



Year-end report 2019

Fourth quarter 2019

- Net sales for the fourth quarter increased by 2% and amounted to SEK 3,445m (3,390).
- Organic growth was -2% (-2).
- Operating profit excl. items affecting comparability that affected the fourth quarter 2018, was SEK 214m (175), corresponding to an operating margin of 6.2% (5.2).
- Changes in exchange rates positively impacted operating profit by SEK 25m.
- Profit after tax excl. items affecting comparability amounted to SEK 150m (117), corresponding to earnings per share after dilution of SEK 0.88 (0.69).
- Operating cash flow amounted to SEK 348m (138).
- The Board proposes a dividend of SEK 4.00 per share (4.00).

Nobia Group summary

	Q4		Ch.	Jan - Dec		Ch.
	2018	2019*	%	2018	2019*	%
Net sales, SEK m	3,390	3,445	2	13,209	13,930	5
Gross margin, %	37.0	37.6	-	38.5	38.1	-
Operating margin before depreciation and impairment (EBITDA), %	6.0	12.4	-	10.2	14.1	-
Operating profit (EBIT), SEK m	109	214	96	1,018	1,132	11
Operating profit (EBIT), excl IAC, SEK m	175	214	22	1,084	1,132	4
Operating margin, %	3.2	6.2	-	7.7	8.1	-
Operating margin excl IAC, %	5.2	6.2	-	8.2	8.1	-
Profit after financial items, SEK m	100	187	87	986	1,039	5
Profit/loss after tax, SEK m	62	150	142	753	810	8
Profit/loss after tax, excl IAC, SEK m	117	150	28	808	810	0
Earnings/loss per share, before dilution, SEK	0.37	0.89	141	4.46	4.80	8
Earnings/loss per share, before dilution excl IAC, SEK	0.69	0.89	29	4.79	4.80	0
Earnings/loss per share, after dilution, SEK	0.37	0.88	138	4.46	4.79	7
Earnings/loss per share, after dilution excl IAC, SEK	0.69	0.88	28	4.79	4.79	0
Operating cash flow, SEK m	138	348	152	599	1,179	97

* 2019 following the adoption of IFRS 16. For material effect on figures excluding the impact of IFRS 16, please see next page.

Nobia Group summary excluding the impact of IFRS 16

	Q4		Ch.	Jan - Dec		Ch.
	2018	2019*	%	2018	2019*	%
Operating margin before depreciation and impairment (EBITDA), %	6.0	8.4	–	10.2	10.4	–
Operating profit (EBIT), SEK m	109	205	88	1,018	1,100	8
Operating profit (EBIT) excl IAC, SEK m	175	205	17	1,084	1,100	1
Operating margin, %	3.2	6.0	–	7.7	7.9	–
Operating margin excl IAC, %	5.2	6.0	–	8.2	7.9	–
Profit after financial items, SEK m	100	191	91	986	1,062	8
Profit/loss after tax, SEK m	62	153	147	753	829	10
Operating cash flow, SEK m	138	211	53	599	648	8

* 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

Investing for the future

A stable Q4 concludes a year characterized by high market volatility. It also marks the end of a highly important year for Nobia, when we set a new direction for the company and decided on major future investments.

One highlight was of course the directional decision to invest SEK 2bn in a new state-of-the-art factory for the Nordic region, which was announced in December. The new factory will be unique in its ability to mass produce made-to-order kitchens and will be instrumental for us to realise our strategy and cement our leading position in Europe. Another area where we are injecting resources is the important trade segment, where we have successfully proven that we can capitalize on our strong retail brands and utilize the scale of our nationwide store networks.

Organic growth declined in the quarter, mainly driven by a softer Nordic project market but also as a result of franchising part of the Nordic store network. The quarter includes costs for strategic investments related mainly to the decision to build a new Nordic factory and changes in the UK supply chain. Adjusting for last year's non-recurring cost and this year's strategic investments, our operating income and margin were on par with last year.

In the Nordics, we delivered an improved margin despite an organic decrease in sales, which partly was a result of conversions of own stores to franchise. Deliveries to the project market declined in line with construction activity falling from high levels, mainly in Finland. In Denmark our new product introductions continued to perform well, contributing to another overall good quarter.

In the UK we delivered organic growth despite the market weakness. The Brexit uncertainty continued and was even more apparent ahead of the election in December, burdening retail sales and construction market activity. Our London based project business had higher deliveries, however much less than expected due to market uncertainty and project delays. Together with the continued growth from our new concept for trade customers, we delivered positive organic growth for the region.

Cash flow for the year remained solid and the balance sheet remains strong. This gives us continued financial headroom to focus on profitable growth, organically as well as through acquisitions and the Board of Directors has proposed to maintain the dividend at SEK 4.00 per share. We have an exciting 2020 ahead of us and look forward to sharing more of our plans at a capital markets day in Stockholm on March 19.



Jon Sintorn
President and CEO

Fourth quarter, consolidated

Market overview

The overall Nordic kitchen market is deemed to be slightly down compared with the fourth 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 3,445m (3,390), positively impacted by currency effects of SEK 121m and negatively by organic decline of SEK -66m or -2% (-2). The UK region reported positive organic growth while other regions' organic growth was negative.

The gross margin amounted to 37.6% (37.0) and gross profit increased to SEK 1,295m (1,253). Operating profit excluding items affecting comparability amounted to SEK 214m (175). Operating profit excluding items affecting comparability was positively impacted mainly by higher sales values and favourable changes in exchange rates, while the lower volume impacted negatively. The quarter was affected by costs related to strategic initiatives, included in group-wide costs, while prior year included non-recurring costs for a cost savings program.

Operating cash flow improved to SEK 348m (138) partly as a result of the adoption of IFRS 16. Adjusted for IFRS 16, operating cash flow was SEK 211m¹⁾ (138). Investments in fixed assets amounted to SEK 225m (177).

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

Analysis of net sales

	Q4	
	%	SEK m
2018		3,390
Organic growth	-2	-66
–of which Nordic region	-4	-63
–of which UK region	1	13
–of which Central Europe region	-5	-16
Currency effects	4	121
2019	2	3,445

Currency effect on operating profit

SEK m	Q4		
	Translation effect	Transaction effect	Total effect
Nordic region	5	10	15
UK region	5	5	10
CE region	0	0	0
Group	10	15	25

Store development

	Q4
Newly opened/closed, net	-3
Number of own stores	233

Net sales and profit by region

	Nordic		UK		Central Europe		Group-wide and eliminations		Group		Ch.
	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	
SEK m	2018	2019*	2018	2019*	2018	2019*	2018	2019*	2018	2019*	%
Net sales from external customers	1,698	1,658	1,354	1,455	338	332	–	–	3,390	3,445	2
Net sales from other regions	0	0	–	–	1	0	-1	0	–	–	–
Net sales	1,698	1,658	1,354	1,455	339	332	-1	0	3,390	3,445	2
Gross profit	633	618	505	554	101	107	14	16	1,253	1,295	3
Gross margin, %	37.3	37.3	37.3	38.1	29.8	32.2	–	–	37.0	37.6	–
Operating profit/loss	165	204	-61	57	37	33	-32	-80	109	214	96
Operating profit/loss excl IAC, SEK m	165	204	5	57	37	33	-32	-80	175	214	22
Operating margin, %	9.7	12.3	-4.5	3.9	10.9	9.9	–	–	3.2	6.2	–
Operating margin excl IAC, %	9.7	12.3	0.4	3.9	10.9	9.9	–	–	5.2	6.2	–

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

Fourth quarter, the regions

Nordic region

Net sales in the Nordic region amounted to SEK 1,658m (1,698). Organic growth was -4% (-3). Adjusted for the conversion of own Norema and HTH stores to franchise, organic sales growth was -2%.

Retail sales were up in Denmark and Finland, while sales to the project segment were down, mainly in Finland.

The gross margin amounted to 37.3% (37.3). Operating profit increased to SEK 204m (165). Q4 2018 included SEK 24m in non-recurring costs. Excluding non-recurring costs, operating income was positively impacted by higher sales values, mix and lower costs as a result of franchise conversions, while lower volumes impacted negatively. Changes in exchange rates had a positive impact of SEK 15m. The operating margin rose to 12.3% (9.7).

Nordic region



UK region

Net sales in the UK amounted to SEK 1,455m (1,354). Organic growth amounted to 1% (0).

Net sales to the trade segment in Magnet increased, driven by the enhanced efforts and investments to improve the trade offering, while Magnet retail sales declined. Project sales in Commodore/CIE increased mainly due to favourable phasing of property development projects.

The gross margin amounted to 38.1% (37.3). Operating profit excluding items affecting comparability increased to SEK 57m (5). Q4 2018 was charged with non-recurring costs of SEK 63m. Excluding non-recurring costs, operating income was positively impacted by volume and direct material prices, while price and costs for the trade segment repositioning of Magnet impacted negatively. Changes in exchange rates had a favourable impact of SEK 10m.

UK region



Central Europe region

Net sales in the Central Europe region amounted to SEK 332m (339). Organic growth was -5% (-11).

Net sales in the Netherlands declined mainly due to delayed housing project starts as a result of new environmental regulations. Net sales in Austria were slightly higher. The gross margin strengthened to 32.2% (29.8) while the operating margin declined to 9.9% (10.9). Operating profit decreased to SEK 33m (37). Price and mix had a positive impact, however offset by effects from the lower sales volume and accounting changes.

Central Europe region



*2019 following the adoption of IFRS 16.

Full-year, consolidated

January - December 2019

- Net sales for the full year totalled SEK 13,930m (13,209).
- Operating profit totalled SEK 1,132m (1,018), corresponding to an operating margin of 8.1% (7.7).
- Changes in exchange rates positively impacted operating profit by SEK 15m.
- Profit after tax amounted to SEK 810m (753), corresponding to earnings per share after dilution of SEK 4.79 (4.46).
- Operating cash flow amounted to SEK 1,179m (599). Operating cash flow excluding the impact of IFRS16 was SEK 648m (599).

Comments on performance

Net sales were positively impacted by currency effects of SEK 379m and acquired units of SEK 379m. Organic sales growth was flat (-4%).

The gross margin decreased to 38.1% (38.5), mainly as a result of currency impact and the consolidation of Bribus which has a structurally lower gross margin. Operating profit excluding items affecting comparability increased to SEK 1,132m (1,084). Group-wide costs were SEK 59m higher mainly due to strategic initiatives such as manufacturing footprint changes. 2018 included non-recurring costs of SEK 88m.

The return on operating capital was 14.2% (or 20.4% adjusted for the IFRS 16 impact) over the last rolling twelve months (Jan - Dec 2018: 21.7). The return on equity was 20.4% over the last rolling twelve months (Jan-Dec 2018: 20.2).

Operating cash flow improved to SEK 1,179m (599) as a result of the adoption of IFRS16. Adjusted for IFRS16, operating cash flow was SEK 648m¹. Investments in fixed assets amounted to SEK 465m (414), of which SEK 115m (154) pertained to store investments.

¹ Before the adoption of IFRS 16, lease payments were included in operating activities and thereby affected operating cash flow. After the adoption of IFRS 16, lease payments are recognised in financing activities and thus excluded from operating cash flow.

Analysis of net sales

	Jan - Dec	
	%	SEK m
2018		13,209
Organic growth	0	-37
–of which Nordic region	-1	-72
–of which UK region	1	73
–of which Central Europe region	-4	-38
Acquired units	3	379
Currency effects	3	379
2019	5	13,930

Currency effect on operating results

SEKm	Jan - Dec		
	Translation effect	Transaction effect	Total effect
Nordic region	20	-20	0
UK region	15	0	15
CE region	0	0	0
Group	35	-20	15

Store development

	Jan - Dec
Newly opened/closed, net	-15
Number of own stores	233

Net sales and profit by region

	Nordic		UK		Central Europe		Group-wide & eliminations		Group		Ch.
	Jan - Dec		Jan - Dec		Jan - Dec		Jan - Dec		Jan - Dec		
	2018	2019*	2018	2019*	2018	2019*	2018	2019*	2018	2019*	
Net sales from external customers	6,705	6,753	5,597	5,902	907	1,275	-	-	13,209	13,930	5
Net sales from other regions	0	0	-	-	2	0	-2	0	-	-	-
Net sales	6,705	6,753	5,597	5,902	909	1,275	-2	0	13,209	13,930	5
Gross profit	2,590	2,567	2,190	2,282	256	394	54	62	5,090	5,305	4
Gross margin, %	38.6	38.0	39.1	38.7	28.2	30.9	-	-	38.5	38.1	-
Operating profit/loss	841	886	257	345	58	98	-138	-197	1,018	1,132	11
Operating profit/loss excl IAC, SEK m	841	886	323	345	58	98	-138	-197	1,084	1,132	4
Operating margin, %	12.5	13.1	4.6	5.8	6.4	7.7	-	-	7.7	8.1	-
Operating margin excl IAC, %	12.5	13.1	5.8	5.8	6.4	7.7	-	-	8.2	8.1	-
Net financial items									-32	-93	-191
Profit after financial items									986	1,039	5

*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 2019, SEK 1,130m of the bank loan was utilised.

Net debt including IFRS16 lease liabilities of SEK 2,475m (0) amounted to SEK 3,819m (1,266) at the end of the year. The debt/equity ratio was 89% (32) or 31% excluding IFRS16 lease liabilities.

Net financial items amounted to an expense of SEK 93m (32). Net financial items include the net of returns on pension assets and interest expense on pension liabilities corresponding to an expense of SEK 21m (28). The net interest expense amounted to SEK 72m (4), of which SEK 55m was attributable to interest on leases.

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 in 2019. 2018 includes items affecting comparability of SEK -66m related to additional pension costs in the fourth quarter.

Personnel

The number of employees on 31 December 2019 was 6,109 (6,081).

Investment in new factory

In December it was announced that the Board of Directors had made a directional decision to invest in a new production plant in Jönköping, Sweden, to replace Nobia's existing factory in Tidaholm in 2024. The manufacturing volume at the factory in Tidaholm, Sweden, will be transferred to the new factory, as will parts of the volume in Nobia's plant in Ølgod, Denmark. The investment in automation and other production equipment is estimated at SEK 2bn in 2020 - 2023.

The plant will be one of the most modern kitchen manufacturing factories in Europe. It will have a high degree of automation and digitalisation as well as industry leading environmental and sustainability performance. The lead time for made-to-order kitchen production will be significantly reduced, manufacturing and logistics efficiency will improve and Nobia will strengthen its position as Europe's leading kitchen specialist. The decision is subject to customary union negotiations.

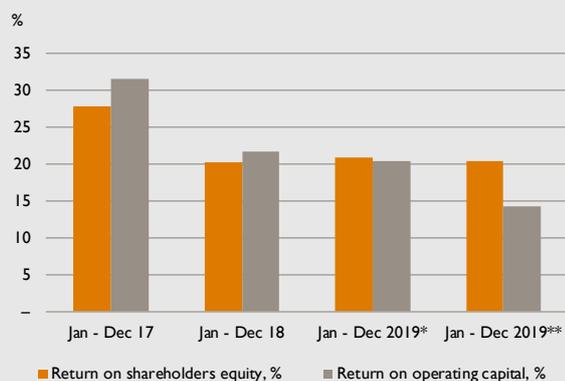
Annual General Meeting

Nobia's Annual General Meeting will be held on Tuesday, 5 May 2020 at 17:00 CET at Sankta Clara, Klara Strand Konferens, Klarabergsviadukten 90 in Stockholm, Sweden.

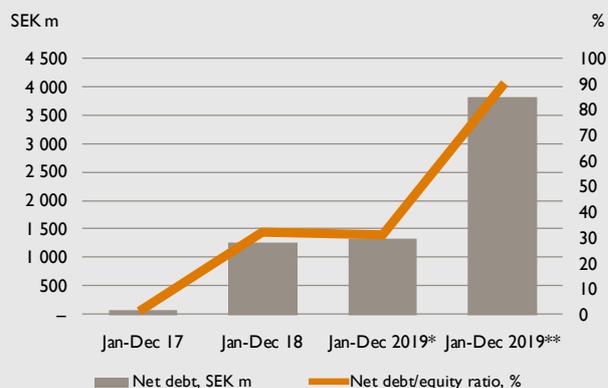
Shareholders in Nobia are welcome to submit proposals to the Annual General Meeting not later than 17 March 2020 via email: bolagsstamma@nobia.com or by post: Nobia AB, Bolagsstämman, Blekholmstorget 30 E7, 111 64 Stockholm, Sweden.

Publication of the Annual Report on the company's website is planned for no later than 14 April 2020 and the Swedish version will be distributed in print to those who have requested it.

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.

Proposed dividend

For the 2019 fiscal year, the Board proposes a dividend of SEK 4.00 per share (4.00). The proposed dividend corresponds to 83 per cent of net profit for the year after tax. The proposal entails a total share dividend of about SEK 675 million. The record day for the right to receive a dividend is 7 May 2020 and the final day for trading in Nobia shares including the right to receive dividend is 5 May 2020.

Nora F. Larssen proposed new Chair of Nobia

Nobia's Nomination Committee proposes that Nora F. Larssen be elected new Chair of Nobia at the next Annual General Meeting on 5 May 2020. The current Chairman, Hans Eckerström, has declined re-election. Nora F. Larssen has been a member of Nobia's Board since 2011.

In addition, the Nomination Committee proposes that Jan Svensson, Arja Taaveniku and Carsten Rasmussen be elected new members of the Board. Marlene Forsell and George Adams are proposed for re-election.

Stefan Jacobsson and Jill Little have declined re-election and will therefore step down from the Board at the Annual General Meeting.

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 Brexit. 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 31 December 2019 contained goodwill of SEK 3,042m (2,887). The value of this asset item is tested if there are any indications of a decline in value and at least once annually.

Stockholm, 4 February 2020

Jon Sintorn
President and CEO

Nobia AB, Corporate Registration Number 556528-2752

This Year-End Report has not been subject to review by the auditors.

Condensed consolidated income statement

SEK m	Q4		Jan - Dec	
	2018	2019*	2018	2019*
Net sales	3,390	3,445	13,209	13,930
Cost of goods sold	-2,137	-2,150	-8,119	-8,625
Gross profit	1,253	1,295	5,090	5,305
Selling and administrative expenses	-1,077	-1,124	-4,031	-4,293
Other income/expenses	-67	43	-41	120
Operating profit	109	214	1,018	1,132
Net financial items	-9	-27	-32	-93
Profit after financial items	100	187	986	1,039
Tax	-38	-37	-233	-229
Profit after tax	62	150	753	810
Total profit attributable to:				
Parent Company shareholders	62	150	753	810
Total depreciation	-83	-214	-315	-838
Total impairment	-11	2	-11	3
Gross margin, %	37.0	37.6	38.5	38.1
Operating margin, %	3.2	6.2	7.7	8.1
Return on operating capital, %	-	-	21.7	14.2
Return on shareholders equity, %	-	-	20.2	20.4
Earnings per share before dilution, SEK	0.37	0.89	4.46	4.80
Earnings per share after dilution, SEK	0.37	0.88	4.46	4.79
Number of shares at period end before dilution, 000s ¹	168,687	168,853	168,687	168,853
Average number of shares before dilution, 000s ¹	168,687	168,853	168,653	168,770
Number of shares after dilution at period end, 000s ¹	168,687	169,361	168,687	169,328
Average number of shares after dilution, 000s ¹	168,687	168,981	168,687	169,044

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

¹⁾ Excluding treasury shares.

Consolidated statement of comprehensive income

SEK m	Q4		Jan - Dec	
	2018	2019*	2018	2019*
Profit after tax	62	150	753	810
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange-rate differences attributable to translation of foreign operations	-90	-40	98	241
Cash flow hedges before tax	10	-19	-7 ¹	-19
Tax attributable to change in hedging reserve for the period	-2	4	2 ²	4
	-82	-55	93	226
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	-44	52	100	6
Tax relating to remeasurements of defined benefit pension plans	8	-8	-17	0
	-36	44	83	6
Other comprehensive income	-118	-11	176	232
Total comprehensive income	-56	139	929	1,042
Total comprehensive income attributable to:				
Parent Company shareholders	-56	139	929	1,042

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

¹⁾ Reversal recognised in profit and loss amounts to a negative SEK 3m (neg: 10). New provision amounts to a negative SEK 15m (pos: 3).

²⁾ Reversal recognised in profit and loss amounts to a positive SEK 1m (pos: 3). New provision amounts to a positive SEK 3m (neg: 1).

Items affecting comparability

Items affecting comparability, SEK m	Q4		Jan - Dec	
	2018	2019	2018	2019
Pension adjustment in UK	-66	-	-66	-
Items affecting comparability in operating profit	-66	-	-66	-
Items affecting comparability in taxes	11	-	11	-
Items affecting comparability, total loss	-55	-	-55	-

Items affecting comparability per function, SEK m	Q4		Jan - Dec	
	2018	2019	2018	2019
Other income/expenses	-66	-	-66	-
Items affecting comparability in operating profit	-66	-	-66	-
Items affecting comparability in taxes	11	-	11	-
Items affecting comparability, total loss	-55	-	-55	-

Items affecting comparability in operating profit per region, SEK m	Q4		Jan - Dec	
	2018	2019	2018	2019
UK	-66	-	-66	-
Group	-66	-	-66	-

Condensed consolidated balance sheet

SEK m	31 Dec	
	2018	2019*
ASSETS		
Goodwill	2,887	3,042
Other intangible fixed assets	184	232
Tangible fixed assets	1,547	4,190 ¹
Long-term receivables, interest-bearing (IB)	2	2
Long-term receivables	42	103
Deferred tax assets	97	72
Total fixed assets	4,759	7,641
Inventories	962	1,145
Accounts receivable	1,426	1,371
Current receivables, interest-bearing (IB)	33	4
Other receivables	458	428
<i>Total current receivables</i>	<i>1,917</i>	<i>1,803</i>
Cash and cash equivalents (IB)	128	257
Total current assets	3,007	3,205
Total assets	7,766	10,846
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	57	57
Other capital contributions	1,484	1,497
Reserves	-171	55
Profit brought forward	2,527	2,668
<i>Total shareholders' equity attributable to Parent Company shareholders</i>	<i>3,897</i>	<i>4,277</i>
Total shareholders' equity	3,897	4,277
Provisions for pensions (IB)	505	473
Other provisions	42	37
Deferred tax liabilities	75	49
Other long-term liabilities, interest-bearing (IB)	850	3,247 ²
Other long-term liabilities, non interest-bearing	44	33
Total long-term liabilities	1,516	3,839
Current liabilities, interest-bearing (IB)	74	362 ³
Current liabilities and provisions	2,279	2,368
Total current liabilities	2,353	2,730
Total shareholders' equity and liabilities	7,766	10,846
BALANCE-SHEET RELATED KEY RATIOS		
Equity/assets ratio, %	50	39
Debt/equity ratio, %	32	89
Debt/equity ratio excluding the impact of IFRS 16, %	n/a	31
Net debt, closing balance, SEK m	1,266	3,819
Operating capital, closing balance, SEK m	5,163	8,096
Capital employed, closing balance, SEK m	5,326	8,359

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

¹⁾ Of which, right of use assets amounted to SEK 2,549m on December 31, 2019.

²⁾ Of which, long-term lease liabilities amounted to SEK 2,113m on December 31, 2019.

³⁾ Of which, short-term lease liabilities amounted to SEK 362m on December 31, 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	-	-	-	-	753	753
Other comprehensive income for the period	-	-	98	-5	83	176
Total comprehensive income for the period	-	-	98	-5	836	929
Cancellation of treasury shares	-1	-	-	-	1	-
Dividend	-	-	-	-	-1,180	-1,180
Allocation of share saving schemes	-	-2	-	-	-	-2
Closing balance, 31 December 2018	57	1,484	-173	2	2,527	3,897
Opening balance, 1 January 2019	57	1,484	-173	2	2,527	3,897
Profit for the period	-	-	-	-	810	810
Other comprehensive income/loss for the period	-	-	241	-15	6	232
Total comprehensive income for the period	-	-	241	-15	816	1,042
Dividend	-	-	-	-	-675	-675
Treasury share reissued	-	9	-	-	-	9
Allocation of share saving schemes	-	4	-	-	-	4
Closing balance, 31 December 2019	57	1,497	68	-13	2,668	4,277

Condensed consolidated cash-flow statement

SEK m	Q4		Jan - Dec	
	2018	2019*	2018	2019*
<i>Operating activities</i>				
Operating profit	109	214	1,018	1,132
Depreciation/Impairment	94	212	326 ¹	835 ²
Adjustments for non-cash items	143	30	126	29
Tax paid	-109	-115	-261	-305
Change in working capital	79	226	-208	-58
Cash flow from operating activities	316	567	1,001	1,633
<i>Investing activities</i>				
Investments in fixed assets	-177	-225	-414	-465
Other items in investing activities	-1	6	12	11
Interest received	1	0	2	1
Change in interest-bearing assets	-2	-3	-12	29
Acquisition of operations	-	-	-558	-
Cash flow from investing activities	-179	-222	-970	-424
Operating cash flow before acquisition/divestment of operations, interest, increase/decrease of interest-bearing assets	138	348	599	1,179
Total cashflow from operating and investing activities	137	345	31	1,209
<i>Financing activities</i>				
Interest paid	-2	-15	-13	-70
Change in interest-bearing liabilities	-114	-268	818 ³	-386 ⁴
Treasury share reissued	-	-	-	9
Dividend	-	-	-1,180	-675
Cash flow from financing activities	-116	-283	-375	-1,122
Cash flow for the period excluding exchange-rate differences	21	62	-344	87
Cash and cash equivalents at beginning of the period	145	220	473	128
Cash flow for the period	21	62	-344	87
Exchange-rate differences in cash and cash equivalents	-38	-25	-1	42
Cash and cash equivalents at period-end	128	257	128	257

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

¹⁾ Impairments amounted to SEK 11m and pertained to equipment, tools, fixtures and fittings by SEK 2m and kitchen displays by SEK 9m.

²⁾ Reversal of impairment amounted to SEK 3m and pertained to equipment, tools, fixtures and fittings by SEK 1m and kitchen displays by SEK 2m.

³⁾ Net of repayment and raising of loans amounted to SEK 802m.

⁴⁾ Net of repayment and raising of loans amounted to SEK 240m. Amortisation of leasing amounted to SEK 475m.

Analysis of net debt

SEK m	Q4		Jan - Dec	
	2018	2019*	2018	2019*
Opening balance	1,256	4,206	77	1,266
OB leasing liabilities new accounting principle	-	-	-	2,716
New leasing contracts/Closed leasing contracts in advance, net	-	-25	-	115
Acquisition of operations	-	-	618	-
Translation differences	27	11	-6	155
Operating cash flow	-138	-348	-599	-1,179
Interest paid, net	1	15	11	69
Remeasurements of defined benefit pension plans	44	-52	-100	-6
Other change in pension liabilities	76	12	85	17
Treasury share reissued	-	-	-	-9
Dividend	-	-	1,180	675
Closing balance	1,266	3,819	1,266	3,819

*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
Assets			
Tangible fixed assets	1,547	2,802	4,349
Other receivables	458	-86	372
Total effect on assets	2,005	2,716	4,721
Liabilities			
Long-term and short-term liabilities, interest-bearing	924	2,716	3,640
Total effect on liabilities	924	2,716	3,640

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 24-25 "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 23.

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 5m (31 Dec 2018: 13) and liabilities at a value of SEK 24m (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 281m (253) during January - December 2019. The Parent Company's reported dividends from participations in Group companies totalled SEK 500m (800).

Parent Company

Condensed Parent Company income statement

SEK m	Q4		Jan - Dec	
	2018	2019	2018	2019
Net sales	62	74	254	281
Administrative expenses	-63	-119	-265	-332
Other operating income	0	2	3	6
Other operating expense	-1	-1	-3	-4
Operating loss	-2	-44	-11	-49
Profit from shares in Group companies	800	500	800	500
Other financial income and expenses	-43	-55	40	70
Profit/loss after financial items	755	401	829	521
Group contribution received	220	150	220	150
Group contribution paid	-227	-187	-227	-187
Tax on profit/loss for the period	-5	0	-5	0
Profit/loss for the period	743	364	817	484

Parent Company balance sheet

SEK m	31 Dec	
	2018	2019
ASSETS		
Fixed assets		
Tangible fixed assets	-	29
Shares and participations in Group companies	1,378	1,380
Deferred tax assets	4	6
Total fixed assets	1,382	1,415
Current assets		
<i>Current receivables</i>		
Accounts receivable	26	1
Receivables from Group companies	2,483	2,212
Other receivables	56	70
Prepaid expenses and accrued income	62	84
Cash and cash equivalents	38	158
Total current assets	2,665	2,525
Total assets	4,047	3,940
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		
Shareholders' equity		
<i>Restricted shareholders' equity</i>		
Share capital	57	57
Statutory reserve	1,671	1,671
	1,728	1,728
<i>Non-restricted shareholders' equity</i>		
Share premium reserve	52	52
Buy-back of shares	-92	-82
Profit brought forward	678	823
Profit/loss for the period	817	484
	1,455	1,277
Total shareholders' equity	3,183	3,005
Long-term liabilities		
Provisions for pensions	19	21
Deferred tax liabilities	5	5
Long term interest-bearing liabilities	-	22
Total long-term liabilities	24	48
Current liabilities		
Liabilities to credit institutes	25	-
Other interest-bearing liabilities	-	6
Accounts payable	24	44
Liabilities to Group companies	729	790
Current tax liabilities	11	0
Other liabilities	33	29
Accrued expenses and deferred income	18	18
Total current liabilities	840	887
Total shareholders' equity, provisions and liabilities	4,047	3,940

Comparative data per region

Net sales, SEK m	Q4			Jan - Dec		
	2018	2019*	2019**	2018	2019*	2019**
Nordic	1,698	1,658	1,658	6,705	6,753	6,753
UK	1,354	1,455	1,455	5,597	5,902	5,902
Central Europe	339	332	332	909	1,275	1,275
Group-wide and eliminations	-1	0	0	-2	0	0
Group	3,390	3,445	3,445	13,209	13,930	13,930

Gross profit, SEK m	Q4			Jan - Dec		
	2018	2019*	2019**	2018	2019*	2019**
Nordic	633	617	618	2,590	2,566	2,567
UK	505	554	554	2,190	2,280	2,282
Central Europe	101	107	107	256	393	394
Group-wide and eliminations	14	16	16	54	62	62
Group	1,253	1,294	1,295	5,090	5,301	5,305

Gross margin, %	Q4			Jan - Dec		
	2018	2019*	2019**	2018	2019*	2019**
Nordic	37.3	37.2	37.3	38.6	38.0	38.0
UK	37.3	38.1	38.1	39.1	38.6	38.7
Central Europe	29.8	32.2	32.2	28.2	30.8	30.9
Group	37.0	37.6	37.6	38.5	38.1	38.1

Operating profit, SEK m	Q4			Jan - Dec		
	2018	2019*	2019**	2018	2019*	2019**
Nordic	165	202	204	841	875	886
UK	-61	52	57	257	326	345
Central Europe	37	32	33	58	97	98
Group-wide and eliminations	-32	-81	-80	-138	-198	-197
Group	109	205	214	1,018	1,100	1,132

Operating profit excl IAC, SEK m	Q4			Jan - Dec		
	2018	2019*	2019**	2018	2019*	2019**
Nordic	165	202	204	841	875	886
UK	5	52	57	323	326	345
Central Europe	37	32	33	58	97	98
Group-wide and eliminations	-32	-81	-80	-138	-198	-197
Group	175	205	214	1,084	1,100	1,132

Operating margin, %	Q4			Jan - Dec		
	2018	2019*	2019**	2018	2019*	2019**
Nordic	9.7	12.2	12.3	12.5	13.0	13.1
UK	-4.5	3.6	3.9	4.6	5.5	5.8
Central Europe	10.9	9.6	9.9	6.4	7.6	7.7
Group	3.2	6.0	6.2	7.7	7.9	8.1

Operating margin excl IAC, %	Q4			Jan - Dec		
	2018	2019*	2019**	2018	2019*	2019**
Nordic	9.7	12.2	12.3	12.5	13.0	13.1
UK	0.4	3.6	3.9	5.8	5.5	5.8
Central Europe	10.9	9.6	9.9	6.4	7.6	7.7
Group	5.2	6.0	6.2	8.2	7.9	8.1

*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	Q4
Nordic	1,682	1,851	1,474	1,698	1,724	1,870	1,501	1,658
UK	1,367	1,498	1,378	1,354	1,448	1,535	1,464	1,455
Central Europe	124	155	291	339	297	346	300	332
Group-wide and eliminations	0	-1	0	-1	0	0	0	0
Group	3,173	3,503	3,143	3,390	3,469	3,751	3,265	3,445

Gross profit, SEK m	2018				2019*			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nordic	669	731	557	633	655	732	562	618
UK	543	599	543	505	570	610	548	554
Central Europe	35	50	70	101	76	108	103	107
Group-wide and eliminations	13	13	14	14	16	15	15	16
Group	1,260	1,393	1,184	1,253	1,317	1,465	1,228	1,295

Gross margin, %	2018				2019*			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nordic	39.8	39.5	37.8	37.3	38.0	39.1	37.4	37.3
UK	39.7	40.0	39.4	37.3	39.4	39.7	37.4	38.1
Central Europe	28.2	32.3	24.1	29.8	25.6	31.2	34.3	32.2
Group	39.7	39.8	37.7	37.0	38.0	39.1	37.6	37.6

Operating profit, SEK m	2018				2019*			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nordic	213	278	185	165	214	275	193	204
UK	79	134	105	-61	73	127	88	57
Central Europe	2	9	10	37	5	32	28	33
Group-wide and eliminations	-39	-34	-33	-32	-32	-43	-42	-80
Group	255	387	267	109	260	391	267	214

Operating profit excl IAC, SEK m	2018				2019*			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nordic	213	278	185	165	214	275	193	204
UK	79	134	105	5	73	127	88	57
Central Europe	2	9	10	37	5	32	28	33
Group-wide and eliminations	-39	-34	-33	-32	-32	-43	-42	-80
Group	255	387	267	175	260	391	267	214

Operating margin, %	2018				2019*			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nordic	12.7	15.0	12.6	9.7	12.4	14.7	12.9	12.3
UK	5.8	8.9	7.6	-4.5	5.0	8.3	6.0	3.9
Central Europe	1.6	5.8	3.4	10.9	1.7	9.2	9.3	9.9
Group	8.0	11.0	8.5	3.2	7.5	10.4	8.2	6.2

Operating margin excl IAC, %	2018				2019*			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nordic	12.7	15.0	12.6	9.7	12.4	14.7	12.9	12.3
UK	5.8	8.9	7.6	0.4	5.0	8.3	6.0	3.9
Central Europe	1.6	5.8	3.4	10.9	1.7	9.2	9.3	9.9
Group	8.0	11.0	8.5	5.2	7.5	10.4	8.2	6.2

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

Operating capital per region

Operating capital Nordic region, SEK m	31 Dec		
	2018	2019*	2019**
Operating assets	2,031	2,085	3,212
Operating liabilities	1,245	1,298	1,298
Operating capital	786	787	1,914

Operating capital UK region, SEK m	31 Dec		
	2018	2019*	2019**
Operating assets	2,812	3,142	4,283
Operating liabilities	843	881	881
Operating capital	1,969	2,261	3,402

Operating capital Central Europe region, SEK m	31 Dec		
	2018	2019*	2019**
Operating assets	462	436	595
Operating liabilities	170	172	172
Operating capital	292	264	423

Operating capital Group-wide and eliminations, SEK m	31 Dec		
	2018	2019*	2019**
Operating assets	2,298	2,464	2,493
Operating liabilities	182	136	136
Operating capital	2,116	2,328	2,357

Operating capital, SEK m	31 Dec		
	2018	2019*	2019**
Operating assets	7,603	8,127	10,583
Operating liabilities	2,440	2,487	2,487
Operating capital	5,163	5,640	8,096

*2019 excluding the impact of IFRS 16.

**2019 following the adoption of IFRS 16.

Comparative data by product group

Net sales Nordic by product group, %	Q4		Jan - Dec	
	2018	2019	2018	2019
Kitchen furnitures	67	64	67	67
Installation services	6	6	6	6
Other products	27	30	27	27
Total	100	100	100	100

Net sales UK by product group, %	Q4		Jan - Dec	
	2018	2019	2018	2019
Kitchen furnitures	60	60	62	62
Installation services	8	7	6	6
Other products	32	33	32	32
Total	100	100	100	100

Net sales Central Europe by product group, %	Q4		Jan - Dec	
	2018	2019	2018	2019
Kitchen furnitures	61	58	72	60
Installation services	11	11	7	11
Other products	28	31	21	29
Total	100	100	100	100

Net sales Group by product group, %	Q4		Jan - Dec	
	2018	2019	2018	2019
Kitchen furnitures	64	62	65	64
Installation services	7	7	6	6
Other products	29	31	29	30
Total	100	100	100	100

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 26-27.

Analysis of external net sales Nordic Region	Q4		Jan - Dec	
	%	SEK m	%	SEK m
2018		1,698		6,705
Organic growth	-4	-63	-1	-72
Currency effects	1	23	2	120
2019	-2	1,658	1	6,753

Analysis of external net sales UK Region	Q4		Jan - Dec	
	%	SEK m	%	SEK m
2018		1,354		5,597
Organic growth	1	13	1	73
Currency effects	6	88	4	232
2019	7	1,455	5	5,902

Analysis of external net sales Central Europe Region	Q4		Jan - Dec	
	%	SEK m	%	SEK m
2018		338		907
Organic growth	-5	-16	-4	-38
Acquired units	0	0	42	379
Currency effects	3	10	3	27
2019	-2	332	41	1,275

Operating profit before depreciation and impairment (EBITDA), SEKm	Q4			Jan - Dec		
	2018	2019*	2019**	2018	2019*	2019**
Operating profit	109	205	214	1,018	1,100	1,132
Depreciation and impairment	94	86	212	326	344	835
Operating profit before depreciation and impairment (EBITDA)	203	291	426	1,344	1,444	1,967
Net Sales	3,390	3,445	3,445	13,209	13,930	13,930
% of sales	6.0%	8.4%	12.4%	10.2%	10.4%	14.1%

Profit/loss after tax excluding IAC, SEKm	Q4			Jan - Dec		
	2018	2019*	2019**	2018	2019*	2019**
Profit/loss after tax	62	153	150	753	829	810
Items affecting comparability net after tax	55	-	-	55	-	-
Profit/loss after tax excluding IAC	117	153	150	808	829	810

*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.

	31 dec		
	2018	2019*	2019**
Net debt, SEK m			
Provisions for pensions (IB)	505	473	473
Other long-term liabilities, interest-bearing (IB)	850	1,134	3,247
Current liabilities, interest-bearing (IB)	74	0	362
Interest-bearing liabilities	1,429	1,607	4,082
Long-term receivables, interest-bearing (IB)	-2	-2	-2
Current receivables, interest-bearing (IB)	-33	-4	-4
Cash and cash equivalents (IB)	-128	-257	-257
Interest-bearing assets	-163	-263	-263
Net debt	1,266	1,344	3,819

	31 dec		
	2018	2019*	2019**
Operating capital, SEK m			
Total assets	7,766	8,390	10,846
Other provisions	-42	-37	-37
Deferred tax liabilities	-75	-49	-49
Other long-term liabilities, non interest-bearing	-44	-33	-33
Current liabilities, non interest-bearing	-2,279	-2,368	-2,368
Non-interest-bearing liabilities	-2,440	-2,487	-2,487
Capital employed	5,326	5,903	8,359
Interest-bearing assets	-163	-263	-263
Operating capital	5,163	5,640	8,096

	Jan - Dec		Q4
	2018	2019*	2019**
Average operating capital, SEK m			
OB Operating capital	4,231	5,163	5,163
CB Operating capital	5,163	5,640	8,096
Average operating capital before adjustments of acquisitions and divestments	4,697	5,402	6,630
Adjustment for the effect due to adaption of IFRS 16 not occurred in the middle of the period	-	-	1,358
Adjustment for acquisitions and divestments not occurred in the middle of the period	0	-	-
Average operating capital	4,697	5,402	7,988

	Jan - Dec		Q4
	2018	2019*	2019**
Average equity, SEK m			
OB Equity attributable to Parent Company shareholders	4,154	3,897	3,897
CB Equity attributable to Parent Company shareholders	3,897	4,296	4,277
Average equity before adjustment of increases and decreases in capital	4,026	4,097	4,087
Adjustment for increases and decreases in capital not occurred in the middle of the period	-295	-112	-112
Average equity	3,731	3,985	3,975

*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.

Performance measure	Calculation	Purpose
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 or ir@nobia.com

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

Presentation

The interim report will be presented on Tuesday, 4 February at 10.00 CET in a webcast teleconference that can be followed on Nobia's website or on <https://edge.media-server.com/mmc/p/2k4czigi>.

To participate in the teleconference, and thus have the possibility to ask questions, call one of the following numbers:

Sweden: +46 8 566 42651
UK: +44 333 3000 804
USA: +1 631 9131 422
Pin code: 76321615#

Financial calendar

May 4	Interim report for January - March 2020
July 20	Interim report for January - June 2020
November 2	Interim report for January - September 2020

The annual report is expected to be published latest April 14.

The AGM will be held in Stockholm on May 5.

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 4 February 2020 at 08:00 CET.

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