains, a lease at the start of the contract. For cases in which Nobia is deemed to be a lessee, a right-of-use asset is recognised that represents a right to use the underlying asset and a lease liability that represents an obligation to pay lease payments. There are exemptions for short-term leases (leases with a maximum term of 12 months) and low-value assets. For leases that meet the exemption criteria, the Group recognises lease payments as an operating expense straight-line over the lease term.

Recognition for the lessor is similar to the current standard, meaning that the lessor continues to classify leases as finance or operating leases.

IFRS 16 Leases replaces previous IFRSs related to accounting for leases.

In 2018, Nobia identified material contracts that were deemed to be affected by IFRS 16 Leases. These contracts were divided into the asset classes of premises, vehicles and other. The conclusion drawn after the review of the leases was that premises is the class of asset that will have the greatest impact on the carrying amounts of assets and liabilities due to the introduction of IFRS 16 Leases. Nobia also intends to direct its subsidiaries to make as similar assessments as possible by applying a number of Group-wide guidelines on, for example, extension options, interest and lease payments.

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

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

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

Lease liabilities are presented together with long-term and short-term financial interest-bearing liabilities, with specifications in the notes to the balance sheet. Lease liabilities are recognised in subsequent periods by the liability being increased to reflect the effect of the interest and reduced to reflect effect of the paid lease payments.

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

Nobia applies the principles of IAS 36 for the impairment of right-of-use assets and recognises this in the same manner as described for tangible fixed assets recognised under IAS 16.



The right-of-use asset is presented together with tangible fixed assets, with specifications in the notes to the balance sheet.

Variable lease payments that do not depend on an index or rate are not included in the measurement of lease liabilities or right-of-use assets. Such lease payments are recognised as an expense in operating profit in the period in which they arise.

On 1 January 2019, Nobia recognised additional lease liabilities of SEK 2,716m and right-of-use assets (plus advance payments on 31 December 2018) of SEK 2,802m, see table below.

	Recognised balance-sheet items, 1 januari 2019	Restatement to IFRS 16	Restated balance-sheet items 1 January 2019
<b>Assets</b>			
Tangible fixed assets	1,547	2,802	4,349
Other receivables	458	-86	372
<b>Total effect on assets</b>	<b>2,005</b>	<b>2,716</b>	<b>4,721</b>
<b>Liabilities</b>			
Long-term and short-term liabilities, interest-bearing	924	2,716	3,640
<b>Total effect on liabilities</b>	<b>924</b>	<b>2,716</b>	<b>3,640</b>

### **Transition and exemption rules**

Nobia decided to apply the modified retrospective approach. This meant that the accumulated effect of IFRS 16 was recognised in profit brought forward in the opening balance for 1 January 2019 without restating comparative figures. Nobia measured the right-of-use (the asset) at the amount corresponding to the lease liability (plus advance payments on 31 December 2018), which entailed that the accumulated effect in profit brought forward in the opening balance did not arise.

Nobia applies the exemption rule of using the same discount rate for a portfolio of leases with similar characteristics.

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

### **Other disclosures**

The weighted average incremental borrowing rate used on the date of initial application (1 January 2019) is 1.96%.

For more information about the effects of the performance measures and similar after the introduction of IFRS 16, refer to the pages 25-26 "Reconciliation of alternative performance measures."

## **Note 2 – References**

Segment information, pages 4 and 5.

Loan and shareholder's equity transactions, page 7.

Items affecting comparability, page 7.

Net sales by product group, page 24.

## Note 3 – Financial instruments – fair value

Nobia's financial assets essentially comprise non-interest-bearing and interest-bearing receivables whereby cash flows only represent payment for the initial investment and, where applicable, for the time value and interest. These are intended to be held to maturity and are recognised at amortised cost, which is a reasonable approximation of fair value. Financial liabilities are primarily recognised at amortised cost.

Financial instruments measured at fair value in the balance sheet are currency forward contracts comprised of assets at a value of SEK 14m (31 Dec 2018: 13) and liabilities at a value of SEK 5m (31 Dec 2018: 19). These items are measured according to level 2 of the fair value hierarchy, meaning based on indirect observable market data. Nobia's financial instruments are measured at fair value and included in the balance sheet on the rows "Other receivables" and "Current liabilities".

## Note 4 – Related-party transactions

There is no sale and manufacturing of kitchens in the Parent Company. The Parent Company invoiced Group-wide services to subsidiaries in an amount of SEK 207m (191) during January - September 2019. The Parent Company's reported dividends from participations in Group companies totalled SEK 0m (0).

## Parent Company

Condensed Parent Company income statement SEK m	Q3		Jan - Sep		Jan - Dec	12 months
	2018	2019	2018	2019	2018	rolling
Net sales	64	71	192	207	254	269
Administrative expenses	-59	-73	-202	-213	-265	-276
Other operating income	0	1	3	4	3	4
Other operating expense	-1	-1	-2	-3	-3	-4
<b>Operating loss</b>	<b>4</b>	<b>-2</b>	<b>-9</b>	<b>-5</b>	<b>-11</b>	<b>-7</b>
Profit from shares in Group companies	0	-	-	-	793	793
Other financial income and expenses	-29	40	83	125	40	82
<b>Profit/loss after financial items</b>	<b>-25</b>	<b>38</b>	<b>74</b>	<b>120</b>	<b>822</b>	<b>868</b>
Tax on profit/loss for the period	0	0	0	0	-5	-5
<b>Profit/loss for the period</b>	<b>-25</b>	<b>38</b>	<b>74</b>	<b>120</b>	<b>817</b>	<b>863</b>

Parent Company balance sheet SEK m	30 Sep		31Dec
	2018	2019	2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
Tangible fixed assets	-	31	-
Shares and participations in Group companies	1,379	1,379	1,378
Deferred tax assets	4	4	4
<b>Total fixed assets</b>	<b>1,383</b>	<b>1,414</b>	<b>1,382</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Accounts receivable	2	1	26
Receivables from Group companies	2,304	2,217	2,483
Other receivables	48	62	56
Prepaid expenses and accrued income	70	94	62
Cash and cash equivalents	64	130	38
<b>Total current assets</b>	<b>2,488</b>	<b>2,504</b>	<b>2,665</b>
<b>Total assets</b>	<b>3,871</b>	<b>3,918</b>	<b>4,047</b>
<b>SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<i>Restricted shareholders' equity</i>			
Share capital	57	57	57
Statutory reserve	1,671	1,671	1,671
	<b>1,728</b>	<b>1,728</b>	<b>1,728</b>
<i>Non-restricted shareholders' equity</i>			
Share premium reserve	52	52	52
Buy-back of shares	-92	-82	-92
Profit brought forward	679	822	678
Profit/loss for the period	74	120	817
	<b>713</b>	<b>912</b>	<b>1,455</b>
<b>Total shareholders' equity</b>	<b>2,441</b>	<b>2,640</b>	<b>3,183</b>
<b>Long-term liabilities</b>			
Provisions for pensions	18	20	19
Deferred tax liabilities	4	3	5
Long term interest-bearing liabilities	0	24	-
<b>Total long-term liabilities</b>	<b>22</b>	<b>47</b>	<b>24</b>
<b>Current liabilities</b>			
Liabilities to credit institutes	0	0	25
Other interest-bearing liabilities	-	5	-
Accounts payable	17	31	24
Liabilities to Group companies	1,336	1,155	729
Current tax liabilities	12	0	11
Other liabilities	24	18	33
Accrued expenses and deferred income	19	22	18
<b>Total current liabilities</b>	<b>1,408</b>	<b>1,231</b>	<b>840</b>
<b>Total shareholders' equity, provisions and liabilities</b>	<b>3,871</b>	<b>3,918</b>	<b>4,047</b>

## Comparative data per region

Net sales, SEK m	Q3			Jan - Sep			Jan - Dec	Rolling	
	2018	2019*	2019**	2018	2019*	2019**	2018	12 months*	12 months**
Nordic	1,474	1,501	1,501	5,007	5,095	5,095	6,705	6,793	6,793
UK	1,378	1,464	1,464	4,243	4,447	4,447	5,597	5,801	5,801
Central Europe	291	300	300	570	943	943	909	1,282	1,282
Group-wide and eliminations	0	0	0	-1	0	0	-2	-1	-1
<b>Group</b>	<b>3,143</b>	<b>3,265</b>	<b>3,265</b>	<b>9,819</b>	<b>10,485</b>	<b>10,485</b>	<b>13,209</b>	<b>13,875</b>	<b>13,875</b>

Gross profit, SEK m	Q3			Jan - Sep			Jan - Dec	Rolling	
	2018	2019*	2019**	2018	2019*	2019**	2018	12 months*	12 months**
Nordic	557	563	562	1,957	1,949	1,949	2,590	2,582	2,582
UK	543	547	548	1,685	1,726	1,728	2,190	2,231	2,233
Central Europe	70	103	103	155	286	287	256	387	388
Group-wide and eliminations	14	14	15	40	46	46	54	60	60
<b>Group</b>	<b>1,184</b>	<b>1,227</b>	<b>1,228</b>	<b>3,837</b>	<b>4,007</b>	<b>4,010</b>	<b>5,090</b>	<b>5,260</b>	<b>5,263</b>

Gross margin, %	Q3			Jan - Sep			Jan - Dec	Rolling	
	2018	2019*	2019**	2018	2019*	2019**	2018	12 months*	12 months**
Nordic	37.8	37.5	37.4	39.1	38.3	38.3	38.6	38.0	38.0
UK	39.4	37.4	37.4	39.7	38.8	38.9	39.1	38.5	38.5
Central Europe	24.1	34.3	34.3	27.2	30.3	30.4	28.2	30.2	30.3
<b>Group</b>	<b>37.7</b>	<b>37.6</b>	<b>37.6</b>	<b>39.1</b>	<b>38.2</b>	<b>38.2</b>	<b>38.5</b>	<b>37.9</b>	<b>37.9</b>

Operating profit, SEK m	Q3			Jan - Sep			Jan - Dec	Rolling	
	2018	2019*	2019**	2018	2019*	2019**	2018	12 months*	12 months**
Nordic	185	190	193	676	673	682	841	838	847
UK	105	83	88	318	274	288	257	213	227
Central Europe	10	29	28	21	65	65	58	102	102
Group-wide and eliminations	-33	-42	-42	-106	-117	-117	-138	-149	-149
<b>Group</b>	<b>267</b>	<b>260</b>	<b>267</b>	<b>909</b>	<b>895</b>	<b>918</b>	<b>1,018</b>	<b>1,004</b>	<b>1,027</b>

Operating profit excl IAC, SEK	Q3			Jan - Sep			Jan - Dec	Rolling	
	2018	2019*	2019**	2018	2019*	2019**	2018	12 months*	12 months**
Nordic	185	190	193	676	673	682	841	838	847
UK	105	83	88	318	274	288	323	279	293
Central Europe	10	29	28	21	65	65	58	102	102
Group-wide and eliminations	-33	-42	-42	-106	-117	-117	-138	-149	-149
<b>Group</b>	<b>267</b>	<b>260</b>	<b>267</b>	<b>909</b>	<b>895</b>	<b>918</b>	<b>1,084</b>	<b>1,070</b>	<b>1,093</b>

Operating margin, %	Q3			Jan - Sep			Jan - Dec	Rolling	
	2018	2019*	2019**	2018	2019*	2019**	2018	12 months*	12 months**
Nordic	12.6	12.7	12.9	13.5	13.2	13.4	12.5	12.3	12.5
UK	7.6	5.7	6.0	7.5	6.2	6.5	4.6	3.7	3.9
Central Europe	3.4	9.7	9.3	3.7	6.9	6.9	6.4	8.0	8.0
<b>Group</b>	<b>8.5</b>	<b>8.0</b>	<b>8.2</b>	<b>9.3</b>	<b>8.5</b>	<b>8.8</b>	<b>7.7</b>	<b>7.2</b>	<b>7.4</b>

Operating margin excl IAC, %	Q3			Jan - Sep			Jan - Dec	Rolling	
	2018	2019*	2019**	2018	2019*	2019**	2018	12 months*	12 months**
Nordic	12.6	12.7	12.9	13.5	13.2	13.4	12.5	12.3	12.5
UK	7.6	5.7	6.0	7.5	6.2	6.5	5.8	4.8	5.1
Central Europe	3.4	9.7	9.3	3.7	6.9	6.9	6.4	8.0	8.0
<b>Group</b>	<b>8.5</b>	<b>8.0</b>	<b>8.2</b>	<b>9.3</b>	<b>8.5</b>	<b>8.8</b>	<b>8.2</b>	<b>7.7</b>	<b>7.9</b>

\*2019 year's figures excluding the impact of IFRS 16.

\*\*2019 year's figures following the adoption of IFRS 16.

## Quarterly data per region

Net sales, SEK m	2018				2019*		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nordic	1,682	1,851	1,474	1,698	1,724	1,870	1,501
UK	1,367	1,498	1,378	1,354	1,448	1,535	1,464
Central Europe	124	155	291	339	297	346	300
Group-wide and eliminations	0	-1	0	-1	0	0	0
<b>Group</b>	<b>3,173</b>	<b>3,503</b>	<b>3,143</b>	<b>3,390</b>	<b>3,469</b>	<b>3,751</b>	<b>3,265</b>

Gross profit, SEK m	2018				2019*		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nordic	669	731	557	633	655	732	562
UK	543	599	543	505	570	610	548
Central Europe	35	50	70	101	76	108	103
Group-wide and eliminations	13	13	14	14	16	15	15
<b>Group</b>	<b>1,260</b>	<b>1,393</b>	<b>1,184</b>	<b>1,253</b>	<b>1,317</b>	<b>1,465</b>	<b>1,228</b>

Gross margin, %	2018				2019*		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nordic	39.8	39.5	37.8	37.3	38.0	39.1	37.4
UK	39.7	40.0	39.4	37.3	39.4	39.7	37.4
Central Europe	28.2	32.3	24.1	29.8	25.6	31.2	34.3
<b>Group</b>	<b>39.7</b>	<b>39.8</b>	<b>37.7</b>	<b>37.0</b>	<b>38.0</b>	<b>39.1</b>	<b>37.6</b>

Operating profit, SEK m	2018				2019*		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nordic	213	278	185	165	214	275	193
UK	79	134	105	-61	73	127	88
Central Europe	2	9	10	37	5	32	28
Group-wide and eliminations	-39	-34	-33	-32	-32	-43	-42
<b>Group</b>	<b>255</b>	<b>387</b>	<b>267</b>	<b>109</b>	<b>260</b>	<b>391</b>	<b>267</b>

Operating profit excl IAC, SEK m	2018				2019*		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nordic	213	278	185	165	214	275	193
UK	79	134	105	5	73	127	88
Central Europe	2	9	10	37	5	32	28
Group-wide and eliminations	-39	-34	-33	-32	-32	-43	-42
<b>Group</b>	<b>255</b>	<b>387</b>	<b>267</b>	<b>175</b>	<b>260</b>	<b>391</b>	<b>267</b>

Operating margin, %	2018				2019*		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nordic	12.7	15.0	12.6	9.7	12.4	14.7	12.9
UK	5.8	8.9	7.6	-4.5	5.0	8.3	6.0
Central Europe	1.6	5.8	3.4	10.9	1.7	9.2	9.3
<b>Group</b>	<b>8.0</b>	<b>11.0</b>	<b>8.5</b>	<b>3.2</b>	<b>7.5</b>	<b>10.4</b>	<b>8.2</b>

Operating margin excl IAC, %	2018				2019*		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nordic	12.7	15.0	12.6	9.7	12.4	14.7	12.9
UK	5.8	8.9	7.6	0.4	5.0	8.3	6.0
Central Europe	1.6	5.8	3.4	10.9	1.7	9.2	9.3
<b>Group</b>	<b>8.0</b>	<b>11.0</b>	<b>8.5</b>	<b>5.2</b>	<b>7.5</b>	<b>10.4</b>	<b>8.2</b>

\*2019 year's figures following the adoption of IFRS 16.

## Operating capital per region

Operating capital Nordic region, SEK m	30 Sep			31 Dec
	2018	2019*	2019**	2018
Operating assets	2,283	2,276	3,511	2,031
Operating liabilities	1,219	1,242	1,242	1,245
<b>Operating capital</b>	<b>1,064</b>	<b>1,034</b>	<b>2,269</b>	<b>786</b>

Operating capital UK region, SEK m	30 Sep			31 Dec
	2018	2019*	2019**	2018
Operating assets	2,863	3,183	4,379	2,812
Operating liabilities	1,012	1,008	1,008	843
<b>Operating capital</b>	<b>1,851</b>	<b>2,175</b>	<b>3,371</b>	<b>1,969</b>

Operating capital Central Europe region, SEK m	30 Sep			31 Dec
	2018	2019*	2019**	2018
Operating assets	519	487	654	462
Operating liabilities	173	183	183	170
<b>Operating capital</b>	<b>346</b>	<b>304</b>	<b>471</b>	<b>292</b>

Operating capital Group-wide and eliminations, SEK m	30 Sep			31 Dec
	2018	2019*	2019**	2018
Operating assets	2,270	2,430	2,461	2,298
Operating liabilities	321	230	230	182
<b>Operating capital</b>	<b>1,949</b>	<b>2,200</b>	<b>2,231</b>	<b>2,116</b>

Operating capital, SEK m	30 Sep			31 Dec
	2018	2019*	2019**	2018
Operating assets	7,935	8,376	11,005	7,603
Operating liabilities	2,725	2,663	2,663	2,440
<b>Operating capital</b>	<b>5,210</b>	<b>5,713</b>	<b>8,342</b>	<b>5,163</b>

\*2019 year's figures excluding the impact of IFRS 16.

\*\*2019 year's figures following the adoption of IFRS 16.



## Reconciliation of alternative performance measures

Nobia presents certain financial performance measures in the interim report that are not defined according to IFRS, known as alternative performance measures. Nobia believes that these measures provide valuable complementary information to investors and the company's management since they facilitate assessments of trends and the company's performance. Because not all companies calculate performance measures in the same way, these are not always comparable with those measures used by other companies. Consequently, the performance measures are not to be seen as replacements for measures defined according to IFRS. For definitions of the performance measures that Nobia uses, see pages 27-28.

<b>Analysis of external net sales Nordic Region</b>	Q3		Jan - Sep	
	%	SEK m	%	SEK m
2018		1,474		5,007
Organic growth	1	11	0	-10
Currency effects	1	16	2	98
2019	2	1,501	2	5,095

<b>Analysis of external net sales UK Region</b>	Q3		Jan - Sep	
	%	SEK m	%	SEK m
2018		1,378		4,243
Organic growth	5	70	1	60
Currency effects	1	16	3	144
2019	6	1,464	5	4,447

<b>Analysis of external net sales Central Europe Region</b>	Q3		Jan - Sep	
	%	SEK m	%	SEK m
2018		291		569
Organic growth	0	1	-4	-21
Acquired units	0	0	67	379
Currency effects	2	8	3	16
2019	3	300	66	943

<b>Operating profit before depreciation and impairment (EBITDA), SEKm</b>	Q3			Jan - Sep			Jan - Dec	Rolling 12	Rolling 12
	2018	2019*	2019**	2018	2019*	2019**	2018	months*	months**
Operating profit	267	260	267	909	895	918	1,018	1,004	1,027
Depreciation and impairment	82	85	208	232	258	623	326	352	717
<b>Operating profit before depreciation and impairment (EBITDA)</b>	<b>349</b>	<b>345</b>	<b>475</b>	<b>1,141</b>	<b>1,153</b>	<b>1,541</b>	<b>1,344</b>	<b>1,356</b>	<b>1,744</b>
Net Sales	3,143	3,265	3,265	9,819	10,485	10,485	13,209	13,875	13,875
<b>% of sales</b>	<b>11.1%</b>	<b>10.6%</b>	<b>14.5%</b>	<b>11.6%</b>	<b>11.0%</b>	<b>14.7%</b>	<b>10.2%</b>	<b>9.8%</b>	<b>12.6%</b>

<b>Profit/loss after tax excluding IAC, SEKm</b>	Q3			Jan - Sep			Jan - Dec	Rolling 12	Rolling 12
	2018	2019*	2019**	2018	2019*	2019**	2018	months*	months**
Profit/loss after tax	201	193	187	691	676	660	753	738	722
Items affecting comparability net after tax	-	-	-	-	-	-	55	55	55
<b>Profit/loss after tax excluding IAC</b>	<b>201</b>	<b>193</b>	<b>187</b>	<b>691</b>	<b>676</b>	<b>660</b>	<b>808</b>	<b>793</b>	<b>777</b>

\*2019 year's figures excluding the impact of IFRS 16

\*\*2019 year's figures following the adoption of IFRS 16.



## Reconciliation of alternative performance measures, cont.

	30 Sep			31 Dec
	2018	2019*	2019**	2018
<b>Net debt SEKm</b>				
Provisions for pensions (IB)	411	532	532	505
Other long-term liabilities, interest-bearing (IB)	1,023	1,230	3,494	850
Current liabilities, interest-bearing (IB)	0	24	404	74
<b>Interest-bearing liabilities</b>	<b>1,434</b>	<b>1,786</b>	<b>4,430</b>	<b>1,429</b>
Long-term receivables, interest -bearing (IB)	-3	-3	-3	-2
Current receivables, interest-bearing (IB)	-30	-1	-1	-33
Cash and cash equivalents (IB)	-145	-220	-220	-128
<b>Interest-bearing assets</b>	<b>-178</b>	<b>-224</b>	<b>-224</b>	<b>-163</b>
<b>Net debt</b>	<b>1,256</b>	<b>1,562</b>	<b>4,206</b>	<b>1,266</b>

	30 Sep			31 Dec
	2018	2019*	2019**	2018
<b>Operating capital SEK m</b>				
<b>Total assets</b>	<b>8,113</b>	<b>8,600</b>	<b>11,229</b>	<b>7,766</b>
Other provisions	-32	-22	-22	-42
Deferred tax liabilities	-85	-52	-52	-75
Other long-term liabilities, non interest-bearing	-44	-33	-33	-44
Current liabilities, non interest-bearing	-2,564	-2,556	-2,556	-2,279
<b>Non-interest-bearing liabilities</b>	<b>-2,725</b>	<b>-2,663</b>	<b>-2,663</b>	<b>-2,440</b>
<b>Capital employed</b>	<b>5,388</b>	<b>5,937</b>	<b>8,566</b>	<b>5,326</b>
Interest-bearing assets	-178	-224	-224	-163
<b>Operating capital</b>	<b>5,210</b>	<b>5,713</b>	<b>8,342</b>	<b>5,163</b>

	Jan - Dec	Q3	
	2018	2019*	2019**
<b>Average operating capital SEK m</b>			
OB Operating capital	4,231	5,210	5,210
CB Operating capital	5,163	5,713	8,342
<b>Average operating capital before adjustments of acquisitions and divestments</b>	<b>4,697</b>	<b>5,462</b>	<b>6,776</b>
Adjustment for the effect due to adaption of IFRS 16 not occurred in the middle of the period	-	-	-679
Adjustment for acquisitions and divestments not occurred in the middle of the period	0	-	-
<b>Average operating capital</b>	<b>4,697</b>	<b>5,462</b>	<b>6,097</b>

	Jan - Dec	Q3	
	2018	2019*	2019**
<b>Average equity SEK m</b>			
OB Equity attributable to Parent Company shareholders	4,154	3,954	3,954
CB Equity attributable to Parent Company shareholders	3,897	4,151	4,136
<b>Average equity before adjustment of increases and decreases in capital</b>	<b>4,026</b>	<b>4,053</b>	<b>4,045</b>
Adjustment for increases and decreases in capital not occurred in the middle of the period	-295	56	56
<b>Average equity</b>	<b>3,731</b>	<b>4,109</b>	<b>4,101</b>

\*2019 year's figures excluding the impact of IFRS 16.

\*\*2019 year's figures following the adoption of IFRS 16.

## Definitions

Performance measure	Calculation	Purpose
Return on shareholders' equity	Net profit for the period as a percentage of average shareholders' equity attributable to Parent Company shareholders based on opening and closing balances for the period. The calculation of average shareholders' equity has been adjusted for increases and decreases in capital.	Return on shareholders' equity shows the total return on shareholders' capital in accounting terms and reflects the effects of both the operational profitability and financial gearing. The measure is primarily used to analyse shareholder profitability over time.
Return on operating capital	Operating profit as a percentage of average operating capital based on opening and closing balances for the period excluding net assets attributable to discontinued operations. The calculation of average operating capital has been adjusted for acquisitions and divestments.	Return on operating capital shows how well the operations use net capital that is tied up in the company. It reflects how both cost and capital-efficient net sales are generated, meaning the combined effect of the operating margin and the turnover rate of operating capital. The measure is used in profitability comparisons between operations in the Group and to assess the Group's profitability over time.
Gross margin	Gross profit as a percentage of sales.	This measure reflects the efficiency of the part of the operations that is primarily linked to production and logistics. It is used to measure cost efficiency in this part of the operations.
EBITDA	Earnings before depreciation/amortisation and impairment.	To simplify, the measure shows the earnings-generating cash flow in the operations. It provides a view of the ability of the operations, in absolute terms, to generate resources for investment and payment to financiers and is used for comparisons over time.
Items affecting comparability	Items that affect comparability in so far as they do not reoccur with the same regularity as other items.	Reporting items affecting comparability separately clearly shows the performance of the underlying operations.
Net debt	Interest-bearing liabilities less interest-bearing assets. Interest-bearing liabilities include pension liabilities.	Net debt is used to monitor the debt trend and see the level of the refinancing requirement. The measure is used as a component in the debt/equity ratio.
Operating capital	Capital employed excluding interest-bearing assets.	Operating capital shows the amount of capital required by the operations to conduct its core operations. It is mainly used to calculate the return on operating capital.
Operating cash flow	Cash flow from operating activities including cash flow from investing activities, excluding cash flow from acquisitions/divestments of operations, interest received, and increase/decrease in interest-bearing assets.	This measure comprises the cash flow generated by the underlying operations. The measure is used to show the amount of funds at the company's disposal for paying financiers of loans and equity or for use in growth through acquisitions.
Organic growth	Change in net sales, excluding acquisitions, divestments and changes in exchange rates.	Organic growth facilitates a comparison of sales over time by comparing the same operations and excluding currency effects.
Region	Region corresponds to an operating segment under IFRS 8.	
Earnings per share	Net profit for the period divided by a weighted average number of outstanding shares during the period.	
Operating margin	Operating profit as a percentage of net sales.	This measure reflects the operating profitability of the operations. It is used to monitor the flexibility and efficiency of the operations before taking into account capital tied up. The performance measure is used both internally in governance and monitoring of the operation, and for benchmarking with other companies in the industry.

## Definitions, cont.

<b>Performance measure</b>	<b>Calculation</b>	<b>Purpose</b>
Debt/equity ratio	Net debt as a percentage of shareholders' equity including non-controlling interests.	A measure of the ratio between the Group's two forms of financing. The measure shows the percentage of the loan capital in relation to capital invested by the owners, and is thus a measure of financial strength but also the gearing effect of lending. A higher debt/equity ratio means a higher financial risk and higher financial gearing.
Equity/assets	Shareholders' equity including non-controlling interests as a percentage of balance-sheet total.	This measure reflects the company's financial position and thus its long-term solvency. A healthy equity ratio/strong financial position provides preparedness for managing periods of economic downturn and financial preparedness for growth. It also provides a minor advantage in the form of financial gearing.
Capital employed	Balance-sheet total less non-interest-bearing provisions and liabilities.	The capital that shareholders and lenders have placed at the company's disposal. It shows the net capital invested in the operations, such as operating capital, with additions for financial assets.
Currency effects	"Translation 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).	

## Information to shareholders

### For further information

Contact any of the following on +46 (0)8 440 16 00:

- Kristoffer Ljungfelt, CFO
- Tobias Norrby, Head of Investor Relations

### Presentation

The interim report will be presented on Wednesday, 23 October at 14.00 CET in a webcast teleconference that can be followed on Nobia's website. To participate in the teleconference, call one of the following numbers:

Sweden: +46 8 56 64 26 51  
UK: +44 33 33 00 08 04  
USA: +1 63 19 13 14 22  
Pin code: 98932602#

### Financial calendar

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4 February 2020

Year-end report 2019

*This interim report is information such that Nobia is obliged to make public pursuant to the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, on 23 October 2019 at 13:00 CET.*

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