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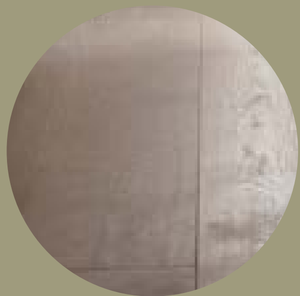

Annual and Sustainability Report 2021

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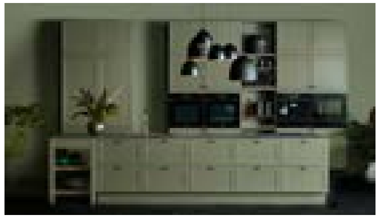

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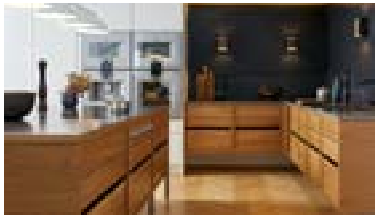

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2021 Annual and Sustainability Report
The audited Annual Report and consolidated financial statements can be found on pages 30–82. The statutory Corporate Governance Report can be found on pages 20–26 and the statutory Sustainability Report can be found on pages 33 and 86–98 and both are part of the Board of Directors' report.

This is Nobia

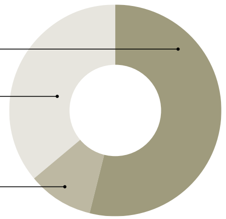
- » 17 strong local brands that together form Europe's leading kitchen specialist.
- » By leveraging the Group's economies of scale, we strengthen our local competitiveness.
- » We are driven by a shared ambition to lead the way in design and sustainability in our industry.

UK region
- 196 own kitchen stores, of which 159 have a trade concept, and approx. 250 other retailers
- 5 production facilities
- 2,700 employees

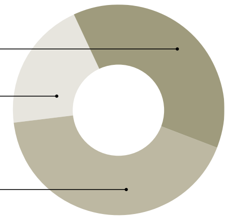
Nordic region
- 175 franchise stores, 22 own kitchen stores and approx. 400 other retailers
- 6 production facilities
- 2,600 employees

Central Europe region
- Netherlands, Austria
- Approx. 500 retail stores
- 3 production facilities
- 650 employees

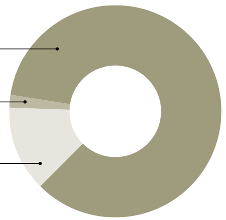
Net sales per region, %



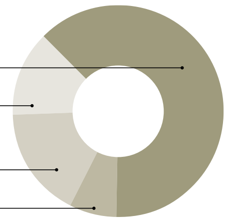
Customer segments, by sales %



Operating profit per region, %



Sales channels, by sales %



Designing kitchens for life

The kitchen, which was already the most important room in the house before the pandemic, is now also a workplace and a place to exercise for many people. The kitchen as the centre of our existence drives demand for natural materials, colours and shapes that provide a feeling of comfort and well-being, as well as furniture and kitchen solutions that promote the social aspects of life. We are continually launching new kitchen and design concepts – always with people and the environment in mind.

27%
of Swedish customers would choose the kitchen if they were to give priority to a room to renovate.

60%
of homeowners in England are prepared to pay more for a property where the kitchen has been renovated.

44%
of the Group's sales value in Sweden and Norway now comes from Nordic Swan eco-labelled products.

In a unique cooperation with Toniton, several of our Nordic brands launched six colour palettes that match regardless of how they are combined. They were developed to match existing interiors such as wood and other natural materials.

Science-based climate targets

Nobia stands behind the Paris Agreement, and was the first European kitchen specialist to have its science-based climate targets approved by the Science Based Targets initiative in 2020. We have undertaken to reduce CO_2 emissions, both from our own operations and by encouraging our suppliers to set climate targets in accordance with the Paris Agreement. This is how we act on climate-related risks and opportunities, as well as contribute to the transition throughout the entire value chain.

1.5°
The Paris Agreement aims to limit the increase in the average global temperature to 1.5 degrees.

72%
We will reduce CO_2 emissions from manufacturing and own transport by 72 per cent by 2026.

70%
of our suppliers must have science-based climate targets by 2025. Read more on page 91.

Sustainability throughout the value chain

We are convinced that inspiring kitchen design and assuming responsibility throughout the entire value chain are what is required to be an industry leader. Our focus is to reduce our climate impact in line with the Paris Agreement, contribute to more circular flows of material and provide inspiration for a more sustainable life through our kitchen products. Nobia strives to contribute to the UN's global sustainability goals throughout the value chain. Open dialogue and collaboration are the key to helping bring about positive change, including far beyond our own operations as well.

100% of all electricity in production and own stores is renewable.

100% of the Group's wood material comes from certified sources or suppliers audited and approved for sustainability.

62% of the Group's wood waste is recycled into new products.

PRODUCT DEVELOPMENT
We offer kitchens that last for years. Products that meet both the needs of today and tomorrow.

SOURCING
Our responsible sourcing programme aims to minimising risk and promote a more sustainable supply chain.

MANUFACTURING
We work systematically with health, safety, resource efficiency, the environment and the climate. The majority of our production facilities are ISO certified.

SALES
We help the customer the entire way from inspiration to installation in order to promote a sustainable kitchen solution.

TRANSPORTATION
Through analysis of our flows, we work to optimise our transport solutions and reduce our climate impact.

USE
With our kitchen solutions, we can enable our customers to live more sustainably.

WASTE AND RECYCLING
We work to reduce our waste and increase our circular flow of materials, and we encourage our customers to do the same.

Read more about how we affect people, society and the planet on pages 86–98.

2021 in brief

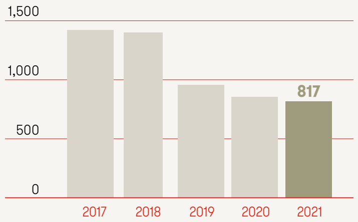
High organic growth and stronger earnings for the Group
Market conditions in the Nordic region and Central Europe were good, benefiting from a strong home renovation trend, while the market in the UK was volatile and adversely affected by coronavirus restrictions that periodically closed our store network.

Record result for the Nordic region
Operating profit in the Nordic region exceeded SEK 1 billion for the first time. Organic growth was ten percent, mainly due to strong consumer sales.

Construction of the highly automated Nordic factory begins
The construction of Nobia's new factory in Jönköping began during the year. The factory is to be complete by 2024. It will be the most modern plant in the industry, with leading performance in sustainability, efficiency and flexibility.

Launch of Group-wide kitchen concept
The first Group-wide design concept for kitchens was launched. The concept, inspired by the Nordic nature, is available in the Nordic region and the UK through product lines including Marbodal, HTH, Invita, Sigdal and Magnet.

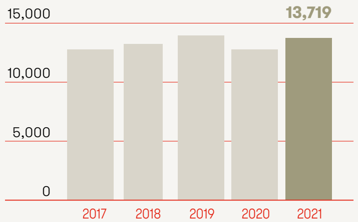
Scope 1 & 2 kg CO_2e/net sales SEK m



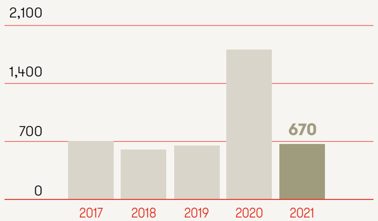
Despite a minor increase in total Scope 1 and 2 (electricity, heating and own transportation) in 2021, we are continuing the process of reducing CO_2 emissions in relation to sales. Read more about Nobia's climate activities on pages 86–98.

Complete five-year overview, refer to page 116

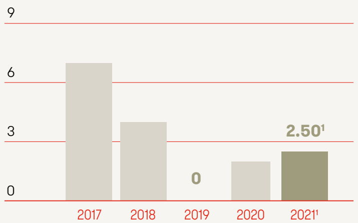
Net sales, SEK m



Operating cash flow, SEK m

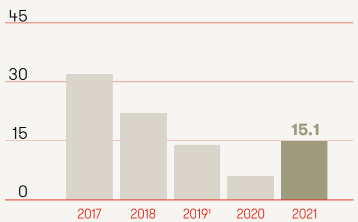


Dividend per share, SEK



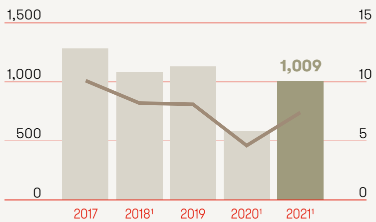
1) The Board's proposal.

Return on operating capital, %



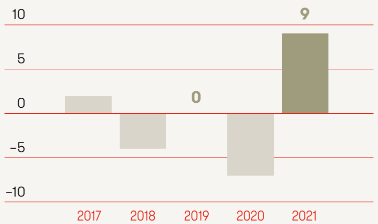
1) Effect of IFRS 16 as of 2019.

Operating profit, SEK m and operating margin, %



1) Excluding items affecting comparability.

Organic growth, %



CEO's comments

While writing my comments for the annual report we received the terrible news about Russia's aggression and uncalled war in Ukraine. First and foremost our hearts and minds are with the Ukrainian people and we wish for this horrific aggression to stop immediately. 2021 was yet another eventful year. Despite the continued impact of the pandemic, we made good progress in our long-term transformation to strengthen our ability to drive growth, efficiency and sustainability. Given the circumstances, I am satisfied with our financial results.

The kitchen is a room that continues to grow in importance. We spend more time there, not only cooking and eating but also spending quality time with family and friends, our children do homework there and we even do our own office work from there as well. Nobia's purpose is "Designing Kitchens for Life", and in 2021 we supplied beautiful kitchens to more than half a million homes.

Good performance in the Nordic region and Central Europe
Our performance in 2021 should be viewed in light of continued volatility caused by the pandemic, particularly in the UK, and a period of unsurpassed inflation in costs for direct materials, particularly in the second half of the year. The Group's sales and earnings were significantly better than in the previous year, although prior year included some covid-related impact.

Organic growth in the Nordic region was 10 per cent, operating profit increased to a record level of just over SEK 1 billion, and the operating margin remained high, nearly 14 per cent. We have a proven and flexible business model in the Nordic region: strong brands with high consumer awareness that we benefit from when we sell to trade and project customers. Closer cooperation between our brands in the Nordic countries has resulted in better processes, cost efficiency and the exchange of knowledge based on experience since we introduced the new organisation in 2020.

We also continue to perform well in Central Europe, with solid growth and an operating margin exceeding the Group's

financial target of 10 per cent. Bribus, which was acquired in 2018, has performed better than planned, and our colleagues in Austria have improved their results significantly over the last few years. Our performance in the UK was more mixed. We were affected by the pandemic to a greater extent, and we had to keep our kitchen stores closed for several months. In addition, activity in some parts of the project market remained far below the level seen before the pandemic.

Good prospects to realise our strategy in the UK

We have the opportunity to perform significantly better in the UK, where I see a potential for an operating margin of 10 per cent over the business cycle, compared with the break-even result we delivered in 2021. We have an ambitious plan for developing our operations in UK to drive profitable growth in the coming years. Some of the areas we are addressing through a product launch agenda are demonstrating leading design, creating inspiring showrooms in the right locations and truly putting the kitchen designer at the heart of our strategy. A journey of transformation is only as good as the people driving it, and we've added new talent from the kitchen industry and other industries, people with the ability and experience to lead the change we need.

Magnet, which has strong recognition among UK consumers, is the core of our strategy in England. It serves as a strong base with nationwide distribution, healthy market share and kitchen expertise in the relevant market segments. The brand can be utilised in all segments of the market to a vastly greater extent, which we have successfully accomplished in the Nordic region with our Nordic brands, for example. Trade customers are an important and growing segment in the UK. They are frequent purchasers of kitchens and excellent ambassadors for our products. We began to hone our offering for trade customers already back in 2019, we are continuing to do so and we are well-positioned here. Magnet, and the trade segment in particular, will be the driver of both organic growth and profitability in the UK going forward.

A higher dividend thanks to a strong balance sheet

A successful optimisation of working capital continue to further strengthen our consolidated balance sheet. At year-end we were debt-free once again, enabling both investments and healthy dividends. Our strong financial situation makes the Board's proposal to raise the dividend to SEK 2.50 per share possible.

Leadership in design and sustainability

We are doing more than ever to reduce our impact on the environment. Our reduction targets have been approved by the Science Based Targets initiative (SBTi), which means that they are in line with the Paris Agreement. We are aiming at a total reduction of CO_2 emissions from our own operations (Scope 1 & 2) of 72 per cent by 2026 compared with 2016, and we have already achieved a 71 per cent reduction. However the largest carbon footprint is outside our own operations, coming from our suppliers and through our customers' use of the kitchen during its entire lifetime. Our target for 2025 is for 70 per cent of our suppliers, based on CO_2 emissions, to also have climate targets approved by the SBTi. Nobia offers kitchens that offer both attractive design and low impact on the environment. In this area we are working, for example, to use wood that comes from sustainable sources, circular flows of materials and to transition our range of appliances to more energy efficient alternatives so that customers can live a more sustainable life in the kitchen.

Last year we also focused on training and skills development in sustainability-related topics for our employees. Similar to previous years, Nobia remained a committed member of the UN Global Compact and supports the ten principles on human rights, labour, environment and anti-corruption, and that are also being implemented into work processes and governance. We also endeavour to contribute to the UN's Sustainable Development Goals.

Long-term investments for future efficiency

Nobia's strategy is based on the three pillars of organic growth, efficiency and people engagement. We are in the midst of making several exciting major investments in order to deliver on our strategy. The new Nordic megafactory being built in Jönköping will be tremendously important to us. It will bring scale, efficiency, flexibility and sustainability performance that no one else in the market can match. In order to increase efficiency, were also in the midst of harmonising important business processes on a shared IT infrastructure, as well as harmonising product platforms to a shared standard. In the market, we are differentiating our customer offering with a plan to launch a series of inspiring kitchen concepts in the coming years. In 2021 we launched the first Group-wide kitchen concept, Nordic Nature, and customer interest has been above our expectations.

Our new Nordic factory, which will be completed in 2024, will give us scale, efficiency, flexibility and sustainability performance that no one else in the market can match.

Outlook

The last two years have been eventful to say the least. Brexit is now behind us, Covid-19 is not yet over, but we hope that we won't see any major disruptions as in 2021 and 2020. Interest in home renovations and investing in kitchens in the Nordic region and Central Europe remains healthy, and the UK market should be more stable in 2022. The war in Ukraine is above all a humanitarian catastrophe. While it is too early to assess the full business impact, we can already now see that disruptions in material flows as a consequence of the war will prolong the inflationary pressures in material prices, transportation costs and energy.

Our employees are the Group's most valuable asset, and I want to express my heartfelt thanks to all of our colleagues for their hard work and commitment during yet another eventful year.

Jon Sintorn, *President and CEO*

Our kitchen markets

» **The kitchen market is a profitable and growing market that benefits from home-improvement trends and new housing construction**

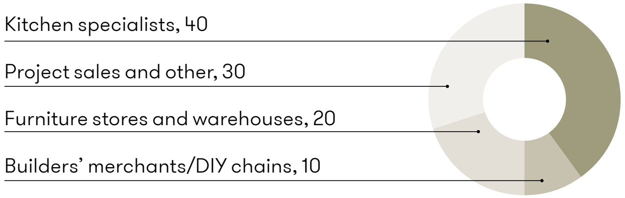
» **The market is slowly consolidating but remains fragmented, with a degree of competition that is high but local**

Nobia's addressable kitchen market is estimated at approximately SEK 85 billion on the retail side. The number with kitchen sold is estimated at around 2.5 million, of which just above half are sold in the UK and the remainder in the Nordic region and Austria/the Netherlands, which represent one quarter each. Kitchen brands are often local within a certain country or region, but some kitchen specialists, like Nobia, have gathered several brands in countries into the same group.

The larger part of the market is in the mid-price segment, followed by the economy segment, while the premium and luxury segment makes up a small part of the market. Sustainability is becoming increasingly important to all customer segments, and since the kitchen is one room in the home where we spend more and more time doing more than cooking, customer demand for sustainable and customised kitchen solutions is increasing. In terms of value, approximately 20 per cent of the market consists of sales to new housing construction, while the remainder is sold to consumers and builders and primarily driven by renovation or home-improvement needs.

Customer segment Europe, sales by market, %

Sales channels Europe, market by sales %



The retail (consumer) market

- Constitutes approximately 50 per cent of the kitchen market
- An infrequently purchased product associated with a high level of customer involvement
- Customers want professional, customised help in planning and design

For private households, kitchens are a major and complex investment that includes the important factors of function, design, style and materials, an investment made once every 15 years on average. As a room, the kitchen is becoming increasingly important in our homes, a place where we spend more and more time – and not just cooking. Consequently, people are more willing to spend on kitchen fittings. Sustainability in the kitchen is also becoming ever more important, both when it comes to the choice of materials and being able to use the kitchen sustainably, for example through more energy-efficient appliances and functions for sorting household waste. Kitchens are sold either as rigid cabinets in the medium and higher price classes, or as ready-to-assemble kitchens in flat packs. The economic climate, interest rate levels and consumer confidence affect demand, as does any tax relief for renovation. Kitchens are sold to consumers in kitchen stores that may be owned by the kitchen manufacturer or operating under franchise agreements or completely independently, as well as in DIY stores, consumer electronics chains or furniture stores.

Project customers

- Constitutes approximately 20 per cent of the kitchen market
- Competitive advantages are sustainability certifications, dedicated project management, successful deliveries of large orders on time, and products that are easy to install

Contracts to deliver kitchens to new construction of multi-family properties are often agreed on a project basis directly with construction companies. These are often long-standing business relationships, particularly with large customers. Project customers have similar product requirements as consumers, but different service needs, and they want to offer flat buyers kitchens with good design and numerous potential options. Attractive kitchens are often regarded as a part of marketing new properties, and being able to offer well-known kitchen brands is an advantage. New construction is sensitive to economic fluctuations, and it is affected by macroeconomic events, urbanisation, consumer confidence, housing prices and interest rates, as well as financing opportunities. One sub-segment is sales of kitchens to the public housing sector, where municipal housing authorities provide housing. Most kitchens in this sub-segment are sold for renovation as part of a planned maintenance programme, and they often depend on political decisions.

Trade

- Constitute approximately 30 per cent of the kitchen market
- Are an important customer segment that has a close relationship with the consumer where the kitchen is installed
- Are repetitive kitchen buyers who complete multiple renovation projects every year

The trade segment, like project customers, is part of the professional kitchen market. These customers are tradesmen/builders or small local companies with a small number of employees who usually purchase and install one kitchen at a time for the end consumer. Some focus only on kitchen installation, but the majority also perform other renovation work for private households. Tradesmen have an important relationship with consumers, and they help customers with everything from choosing kitchens to installation. Tradesmen often purchase multiple kitchens every year and can therefore become a repetitive and stable line of business, compared with selling directly to consumers who purchase a new kitchen once every 15 years on average. The trade segment is a large and growing customer group for Magnet in the UK in particular. Our brands in the Nordic market and Bribus also sell to smaller construction companies and tradesmen, through both franchise stores and builder merchants.

Strategy and objectives

» We want to be customers' first choice everywhere we operate and be a responsible company that is attractive to employees and investors.

» The key to long-term value creation is how we transform our in-depth knowledge to inspiring kitchen solutions that are economically and environmentally sustainable, regardless of whether the kitchens are sold to consumers or professionals.

Industry leadership in design and sustainability

Offering well designed kitchens that inspire, guide and make it easier for people to cook, eat and live more sustainably in their kitchens is a prerequisite for enduring success.

Sustainability is becoming more and more important to customers. Reducing the total climate impact of our kitchens in the value chain so that the Group's impact is in line with the Paris Agreement is important to us. If we manage our strengths and resources in the right way and focus on continual improvements, we will be able to achieve our overall goals: to be customers' first choice and to be and be perceived as a responsible and attractive company.

Nobia's focus for the years ahead is primarily on how we can create sustainable and profitable organic growth in the long term, which means increasing sales organically while continually improving operating margins at the same time.

Our journey can be summarised in three overall strategic priorities: growth acceleration, structural efficiency and people engagement. How do we use our brands, our design and kitchen expertise and distribution channels to best meet the needs of customers in the three segments of consumers, tradesmen and large project customers? How can we invest and drive change in order to be more efficient both economically and environmentally, and how do we ensure our employees' continued commitment and performance?

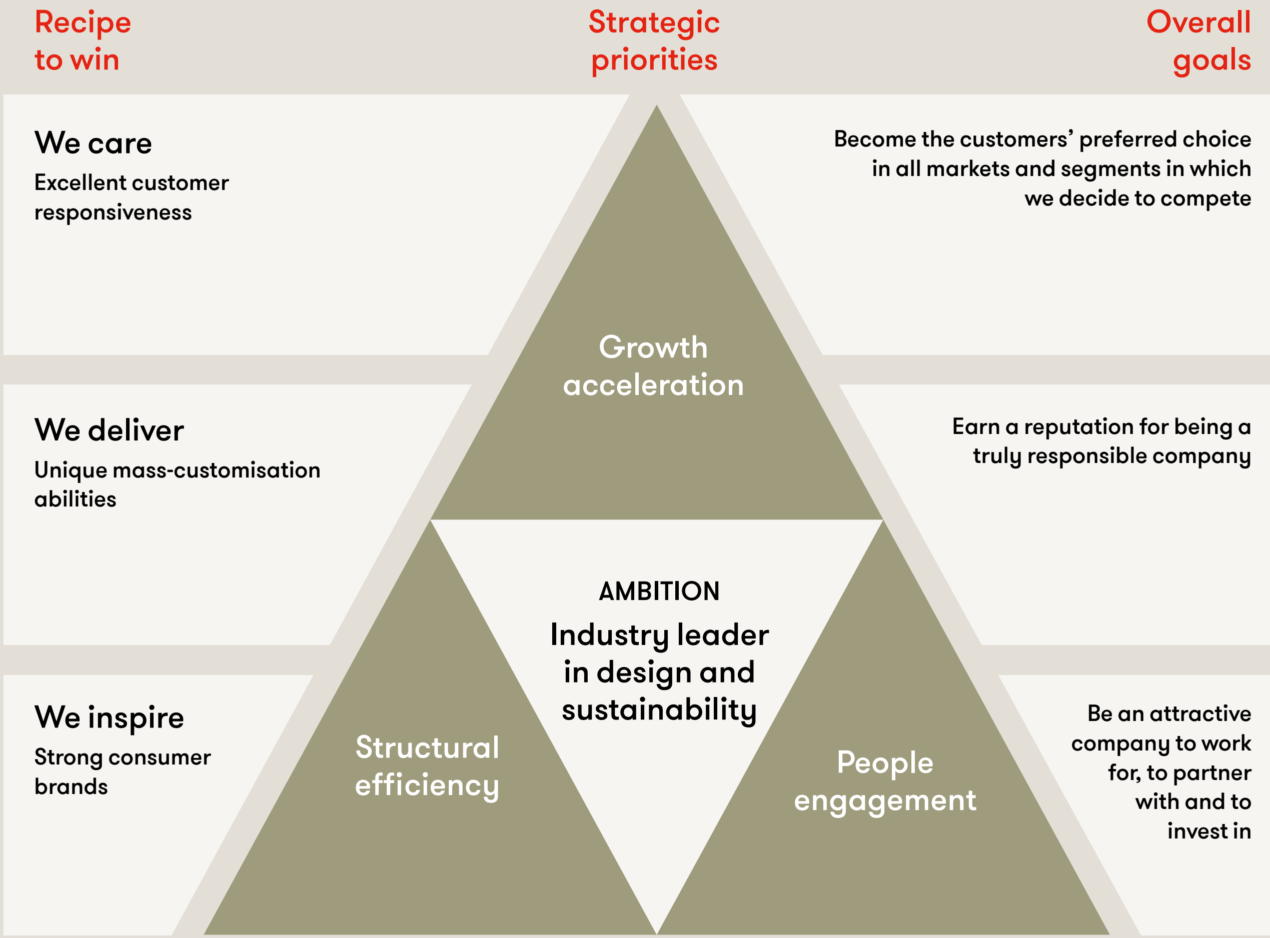
A business model with a focus on kitchens

Nobia's business model is manufacturing and selling primarily kitchens to consumers and companies, primarily under its own kitchen brands. Operations cover the entire value chain from design, product development and sourcing to sales and distribution, as well as installation services in certain markets. We are creating strong consumer brands that will also be a competitive advantage when we sell to other customer segments such as tradesmen and project customers. Another important strength is the ability to produce large volumes of personal and customised kitchens.

We primarily sell complete kitchen solutions: everything a kitchen needs. The furnishings are primarily manufactured from certified wood material in our own facilities. Together with purchased components, such as drawers, handles and appliances, kitchens are consolidated for delivery to customers. Sales take place via own stores, franchise stores and retailers, such as DIY stores. In addition, we have direct sales to large professional customers such as residential and property developers.

Dual ambitions – "Designing kitchens for life"

We intend to be an industry leader in both design and sustainability, and we are convinced that inspiring kitchen design and assuming responsibility in the value chain are what is required to become a leader: the one is a prerequisite of the other, and vice versa. Being a leader in design involves continually anticipating our customers' expectations and developing well-designed, beautiful and emotionally appealing kitchen solutions that distinguish us from our competitors. Being a leader in sustainability means setting an example in finding a balance among various interests and creating kitchen solutions that promote sustainable living in the kitchen.



Sustainably, and successfully, leverage the Group's advantages of large-scale production to strengthen our local competitiveness.

Sustainability initiatives in four focus areas

As a manufacturer, Nobia has an impact on society and the environment in our own operations and in our value chain. The Group's strategic focus areas and associated priority topics reflect our impact and expectations from our stakeholders. These focus areas are the foundation or our strategic planning and our practical work. Read more about our sustainability initiatives on pages 86–98.

Sustainable lifestyle innovations

Overall goals:
To design kitchen products that contribute to a more sustainable life in the kitchen and to adapt our offering of appliances to reduce customers' climate impact.

UN Global Compact principles: 1, 7, 8, 9.
Contribution to the UN Sustainable Development Goals: 8.4 Improve resource efficiency in consumption and production. 12.8 Promote universal understanding of sustainable lifestyles.

Circular materials and flows

Overall goals:
To increase the proportion of sustainable products and material to thereby enable cleaner and more circular flows of materials.

UN Global Compact principles: 2, 7, 8, 9.
Contribution to the UN Sustainable Development Goals: 8.4 Improve resource efficiency in consumption and production. 12.5 Substantially reduce waste generation. 15.2 Promote implementation of sustainable forestry. 17.17 Encourage effective partnerships.

Reduced climate impact

Overall goals:
To use a scientific approach to reduce CO_2 emissions from our own operations and in our value chain in line with the Paris Agreement.

UN Global Compact principles: 7, 8, 9.
Contribution to the UN Sustainable Development Goals: 13.1 Strengthen resilience and adaptive capacity to climate-related disasters.

Promoting a sustainable culture

Overall goals:
To strengthen sustainability expertise in our own operations and to work in our supplier chain, in order to strengthen our shared sustainability agenda.

UN Global Compact principles: 1, 2, 3, 4, 5, 6, 7, 10.
Contribution to the UN Sustainable Development Goals: 8.8 Protect labour rights and promote safe working environments for all. 12.8 Promote universal understanding of sustainable lifestyles. 17.16 Revitalize the global partnership for sustainable development.

The focus areas above are correlated with the principles of the UN Global Compact (GC); see pages 86–98. The principles encompass: Human rights (principles 1–2), labour (principles 3, 4, 5, 6), environment (principles 7, 8, 9) and anti-corruption (principle 10).

Strategic priorities

Growth acceleration

- Focus on the trade segment in the UK
- Strengthened position in consumer sales in the Nordics
- Product launches with a focus on design and sustainability
- Selective geographic expansion
- Increased customer interaction with new digital tools

Implemented

- A stronger offering to trade customers in the UK through product improvements, improved product availability and attractive loyalty programmes.
- Invested in additional painting capacity in the Nordic region to meet demand for kitchens in colours other than white.
- Expanded distribution in the Nordic region through new kitchen stores and a new agreement for kitchen deliveries to MediaMarkt.

Design launch of Nordic Nature

In 2021 Nobia launched its first Group-wide kitchen concept for Marbodal, Sigdal, Magnet, HTH and Invita. The concept is based on Scandinavian design, with a design language inspired by Nordic nature. The kitchen is eco-labelled according to Nordic Swan eco-label criteria, which entail strict environmental, health, quality and functional requirements.

Structural efficiency

- Investments in manufacturing capacity and the ability to mass produce customised kitchens
- Reduction and harmonisation of the Group's product platforms
- Harmonisation of business processes

Implemented

- A reduction of complexity and harmonisation of the Nordic kitchen products are in progress. These measures enable economies of scale and brand-independent manufacturing in the new factory being built in Jönköping.
- Definition of business processes, for example within finance, sourcing and manufacturing, for harmonisation on a shared IT platform is in progress. This will gradually be put into operation from the first half of 2022.

A highly automated Nordic plant

Construction of the new Nordic factory in Jönköping, which is expected to be finished in 2024, is proceeding according to plan and the first sections of the building are in place. The plant will be highly automated and digitised, with a high degree of environmental and sustainability performance. The lead time for customer-ordered kitchen manufacturing will be cut significantly and efficiency improved, and Nobia will thereby strengthen its position as Europe's leading kitchen specialist.

People engagement

- Involve employees and give them clear responsibilities
- A culture characterised by cooperation and shared purpose and direction
- Access to the right competence
- An organisation that ensures implementation of the strategy

Implemented

- Skills development programmes in sustainability, change, innovation, customer focus and leadership.
- Shared values that lay the foundation for our work and actions: "Care, Deliver and Inspire".
- Group-wide employee survey that shows engagement, strong leadership and respect among employees.

A strong corporate culture

In 2021 "Designing Kitchens for Life", which clarified Nobia's shared purposes and values, was launched. All employees were involved through videos in different channels and in all of the Group's different languages, as well as cross-functional workshops.

Targets and fulfilment

3–5%
Growth
Average organic growth of 3–5 per cent per year.

Target fulfilment:
The Group's net sales grew organically by 9 per cent in 2021. By region, organic growth was 10 per cent in the Nordic region, 6 per cent in the UK and 12 per cent in Central Europe.

>10%
Profitability
The operating margin is targeted to be greater than 10 per cent over a business cycle.

Target fulfilment:
The operating margin excluding items affecting comparability totalled 7.4 per cent (4.6). The operating margin for the Nordic region was 13.7 per cent (13.2), for the UK 0.5 per cent (–4.9) and for Central Europe 10.9 per cent (11.1).

<2.5
Capital structure
Net debt/EBITDA is targeted to be lower than 2.5.

Target fulfilment:
Leverage, defined as net debt/EBITDA, shall be below 2.5 times. The ratio is calculated excluding IFRS 16 leasing and items affecting comparability. Net debt/EBITDA amounted to 0.15 times (0.22) at year-end 2021.

>40%
Dividend policy
Dividends shall comprise at least 40 per cent of net profit after tax.

Target fulfilment:
The Board's proposal for the 2021 dividend to shareholders is SEK 2.50 per share (2.00). The proposed dividend corresponds to 60 per cent of net profit after tax.

100%
of new kitchen products designed for a more sustainable life in the kitchen by 2025

Target fulfilment:
Sustainability is an integrated part of the product development process. We have implemented a process of analysing our new products and begun to identify potential areas of improvement per product category.

>99%
of all wood originates from FSC® or PEFC™ certified sources;
the remainder from suppliers audited and approved for sustainability, by 2025.

Target fulfilment:
At year-end, 96 per cent (97) of Nobia's total timber and wood materials originated from a certified source. The remaining wood, 4 per cent, came from suppliers audited and approved for sustainability. Moreover, at least 90 per cent of all timber and wood materials purchased in our UK operation and 100 per cent purchased in our operation in the Netherlands was FSC® or PEFC™ certified, with full traceability all the way to the customer.

–72%
Reduced climate impact
Reduce CO_2 emissions from manufacturing and own transports (Scope 1 and 2) by 72 per cent by 2026 (base year 2016).

Target fulfilment:
At the end of 2021 we had achieved a 71 per cent (72) reduction compared with 2016, and we are continuing our efforts to reduce our CO_2 emissions, primarily in production and transports.

Skills development in sustainability
Training courses, support and tools available for all employees in all markets by 2023 at the latest.

Target fulfilment:
Eight target group-specific Group-wide training courses were held during the year, including leadership programmes and "train the trainer" courses for our sustainability ambassadors. Several brands held specific trainings for their stores and salespeople in order to improve their knowledge about Nobia's sustainability efforts as a whole and the brand's initiatives in particular.

Three regions

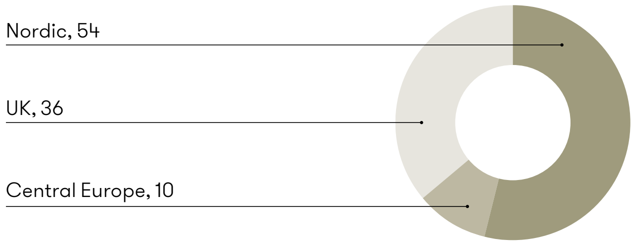
» **Nobia is a leading kitchen specialist with well-known local brands and strong market positions in seven countries.**

» **The Group is organised in three geographic regions: Nordic, the UK and Central Europe.**

Nobia's three regions build on a strong local presence with management teams, functions and responsibility required to develop each operation towards its stated targets. At the same time, the regions benefit from the Group's economies of scale in areas such as sourcing, product development and infrastructure investments, thereby strengthening their local competitiveness.

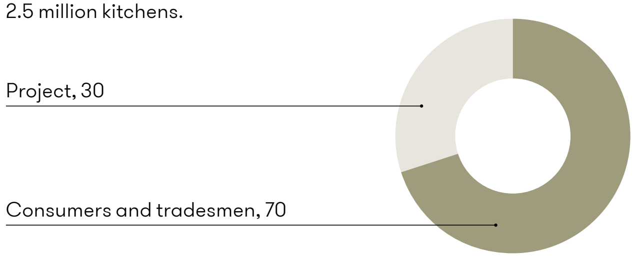
Group set sales per region, %

Total net sales SEK 13.7 billion



Addressable market, sales by segment, %

Nobia's total addressable market in the countries where it currently operates is estimated at a total of SEK 85 billion, or to approx. 2.5 million kitchens.



Towards the objective of being customers' first choice in all of our markets

Nordic region:

More than SEK 7 billion in sales, high margins and strong brands

- Strong local brands in each country.
- The brands build on a strong position in the consumer segment, which provides advantages in the builder and project segments.
- Numerous sales channels, where kitchen stores are primarily franchise stores.
- Strongest market positions in project sales, growth potential in consumer sales.
- Investment in progress in a new Nordic factory with market-leading performance which is to be complete in 2024.

UK:

SEK 5 billion in sales with Magnet as the primary brand

- Magnet is one of the UK's best known kitchen brands.
- Strong customer offering in all three main segments: consumer, builder and project.
- Growth in the builder segment is a high priority.
- Kitchen specialist stores are owned and operated by Nobia.
- Gower delivers kitchens to the DIY chain Wickes. Commodore and CIE are project sales specialists.

Central Europe:

SEK 1.4 billion in sales with high margins

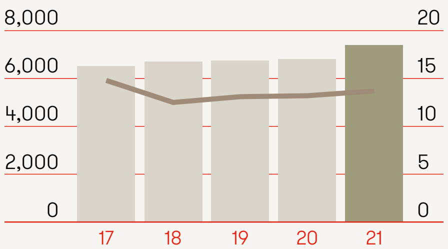
- In Austria, Nobia cells kitchens primarily under the ewe brand.
- Retailers in Austria are primarily furniture chains or independent retailers.
- Bribus in the Netherlands sells kitchens to project customers in the public housing rental market and commercial property developers.
- A smaller share of sales in the Netherlands goes to trade customers through the professional DIY channel.

Key facts about the regions

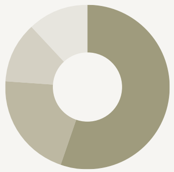
Nordic

- Denmark, Sweden, Norway, Finland
- 2,589 employees
- 22 own stores, 175 franchise stores and approximately 400 retail stores
- 6 production facilities

Net sales, SEK m and operating margin, %

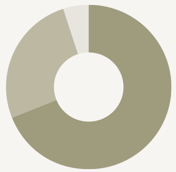


Net sales per country, %



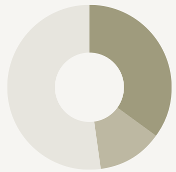
- Denmark, 56
- Sweden, 21
- Norway, 12
- Finland, 12

Sales per product, %



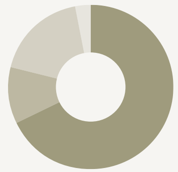
- Kitchen furnishings, 69
- Other products, 26
- Installation services, 5

Sales by customer segment, %



- Consumer, 35
- Trade, 13
- Project, 52

Channels, by sales, %

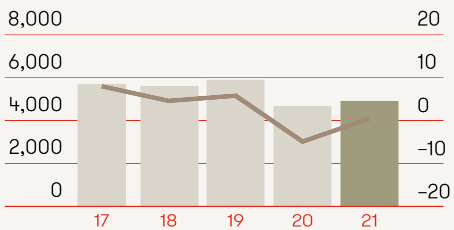


- Kitchen specialists, own stores and franchises, 68
- Direct project sales, 11
- Builders' merchants/ DIY chains, 18
- Other, 3

UK

- UK
- 2,682 employees
- 196 stores, of which 159 have a builder concept, and approximately 250 retail stores
- 5 production facilities

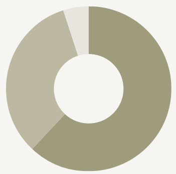
Net sales, SEK m and operating margin, %



Net sales per country, %

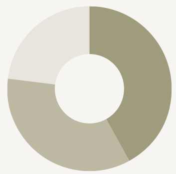
- UK, 100

Sales per product, %



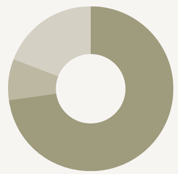
- Kitchen furnishings, 62
- Other products, 33
- Installation services, 5

Sales by customer segment, %



- Consumer, 42
- Trade, 35
- Project, 23

Channels, by sales, %

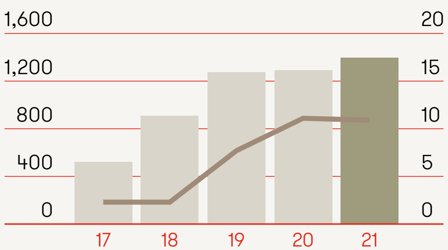


- Kitchen specialists, own stores and franchises, 73
- Direct project sales, 8
- Builders' merchants/ DIY chains, 19

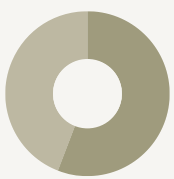
Central Europe

- Netherlands and Austria
- 658 employees
- More than 500 sales locations
- 3 production facilities

Net sales, SEK m and operating margin, %

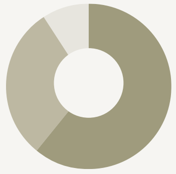


Net sales per country, %



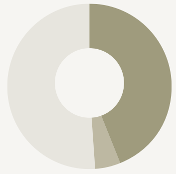
- Netherlands, 56
- Austria, 44

Sales per product, %



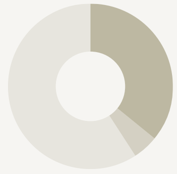
- Kitchen furnishings, 61
- Other products, 30
- Installation services, 9

Sales by customer segment, %



- Retail, 44
- Trade, 5
- Project, 51

Channels, by sales, %



- Direct project sales, 39
- Builders' merchants/ DIY chains, 5
- Other, 56

Corporate Governance Report

» Good governance is the basis for a long-term performance that benefits both shareholders and other stakeholders.

» Good governance and control promotes financial value creation, which is sustainable for people and the environment.

Nobia AB is a Swedish public limited liability company domiciled in Stockholm, Sweden. The company is the Parent Company of the Nobia Group (the "Group"). The basis for the control of the Group includes the Swedish Corporate Governance Code (the "Code"), the Articles of Association, the Swedish Companies Act, the Swedish Annual Accounts Act and Nasdaq Stockholm's Rule Book for Issuers. It is noted that during 2021, there were no breaches of the Code, applicable stock-exchange rules or good practice on the stock market based on decisions by Nasdaq Stockholm's Disciplinary Committee or statements by the Swedish Securities Council. The following information is available at www.nobia.com.

- Nobia AB's Articles of Association
- Code of Conduct
- All corporate governance reports since 2009
- Information from Nobia AB's AGM

Board commitment

The Board is committed to maintaining the highest standards of corporate governance. The Board has the overall responsibility for setting the Group's objectives and strategies and for ensuring that the Group is able to execute the strategy. In addition, the Board is to adopt the values that are to form the basis of the Group's work – values that are to also reflect the work of the Board. The aim of the Board's activities is to ensure long-term sustainable shareholder value.

Shareholders

On 31 December 2021, Nobia AB had 170,293,458 shares issued according to the shareholders' register. The largest shareholder on that date was Nordstjernan AB with 24.9 percent of the shares/votes, based on the number of shares outstanding. As per the same date, IF Skadeförsäkring AB (publ) held 10.7 percent of the shares/votes based on the number of shares outstanding.

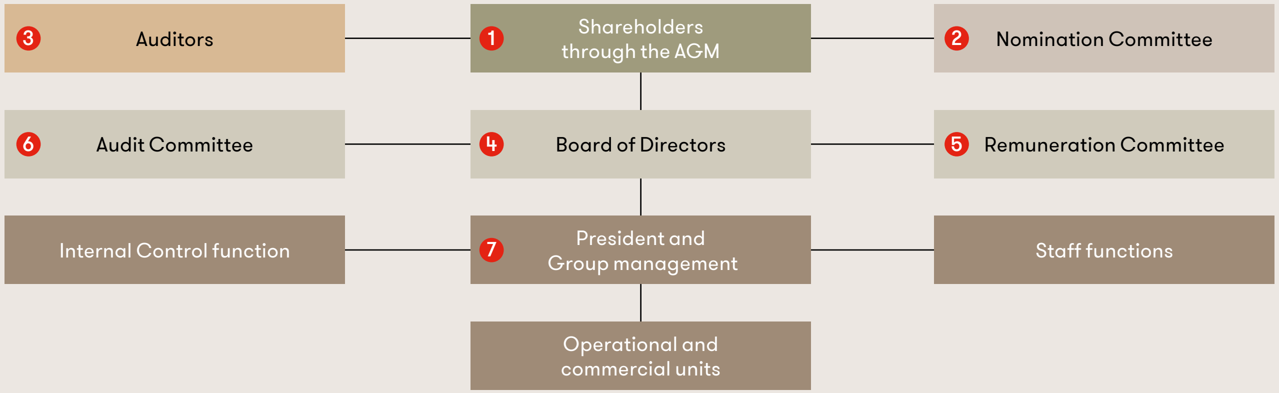
2021 Annual General Meeting
The right of shareholders to make decisions concerning the affairs of Nobia AB is exercised at general meetings of shareholders. A notice convening a general meeting is issued pursuant to the Swedish Companies Act and the company's Articles of Association. The 2021 Annual General Meeting (AGM) was held on 29 April. Due to coronavirus, the Board decided that the AGM would be held without the physical attendance of shareholders, proxies or external parties, and that shareholders had the opportunity to vote only by post prior to the AGM. 69 per cent of Nobia's outstanding shares were represented at the AGM. Board Chairman, Nora Førisdal Larssen, was elected Chairman of the Meeting.

Some of the AGM resolutions were as follows:

- a dividend of SEK 2.00 per share was to be paid to the shareholders in accordance with the Board's proposal.
- that the number of Board members was to be six with no deputy members, until the conclusion of the next AGM.
- fees to the Board, Board Chairman, and the Chairman and members of the Audit Committee.
- re-election of the members Nora F. Larssen, George Adams, Marlene Forsell, Carsten Rasmussen, Jan Svensson and Arja Taaveniku,
- re-election of the Chairman Nora F. Larssen,
- re-election of Deloitte AB as auditor,
- principles and guidelines on remuneration and other employment conditions for the President and other senior executives.
- authorisation for the Board to acquire and sell treasury shares during the period until the 2022 AGM.

The complete minutes from the AGM and information are available on www.nobia.com.

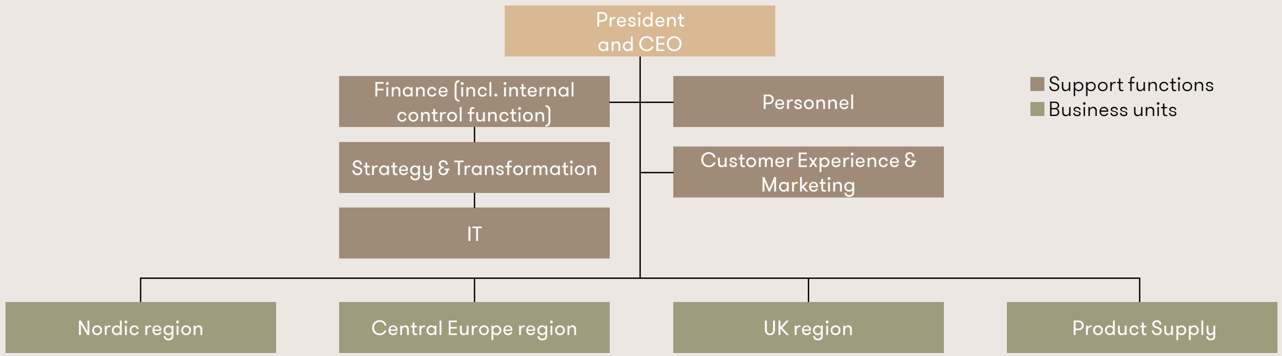
1 General Meeting
Shareholders exercise their influence at the general meeting of shareholders, which is Nobia AB's highest decision-making body. Nobia AB has one class of share with one share corresponding to one vote at general meetings. Additional information about the Nobia AB share and ownership structure can be found on pages 99–100. The AGM, which is the annual scheduled general meeting, resolves on the Articles of Association, elects Board members, Board Chairman and auditors, and decides on their fees. Furthermore, the AGM resolves on the adoption of the income statement and the balance sheet, appropriation of the company's profit and discharge from liability for the Board members and President in relation to Nobia AB. The AGM also



Key external regulatory frameworks: Swedish Companies Act Annual Accounts Act and IFRS. Nasdaq Stockholm's Rule Book for Issuers. Market Abuse Regulation (MAR). Swedish Corporate Governance Code. Modern Slavery Act.

Voluntary commitments: UN Sustainable Development Goals. UN Global Compact initiative Science-Based Target initiative Sustainability reporting according to the Global Reporting Initiative (GRI) and the Task Force on Climate Related Financial Disclosures (TCFD).

Key internal regulatory frameworks: Articles of Association. The Board's rules of procedure and instructions to the President Code of Conduct. The Group's Finance & Accounting Manual. Sustainability strategy. Supplier Code of Conduct. Environmental and climate policy. Policy for sustainable forestry. Modern Slavery Statement.



resolves on the composition and work of the Nomination Committee, and resolves on principles for remuneration and other employment conditions for the President and other senior executives.

2 Nomination Committee

According to the instruction for Nobia AB's Nomination Committee adopted at the 2021 AGM, the members and Chairman of the Committee are to be elected at the AGM for the period until the conclusion of the following AGM. The Nomination Committee shall comprise at least three but not more than four members representing the largest shareholders of the company. The Chairman of the Nomination Committee shall convene the first meeting of the Nomination Committee. The Nomination Committee is entitled to appoint an additional two co-opted members. Co-opted members shall assist the Nomination Committee in performing its duties but have no voting rights. The Chairman of the Board may be a member of the Nomination Committee only as a co-opted member. In accordance with the Code, the Nomination Committee should be chaired by an owner representative. The instruction for the Nomination Committee adopted by the AGM also states that the Nomination Committee's tasks are to submit proposals on the election of the Board Chairman and other members of the Nobia AB Board, Directors' fees and any remuneration for Committee work, election and remuneration of the auditor, election of the Chairman of the AGM and election of members of the Nomination Committee. In performing its other duties, the Nomination Committee shall fulfil the requirements incumbent on the Committee in accordance with the Code. The Nomination Committee applied rule 4.1 of the Code to its work as its diversity policy. In accordance with the resolution adopted at the 2021 AGM, the Nomination Committee comprised the following members prior to the 2022 AGM:

Nomination Committee ahead of the 2022 AGM

Name/representing	Share of votes 31 Dec 2021
Peter Hofvenstam (Chairman) representing Nordstjernan	24.9%
Fredrik Ahlin representing If Skadeförsäkring	10.7%
Lovisa Runge representing Fourth Swedish National Pension Fund	8.3%
Marianne Nilsson representing Swedbank Robur funds	5.7%
Total	**49.6%**

Nomination Committee ahead of the 2022 AGM

Set out below are some of the key matters addressed by the Committee.

- Interviewed the Board Chairman, Board members and the CEO about the work of the Board.
- Reviewed the composition of the Board to ensure maintenance of an appropriate balance of skills and diversity of experience to support the Group's strategy.
- Reviewed the continued independence of Board members.
- Assessed the hours of work required of each Board member to manage their duties to Nobia AB and concluded that the Board members continued to devote appropriate time to their Board activities.
- Considered and recommended new election of Pricewater-houseCoopers AB as auditor based on the Audit Committee recommendation.
- Recommenced Board members according to the Nomination Committee's statement to the AGM.
- The Nomination Committee evaluates its instructions every year and presents proposals to the AGM when necessary. No such changes are proposed to the 2022 AGM.
- Ensured that the majority of the proposed members elected by the general meeting are independent in relation to Nobia AB and company management and in relation to Nobia AB's largest shareholders.

The members of the Nomination Committee represent approximately 50 per cent of the shares and votes in Nobia AB. No remuneration is paid to the Committee members.

The Nomination Committee held eight minuted meetings prior to the 2022 AGM. All members were present at these meetings. The Nomination Committee's proposals prior to the 2022 AGM are incorporated in the notice of the AGM, which was published on Nobia's website on 30 March. Shareholders are welcome to contact the Nomination Committee and submit proposals by post to: Nobia AB, Nomination Committee, Blekholmsterassen 30 E7, SE-111 64 Stockholm, Sweden.

3 Auditors

The AGM elects the auditor who examines Nobia AB's Annual Report, consolidated financial statements and the administration of the Board and President, and also submits an audit report. Deloitte AB was re-elected as the company's auditor at the 2021 AGM for a mandate period of one year until the conclusion of the 2022 AGM. The Auditor-in-Charge is Authorised Public Accountant Peter Ekberg. The Nomination Committee's proposal ahead of the 2022 AGM is the accounting firm PricewaterhouseCoopers AB with Anna Rosendahl as the Auditor-in-Charge. The Group's purchases of services from Deloitte, in addition to audit assignments, are described in Note 6, page 70.

4 Board of Directors

The main task of the Board is to ensure Nobia AB's sustainable and long-term success and safeguard the interests of all shareholders.

In accordance with Nobia AB's Articles of Association, the Board is to comprise not fewer than three and not more than nine members, with not more than three deputy members. A maximum of one Board member elected by the AGM may work in company management or in the management of the company's subsidiaries. Furthermore, a majority of the Board members elected by the AGM are to be independent in relation to the company and company management. The objective is for the Board to have an appropriate composition with respect to the Group's operations, stage of development and other circumstances, and be characterised by diversity and breadth in terms of the skills, experience and background of the Board members elected by the general meeting, and aim for a gender balance. The 2021 AGM resolved that the elected Board was to comprise six members with no deputy members. The Board also includes members elected by the employees' organisations in accordance with the Swedish Board Representation (Private Sector Employees) Act. Information about Board mem-

Board activity 2021

The key matters considered by the Board during the year are set out below. In addition, each Board meeting includes a management report from the Group CEO and a report on the Group's financial performance and recent governance and regulatory matters from the Group CFO. All Board decisions were unanimous.

Targets and strategies

- Evaluated internal and external factors, including analyses of competitors and the business environment, and assessed risks and opportunities, as a basis for monitoring and setting targets and strategies.
- Decided on the Group's targets and strategies, including targets and strategies for climate and sustainability issues.
- Decided on the acquisition of the company Superfront AB.

Financial performance

- Approved the Group's external financial statements, ensuring they are fair, balanced and understandable.
- Submitted proposals on dividends to shareholders.
- Reviewed and approved the budget for 2022, considering assumptions made within the framework of the Group's strategy.
- Studied the reports from the Audit Committee.
- Read the audit report and held a meeting with the auditors without the presence of the Group management.

Performance of operations

- Assessed the performance of the operations as presented by the President, and, where necessary, in more detail with the heads of division and functions and discussed risks and opportunities and how they can best be managed.
- Analyzed challenges, short-term measures and future strategy for the UK region.
- Continued to monitor the pandemic and its effect on the organisation and necessary action.
- Followed the progress of the investment in a new factory in Jönköping.
- Followed the progress of the Group's IT system upgrades.

Organisation

- Evaluated the organisation and organisational changes, including strengthening the organisation in the West region.
- Studied the reports from the Remuneration Committee.
- Decided on guidelines for remuneration of senior executives for recommendation to the AGM.
- Held three meetings with the company auditor without the presence of the Group management.
- Reviewed and approved the Group's overall policies.

Risk management

- Received regular risk reports from management.
- Analysis of the Group's insurance programme.

Internal guidelines

- Examined and approved the Group's key policies
- Evaluated the efficiency of Board activities, particularly since most meetings were conducted virtually as a result of restrictions during the pandemic.

bers is available on pages 27–28. Other executives in the company participate at Board meetings to make presentations. The Group's CFO served as the Board's secretary. During the year, the Board has had seven meetings, each with full attendance. One position on the Board has been vacant since December 2021 after Board member George Adams passed away. Arja Taaveniku left the Board on February 28, 2022. The annual evaluation of the Board of Directors' work was conducted by Board member Carsten Rasmussen. The Board's working procedures, competence and composition, including the background, experience and diversity was evaluated and the results presented to the Nomination Committee. The Board continuously evaluate the performance of the President and annually meets without management being present, in order to evaluate the performance.

5 Remuneration Committee

The Board has established a Remuneration Committee to address remuneration-related matters for which the Board is responsible. The Committee's work is governed by the instructions prepared by the Board. The Committee's main task is to prepare proposals to the Board relating to the remuneration and employment terms for the President. The Committee also has the task of making decisions on the President's proposals regarding remuneration and other employment terms for the managers who report to the President. Furthermore, the Committee submits proposals to the AGM regarding principles for remuneration and other employment terms for senior executives and monitors the implementation of the AGM's resolutions, for example, on evaluations and monitoring of schemes for variable remuneration. The Committee comprised Nora Førisdal Larssen (Board Chairman) and Jan Svensson from the 2021 AGM until the 2022 AGM. The Committee held five meetings during the year, each with full attendance. The President and EVP People & Culture also participated in certain parts of these meetings. Minutes are taken at the meetings and these minutes are made available to the entire Board and the auditors.

6 Audit Committee

The Board has established an Audit Committee to monitor the financial reporting and control. The Committee's work is governed by the instructions prepared by the Board. The main task of the Audit Committee is to monitor the financial reporting, the auditor's observations and management's implementation of these recommendations, and to ensure that the Group has an appropriate internal control and risk management framework. The Audit Committee also evaluates the

Audit Committee 2021

An overview of the Audit Committee's work is presented below.

Financial reporting

Review of the financial reporting is based on data from the Group's CFO and the Group's auditor Deloitte.

- Evaluated the financial reporting based on timeliness, completeness and correctness.
- Evaluated the accounting policies applied during the year, specifically focusing on the company's ongoing investment in a new factory in Jönköping and systems upgrades.
- Assessed specific standpoints and judgements made in the reporting.
- Assessed the auditor's reporting and management's handling of the auditor's recommendations.
- Continuously evaluated the finance organisation.

External audit matters

- Evaluated Deloitte's independence, including non-audit-related services performed by Deloitte, and its work.
- Approved the external audit plan and audit fees.
- Held regular meetings with the auditors.
- Met with the auditors without the presence of the Group's employees.
- Arranged the procurement process for the audit and as a result recommend to the Nomination Committee that PwC be elected the new auditors.

Internal control

- Reviewed the annual plan for internal control
- Reviewed the units' own assessments of internal control compliance and discussed action plans.
- Reviewed the testing performed by the Group function for internal control.
- Assessed the auditor's examination of internal controls and recommendations and the Group's correction of previously identified shortcomings.

Risk management

- On numerous occasions, performed a detailed analysis of selected units' risk assessments and risk management.

Internal guidelines

- Monitored the implementation of the Group's Code of Conduct.
- Assessed reports of deviations from the Group's Code of Conduct, including via the Group's anonymous whistle-blower function Speak-Up.

auditors and provides recommendations on the election of auditors to the Nomination Committee. To ensure the independence of the auditors, the Audit Committee has prepared guidelines regulating the engagement of auditors for non-audit-related services. The auditors must also ensure that the non-audit-related services they offer do not affect their independence.

As part of the evaluation of the Group's internal control framework, the Audit Committee assesses every year whether an internal audit function is required. The Audit Committee is of the opinion that an internal audit function is not required since the Group has an internal control function that prepares and controls compliance with the Group's internal control guidelines and the reporting of this to the Audit Committee is deemed to be transparent.

The Audit Committee had two members during the year: Marlene Forsell (Chairman) and Arja Taaveniku. The members of the Committee have the accounting competence required by the Swedish Companies Act and both of the members are independent in relation to the Group and its main shareholder. The Audit Committee held five meetings during the year, each with full attendance. In addition to the members, the Group's CFO, Head of Group Accounting & Business Control and Head of Internal Control participated in all meetings and the auditors attended some of these meetings. Minutes are taken at the meetings and these minutes are made available to the entire Board and the auditors.

7 Group management

The CEO is responsible for the business development of the Group and leads and coordinates the daily operations according to the Board's instructions for the CEO and other decisions made by the Board. Group management comprised nine individuals at the end of 2021. For further information about Group management, refer to page 29. Group management holds regular meetings according to a fixed schedule. These meetings monitor strategic and operational progress, major change programmes, investments, risks and opportunities and other strategic issues of greater significance for the Group. In addition, the President and the CFO meet the management team of each business unit several times per year at local management team meetings.

Climate & sustainability governance

Climate and sustainability activities are an integrated part of the operations and are governed by the same corporate governance structure as the rest of the operations. Climate and sustainability efforts are to feature throughout the Group's operations and all of our employees are responsible for sustainability. Risks and opportunities related to the climate and sustainability have been identified, targets clearly defined and a strategy prepared and adopted by the Board. A Group-level sustainability function, led by the Head of Sustainability, coordinates, supports and pursues climate and sustainability activities in the organisation. From 2022, work on the climate and sustainability strategy will be included in the overall strategy process for the Group. For further information, see the sustainability targets on page 16 and the sustainability notes starting on page 86.

One of the principle tasks of Nobia AB's Board is to identify how sustainability impacts risks and business opportunities, which has consequently resulted in sustainability being integrated in the Strategy and Enterprise Risk Management processes. Nobia's engagement and commitment have been implemented in frameworks and work processes. To enable continuous follow-up, metrics and objectives have been established including a science-based target to reduce the Group's CO_2 emissions from Scope 1 and 2 by 72 per cent from a 2016 base year. Nobia also has a commitment that 70 per cent of the Group's suppliers will have science based targets by 2025 for CO_2 emissions relating to purchased goods and services and use of products.

Auditors

Deloitte AB was re-elected as the company's auditor at the 2021 AGM for a mandate period of one year until the conclusion of the 2022 AGM. Auditor-in-Charge, Authorised Public Accountant Daniel de Paula, left Deloitte AB during 2021, and Authorised Public Accountant Peter Ekberg was appointed the new Auditor-in-Charge. The Nomination Committee's proposal ahead of the 2022 AGM is the accounting firm Pricewater-houseCoopers AB with Anna Rosendahl as the Auditor-in-Charge. Nobia AB and the Group's purchases of services from Deloitte, in addition to audit assignments, are described in Note 6.

Internal control over financial reporting

The Board's responsibility for internal governance and control is regulated in the Swedish Companies Act, the Annual Accounts Act and the Code. The internal control process for financial reporting has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies. The process is based on Integrated framework (2013) issued by COSO. The five components of this framework are control environment, risk assessment, control activities, monitoring activities, and information and communication.

Control environment

The Board is responsible for ensuring that the Group has effective internal control. The Board believes that this requires that a high level of ethics and morals permeates the Group and all of its management bodies. Accordingly, the Board has prepared a Code of Conduct that describes the Group's principles for conduct and provides practical guidelines on how these are to be followed and sets expectations for employees' good judgement and sense of responsibility. The Code of Conduct is intended to assist employees and other stakeholders in making informed, ethically sound and morally justifiable decisions. The Code of Conduct is regularly reviewed and updated, and compliance is monitored systematically.

Internal policies and instructions have been prepared for specific areas that require separate and more detailed guidelines. These include the Board's rules of procedure, the Board's instructions to the President and Committees, the financial policy, risk management policy, communication policy, environmental policy, occupational health and safety policy, and internal control policy.

It is also important that the Group's external partners conduct themselves in an ethically and morally justifiable manner. For this reason, a Supplier Code of Conduct has also been prepared.

Risk assessment

Internal control is most effective when there is know-how about the material risks. Accordingly, the Group has introduced an Enterprise Risk Management system that includes risks associated with the financial reporting.

The risks associated with the financial reporting include the risk of not meeting the fundamental criteria of timeliness, completeness and correctness. A risk assessment takes into account the materiality of various items in the balance sheet and income statement, the complexity of calculations, assessments and preparation of supporting data, and the robustness of and access to the support systems used. To ensure that risks are assessed consistently in the Group, the Group function for internal control assists the units with questions relating to risk assessments.

Control activities

The Finance Group function is responsible for the Group's reporting in accordance with applicable accounting standards and practice and other applicable regulations. The Finance Group function has prepared an accounting manual to ensure that the accounting and reporting of all units is standardised. In addition to this accounting manual, an internal control framework has been prepared that provides instructions on the controls that are to be performed for managing overall risks. Such controls include instructions on responsibilities and approval and setting permissions for accounts and systems. An IT security policy has also been prepared to ensure that the support systems for the financial reporting function as they are intended and reduce the risk of errors or unlawful access to data. Controls are also established based on the unit-specific risk assessment in order to manage both general and specific risks, and are prepared at both process and unit levels. Controls can be preventive, identifying or corrective.

Monitoring activities

Each unit is responsible for ensuring compliance with guidelines and controls to correct deficiencies that are identified. Every year, each unit is to perform its own compliance assessment that is reported to the Group function for internal control. The Group function for internal control also performs annual tests of the internal controls among a selection of units. The intention is that all units are to be tested over time and on a regular basis. Based on the outcome, measures to correct deficiencies are discussed as well as any requirement to supplement or change the guidelines and an action plan is prepared. The Group function for internal control compiles the outcome of the units' assessments and the function's own tests and action plans and reports these to division and Group management and the Audit Committee.

The auditors audit the Parent Company's and the Group's financial statements every year and submit their audit report. In addition, the auditors perform a review of the third quarter interim report. As part of their audit, the auditors asses whether internal controls for selected areas exist and compliance with these controls. Observations made during the audit subsequently form the basis of the recommendations for action and improvement submitted to management, the Audit Committee and the Board.

The Audit Committee studies the reports from the Group function for internal control as regards internal controls and action plans, the audit, the auditors' examination of internal controls and the auditors' recommendations. The Audit Committee also monitors the introduction of proposed and planned measures.

Information and communication

The Group's information and communication channels are to facilitate correct decision making. Policies, guidelines and instructions are available on the intranet. As part of onboarding, new employees are informed about the policies, guidelines and instructions that are important for their work. A digital training course has been prepared for the Code of Conduct to ensure that all employees can easily comprehend the content of the Code. The group has a whistleblower system where staff and suppliers can report violations. Employees are also regularly reminded of important guidelines via the intranet. There are also clear forums for reporting outcomes of risk assessments, control assessments and testing, including division and management team meetings, Committee meetings and Board meetings. The Group also has a communication policy that ensures that the general public is informed about the financial performance and events that are important for the assessment of the Group.

Board of Directors

Nora Førisdal Larssen
Chairman of the Board

Year elected 2011
Born 1965
Nationality Norwegian
Education
B.Sc. Economics, MBA.

Other assignments
Senior Investment Manager at Nordstjernan. Chairman of Etac and Emma S.
Work experience
Product Line Manager at Electrolux and partner at McKinsey & Co.

Marlene Forsell
Board member

Year elected 2019
Born 1976
Nationality Swedish
Education
Business Administration, Stockholm School of Economics
Other assignments
Board member of Kambi Group, Lime Technologies, AddSecure, STG Group and Index Pharmaceutials.
Work experience
CFO of Swedish Match 2013–2018 and before that several leading positions in finance at the same company.

Jan Svensson
Board member

Year elected 2020
Born 1956
Nationality Swedish
Education
Business Administration, Stockholm School of Economics
Other assignments
Chairman of Tomra Systems AS, Fagerhult and BillerudKorsnäs. Board member of Climeon, Stena Metall and Herenco.
Work experience
CEO and Board member of Investment AB Latour 2003–2019.

Arja Taaveniku
Board member. Declined re-election, stepped down from the Board on 28 February 2022.

Year elected 2020
Born 1968
Nationality Swedish
Education
Executive MBA, Stockholm School of Economics
Other assignments
Board member of Handelsbanken, Mekonomen and Dunelm Plc.
Chairman of Svenska Handelsfastigheter and Polarn O. Pyret.
Work experience
Among others, Chief Offer and Supply Chain Officer at Kingfisher Plc 2015–2018, CEO of Ikano Group 2012–2015 and Business Area Director, IKEA Kitchen & Dining 2009–2012.

Carsten Rasmussen
Board member

Year elected 2020
Born 1972
Nationality Danish
Education
Master of Logistics from Aarhus University
Other assignments
Chairman of LEGO System A/S.
Board member of
Evolve Additive Solutions.
Work experience
COO of LEGO Group since 2017, where he has been employed since 2001. Previous experience including positions at Scan Choco A/S 1997–2001.

Per Bergström
Employee representative

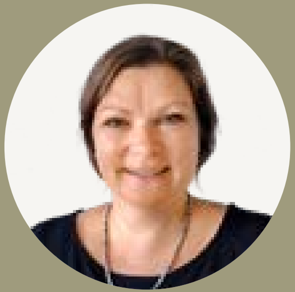
Year elected 2000
Born 1960
Nationality Swedish
Education –
Other assignments
Board member of Tidaholms Energi, Elnät, Bredband Östra Skaraborg and Nobia Production Sweden.
Work experience
Various roles within production, Nobia Production Sweden.

Mats Karlsson
Employee representative

Year elected 2019
Born 1976
Nationality Swedish
Education
Master of Politics Business analyst
Other assignments –
Work experience
Managerial roles within sourcing, Nobia Production Sweden.

Dennis Pettersson
Employee representative, deputy

Year elected 2021
Born 1966
Nationality Swedish
Education
–
Other assignments –
Work experience
Various roles within manufacturing, Nobia Production Sweden.



Bekke Söderhielm
Employee representative, deputy

Year elected 2021
Born 1979
Nationality Swedish
Education
Post-secondary higher vocational education, logistics developer with entrepreneurial experience.
Other assignments –
Work experience
Purchaser, Nobia. Strategic Buyer at Kinnarps.

George Adams, Board member of Nobia since 2017, passed away in November 2021. George Adams participated with full force in the work of the Board until his sudden death.

Auditors Deloitte AB
Auditor-in-Charge Peter Ekberg, Authorised Public Accountant
Other audit assignments: Telia Company, Loomis, Fabege and Swedish Match.

Board of Directors 2021

Assignment	Independent	Own and related parties' shareholdings	Shares in related companies	Board of Directors' meetings, 7 meetings	Audit Committee, 5 meetings	Remuneration Committee, 5 meetings	Remuneration 2021, SEK	Of which Board, SEK	Of which Committee, SEK
Nora Førisdal Larssen, Chairman of the Board	No	5,000	–	7	–	5	1,250,000	1,200,000	50,000
George Adams, Board member	Yes	–	–	5	–	–	430,000[1]	430,000[2]	–
Marlene Forsell, Board member	Yes	14,000	–	7	5	–	560,000	410,000	150,000
Jan Svensson, Board member	Yes	67,000[3]	–	7	–	5	443,000	410,000	33,000
Arja Taaveniku, Board member	Yes	5,000	–	7	5	–	555,000	430,000[2]	125,000
Carsten Rasmussen, Board member	Yes	–	–	7	–	–	410,000	–	–
Per Bergström, Employee representative	–	–	–	7	–	–	–	–	–
Dennis Pettersson, Employee representative, deputy	–	–	–	7	–	–	–	–	–
Bekke Söderhielm, Employee representative, deputy	–	–	–	7	–	–	–	–	–
Mats Karlsson, Employee representative	–	–	–	7	–	–	–	–	–

1) George Adams also received SEK 149,500 for consulting services performed in 2021.
2) Members living outside the Nordic region have the right to receive an extra SEK 10,000 per meeting.
3) Jan Svensson also has 300,000 call options in Nobia AB.

Group management

Jon Sintorn
President and CEO

Born 1966

Employed 2019

Previous positions President and CEO of Permobil. Global head of Cooling, DeLaval. Various positions at ABB.

Holding in Nobia 1,791,120 call options. 30,856 shares.

Kristoffer Ljungfelt
Chief Financial Officer (CFO)

Born 1977

Employed 2013

Previous positions Senior positions within Nobia Nordics including CFO of the Nordic region and Nobia Norway. Various senior positions at Electrolux.

Holding in Nobia 40,463 shares (private and occupational pension). 145,560 call options.

Ola Carlsson
EVP Chief Product Supply Officer

Born 1965

Employed 2017

Previous positions Group Vice President Global Operations at Munters and Chief Operations Officer at Electrolux Small Appliances.

Holding in Nobia 33,894 shares.

Cecilia Forzelius
EVP People & Culture and Communications

Born 1975

Employed 2021

Previous positions Chief People Officer and HR Director Northern Europe, Transcom. Various management positions at Skandia and Telia.

Holding in Nobia 9,571 shares.

Philip Sköld
EVP Strategy & Transformation

Born 1971

Employed 2020

Previous positions Chief Commercial Officer & GM Global Accounts at Transcom. Partner at Bain & Company.

Holding in Nobia 12,028 shares.

Ole Dalsbø
EVP Commercial Region North (Nordic region)

Born 1966

Employed 2004

Previous positions Leading positions at Nobia Norway, Norema and Sigdal Kjøkken.

Holding in Nobia 33,066 shares.

Sara Björk
Chief Information Officer (CIO)

Born 1973

Employed 2021

Previous positions Head of IT for H&M Group's IT division for design, sourcing and production.

Holding in Nobia 4,623 shares.

Dan Carr
EVP Commercial Region West (UK region)

Born 1975

Employed 2005

Previous positions CFO of UK region, Nobia.

Holding in Nobia
13,773 shares.

Dan Josefsberg
EVP Product, Marketing & Sustainability

Born 1973

Employed 2019

Previous positions Managing Partner of PwC Experience Center and Pond.

Holding in Nobia
22,295 shares (through companies).

Board of Directors' Report

» **The Board of Directors and President of Nobia AB (publ), Corporate Registration Number 556528-2752, hereby present the annual report and consolidated financial statements for the 2021 fiscal year.**

Operations
Nobia is a leading European kitchen specialist with some twenty strong brands. It also serves as a contract manufacturer to a lesser extent. The operation covers the entire value chain, from development, sourcing, manufacturing and installation to sales and distribution, primarily of kitchens, as well as associated service. Sales to consumers are conducted through own and franchise stores and through a network of retailers, including furniture stores, builders' merchants, DIY stores and independent kitchen specialists.

Sales to professional customers, such as construction companies and builders, or project sales to major customers, or via own stores, franchise stores and other retailers. Nobia reports its operations based on three geographic regions: Nordic, the UK and Central Europe.

Nordic

	2019	2020	2021
Net sales, SEK m	6,753	6,801	7,396
Organic change in sales, %	–1	3	10
Gross margin[1], %	38	37.7	38.3
Operating margin[1], %	13.1	13.2	13.7
Operating profit[1], SEK m	886	897	1,016

UK

	2019	2020	2021
Net sales, SEK m	5,902	4,649	4,925
Organic change in sales, %	1	–19	6
Gross margin[1], %	38.7	32.5	39.0
Operating margin[1], %	5.8	–4.9	0.5
Operating profit[1], SEK m	345	–226	27

Central Europe

	2019	2020	2021
Net sales, SEK m	1,275	1,291	1,398
Organic change in sales, %	–4	2	12
Gross margin[1], %	30.9	32.5	32.5
Operating margin[1], %	7.7	11.1	10.9
Operating profit[1], SEK m	98	143	153

1) Excl. items affecting comparability.

The Board of Directors' Report can be found on pages 30–43, the financial statements on pages 44–82. The corporate governance report on pages 20–26 and the sustainability report on pages 33 and 86–98 are not included in the Board of Directors' Report.

Financial targets

To reflect the ambitions in Nobia's strategy, the Group's four financial targets were updated in March 2021.

Growth: Average organic growth is targeted to be 3–5% per year. (Previous target: organic and acquired growth of more than 5% per year on average.) Growth according to the target definition was 9% in 2021.

Profitability: The operating margin is targeted to be greater than 10% over a business cycle. (Target unchanged.) The operating margin was 7.4% in 2021.

Capital structure: Leverage, defined as net debt (excl. IFRS 16 Leasing)/EBITDA, shall be below 2.5 times. (Previous target: net debt/equity ratio below 100%). Net debt/EBITDA amounted to 0.15 times at year-end.

Dividend policy: Dividends to shareholders shall comprise at least 40% of net profit after tax. (Previous target: dividend of between 40–60% of net profit after tax.) The dividend comprised 60% of net profit after tax for 2021.

Strategy

Nobia's strategy endeavours to create profitable growth, which means organic growth and improved margins in accordance with the Group's financial targets. This will take place through such measures as increasing sales in prioritised customer segments (such as trade customers), by developing kitchen products with excellent design and leading sustainability performance, by utilising economies of scale and synergy effects in manufacturing and product platforms, and by promoting a corporate culture characterised by a strong sense of commitment and inspiring leadership. Growth can also take place through complementary, strategic acquisitions that provides support for the organic growth ambitions.

2021 still marked by the coronavirus pandemic

Nobia's operations, and the entire kitchen industry, were affected by the coronavirus pandemic that broke out in early 2020 and continued through 2021. As in 2020, various national measures, restrictions and closures were periodically implemented in 2021 to reduce the spread of infection. Nobia worked intensively on adapting its operations to protect the health and safety of its employees and other stakeholders as much as possible. As a result of national restrictions, all of Nobia's stores in England were kept closed from the beginning of the year until mid-April, and new comprehensive closures that affected our operations in Austria and the Netherlands were introduced towards the end of the year. However, all in all there was a positive effect on demand from consumers in 2021, particularly in the Nordic region, since customers were spending more time at home due to a sharp reduction in travel and instead spending money on improving their home. However the UK market did not experience the same positive effect, since results of the restrictions included significantly lower customer footfall, and there was weak demand in some segments such as the project market in London and social housing.

The Group's total sales rose 9% organically for 2021, compared to a decline of –7% the previous year, which was primarily attributable to a sharp decline in sales in the UK due to coronavirus restrictions. Sales for the Group increased to SEK 13,719m (12,741). The Nordic region reported a 10% increase in organic sales, while the UK and Central Europe regions had 6% and 12% increases, respectively. The Group's operating margin increased to 7.4% (3.4 or 4.6 excluding items affecting comparability), and operating profit increased to SEK 1,009m (437 or 581 excluding items affecting comparability).

Significant events

2021 Annual General Meeting

Due to the coronavirus pandemic, the Annual General Meeting was held without shareholders being physically present, through postal voting on 29 April. All of the ordinary members, Nora Førisdal Larssen, Marlene Forsell, George Adams, Jan Svensson, Arja Taaveniku and Carsten Rasmussen were reelected at the AGM, and Nora Førisdal Larssen was elected Chairman by the Board of Directors.

The 2021 Annual General Meeting further appointed Peter Hofvenstam (Chairman) representing Nordstjernan, Fredrik Ahlin representing If Skadeförsäkring, Lovisa Runge representing the Fourth Swedish National Pension Fund and Marianne Nilsson representing Swedbank Robur funds as members of the Nomination Committee.

Dividend

The Annual General Meeting adopted the ordinary dividend to shareholders for fiscal year 2020 of SEK 2.00 per share, a total of approximately SEK 338m.

Share buy-backs

Based on an authorisation approved by the 2021 AGM, the Board of Directors decided upon a buy-back programme for a total of 600,000 shares by 30 September 2021. The purpose of the buy-back programme was to fulfil the requirements of Nobia's Performance Share Plan. All 600,000 shares were repurchased for a total of SEK 43m as of 5 August.

Changes to Group management

Philip Sköld was appointed EVP Strategy & Transformation and a member of Nobia's Group management on 1 May 2021. Philip was previously the Director of the Nordic Transformation Office.

Investing in the new production facility

Nobia continues preparations for its investment in a highly automated production plant in Jönköping, Sweden, which is expected to be in full operation by 2024. Investments are estimated to amount to approximately SEK 2 billion for production equipment and approximately SEK 1.5 billion for the factory building. The majority of the investments that affect cash flow will take place in 2022–2023.

During the year Nobia received the necessary permits to be able to begin construction. Logistic Contractor, which is part of Wästbygg Group, was contracted to construct the building, which will be handed over in the summer of 2022. The building will be certified under the BREEAM Very Good standard, meaning that it has a focus on sustainability in line with Nobia's high ambitions in this area.

Land and infrastructure preparations such as rock blasting, pouring the foundation, pile-driving and raising the first sections of the façade and ceiling were in progress at year-end.

Nobia becomes a kitchen supplier to MediaMarkt

Nobia becomes a kitchen supplier to consumer electronics chain MediaMarkt in Sweden. The kitchens will be sold under the brand Granarp, a new brand with a range tailored to MediaMarkt's needs. Important factors in the choice of supplier were Nobia's ability to offer customised kitchen solutions, design and sustainability. The first kitchens will be available in selected MediaMarkt stores in the first quarter of 2022.

Jan Svensson proposed as new Nobia Chairman

The Nomination Committee proposes Jan Svensson as new Nobia Chairman, and that current Chairman Nora Førisdal Larssen be elected as an ordinary Board member. The Nomination Committee's complete proposal is presented in the notice of the Annual General Meeting.

2022 Annual General Meeting and dividend proposal

Nobia's Annual General Meeting will be held in Stockholm on 5 May 2022. The notice of the Annual General Meeting is available at www.nobia.com.

For the 2021 fiscal year, the Board of Directors proposes a dividend of SEK 2.50 per share (2.00). The dividend proposal entails a total share dividend of approximately SEK 421m. The record date for the right to dividend is 9 May 2022 and the last day for trading in Nobia shares including the right to receive a dividend is 5 May 2022. If the Annual General Meeting resolves in accordance with the Board's proposal, the dividend is expected to be paid through Euroclear Sweden AB on Thursday 12 May 2022.

Proposed appropriation of profits

The following profits in the Parent Company are at the disposition of the Annual General Meeting:

Share premium reserve	52,225,486
Unappropriated profit brought forward	602,728,837
Net profit for the year	707,125,899
Total SEK	**1,362,080,222**

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

Ordinary dividend of SEK 2.50 per share to be paid to shareholders	420,632,052
To be carried forward	941,448,170
Total SEK	**1,362,080,222**

In the Board's opinion, the proposed dividend is justified at both the company and Group levels, taking into consideration the requirements the requirements that the nature, scope and risks of the business place on the amount of equity, as well as the company's funding needs, liquidity and position in general.

The Group's financial performance

Net sales

Net sales increased to SEK 13,719m (12,741), distributed as follows: Nordic region, SEK 7,396m (6,801); UK region, SEK 4,925m (4,649); and Central Europe region, SEK 1,398m (1,291). The Group's organic growth, meaning the change in net sales for comparable units and adjusted for currency effects, totalled 9% (–7). Organic growth in the Nordic region was 10% (3). Organic growth in the UK region was 6% (–19) and organic growth in the Central Europe region was 12% (2).

Earnings

The Group's gross margin increased to 38.5% (34.9 or 35.7 excluding items affecting comparability) and the operating margin rose to 7.4% (3.4 or 4.6 excluding items affecting comparability). The improvements were primarily due to higher average order values, volume and a favorable mix, which was partly offset by higher direct material costs. 2020 was an unusually weak year when earnings and margins were adversely affected by coronavirus-related restrictions, particularly in the UK. Operating profit increased to SEK 1,009m (437 or 581 excluding SEK 144m in items affecting comparability). Exchange-rate fluctuations positively impacted operating profit by SEK 10m.

In the Nordic region, operating profit amounted to SEK 1,016m (765 or 897 excluding items affecting comparability). Higher average sales values, volume and mix offset cost increases, primarily for direct materials but for items such as transport as well. The operating margin increased to 13.7% (11.2 or 13.2 excluding items affecting comparability).

The gross margin in the UK region increased to 39.0% (32.5), primarily through higher average order values which offset rising prices for raw materials, as well as a favourable sales mix. Operating profit increased to SEK 27m (–234 or –226 excluding items affecting comparability). The previous year was adversely affected by stores and plants periodically being kept closed due to coronavirus restrictions. Currency effects in operating profit totalled SEK 15m.

In the Central Europe region, operating profit increased to SEK 153m (143). Higher sales volumes made a positive contribution that was partly offset by higher prices for raw materials. Currency effects on operating profit amounted to SEK –5m.

Group-wide items and eliminations amounted to an operating loss of SEK –187m (–237 or –233 excluding items affecting comparability).

Net financial items for 2021 amounted to SEK –102m (–84), of which net returns on pension funds and interest expense on pension liabilities amounted to SEK –19m (–17), interest on leases was SEK –38m (–48) and other interest expense amounted to SEK –45m (–19).

Profit after financial items amounted to SEK 907 (353). Tax expense amounted to SEK –201m (–100). Profit after tax amounted to SEK 706m (253). Earnings per share for the year after dilution totalled SEK 4.19 (1.50).

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 in so far as they do not recur with the same regularity as other items. There are no items affecting comparability in 2021.

In 2020, the Group's operating profit was charged SEK –144m in items affecting comparability, of which SEK –105m impacted the gross profit. SEK –132m was charged to the Nordic region, SEK –8m to the UK region, and SEK –4m to Group-wide items. The items are attributable to depreciation of machinery and fixed assets at the Tidaholm plant, due to the decision to replace the plant with a new one in Jönköping that is planned for completion in 2024, as well as a pension adjustment in the UK.

Investments, cash flow and financial position

The Group's operating cash flow amounted to SEK 670m (1,808). Higher cash flow from operating profit was offset by lower cash flow from changes in working capital. Investments increased primarily due to the ongoing construction of the new plant in Jönköping. Investments in fixed assets increased to SEK 891m (308). The previous year was positively impacted by government support measures such as deferred payments of VAT and some payroll taxes, which have now been nearly completely repaid, as well as a somewhat lower level of investment in general due to uncertainty related to the coronavirus pandemic.

The Group's operating capital increased to SEK 6,937m (6,421). Net debt, including IFRS 16 lease liabilities of SEK 1,815m (2,183) and pension provisions of SEK 223m (556), amounted to SEK 2,014m (2,387). Net debt excluding IFRS 16 lease liabilities and pension provisions amounted to SEK –24m (–352). The net debt/equity ratio decreased to 4% (5) or 41% (59) including IFRS 16 lease liabilities. Leverage (excluding IFRS 16 leases and items affecting comparability for the rolling 12 months), was 0.15 times (0.22).

Analysis of net debt

	Group	
SEK m	2020	2021
Opening balance	3,819	2,387
New leases/Leases terminated in advance, net	304	19
Translation differences	–163	81
Operating cash flow	–1,808	–670
Interest	61	80
Remeasurements of defined-benefit pension plans	147	–298
Change in pension liabilities	27	34
Treasury shares, reissued	–	43
Dividend	–	338
Closing balance	**2,387**	**2,014**

Financing

Nobia's long-term financing consists of two revolving credit facilities in several currencies totalling SEK 5 billion. A SEK 2 billion facility with a term until 2024 (with the ability to request a one-year extension after one year at the lender's discretion) and a SEK 3 billion facility that matures in 2025. The facilities have covenants specifying debt/equity (net debt/EBITDA) and interest cover (EBITDA/net interest). SEK 400m of the facilities had been used by the end of 2021. The Group's cash and cash equivalents amounted to SEK 422m (635).

Events after the end of the year

Acquisition of Superfront

In January 2022 Nobia signed an agreement to acquire Superfront, a Sweden-based company that designs and sells fronts, handles and legs for kitchens and other home décor. Since its foundation in 2013, Superfront has created high brand awareness with a strong focus on design and sustainability, primarily through digital and social channels. The company's net sales for 2021 amounted to approximately SEK 65m with an operating margin exceeding 10%. Nearly all of its sales take place online, to consumers all over Europe.

Future outlook

Demand for kitchens normally follows the same business cycle as other consumer discretionary products. Owing to uncertainties caused by the coronavirus pandemic and its effects on society as a whole, making a qualitative forecast for market outlooks is difficult. One clear trend during the pandemic, however, has been increased demand for kitchen products from consumers. People are spending more time at home and less time and money on things such as travel. Instead, the willingness to renovate at home is increasing, with higher demand for kitchens as one example. As a consequence of Russia's invasion of Ukraine, the estimate is that commodity and energy prices will rise. Such cost increases will need to be mitigated by manufacturers. Pricing strategies are likely to form part of such mitigating activities, if so, leading to higher market prices for the end consumer.

Personnel

In 2021, the average number of employees was 6,041 (5,977). The number of employees at year-end was 6,052 (5,901).

Environment and sustainability

Nobia conducts activities that require a permit under the Swedish Environmental Code through Nobia Production Sweden AB, which includes Nobia's Swedish operations in production and logistics. The environmental impact of the production plant primarily comprises transportation of kitchen products by truck, airborne emissions from surface treatment of wooden items and noise from manufacturing of kitchen and storage products. The County Administrative Board of Västra Götaland is the regulatory authority and decision-making body regarding permit applications. Nobia Production Sweden AB is certified to the ISO 14001 environmental management standard. All of Nobia's 14 production units, located in seven European countries, satisfy the environmental requirements determined by each country and 13 of these have been awarded ISO 14001 certification.

Nobia works conscientiously with sustainability topics through its Group-wide sustainability strategy. Nobia's statutory sustainability report is found on pages 33 and 86–98.

Task Force on Climate-related Financial Disclosures (TCFD)

Nobia supports the TCFD's recommendations, which are intended to provide investors and other stakeholders with information on the risks companies are exposed to through climate change. In line with the TCFD's recommendations, Nobia provides information on its governance and risk management in relation to such issues. See page 43.

EU taxonomy for sustainable investments

The EU Taxonomy Regulation applies to Nobia as a listed company with more than 500 employees. The assessment is that the Group's core operations are not covered by the Taxonomy Regulation's technical screening criteria for the first two environmental objectives, climate change mitigation and climate change adaptation, for which there is a reporting obligation for 2021. Therefore Nobia is not reporting any activities within the scope of the Taxonomy Regulation for 2021. The assessment is that the EU Taxonomy Regulation will continue to be implemented and that Nobia will probably be covered by the technical screening criteria for environmental objectives that are to be reported beginning with fiscal year 2022.

Product development

Product development for the Group-wide range is managed centrally. Work on producing new products is focused on a number of areas that meet specific customer requirements. During the course of the process, prototypes are developed that are tested on consumers.

Parent Company

The Parent Company, Nobia AB, has operations comprising Group-wide functions and the ownership of subsidiaries. The limited liability company is domiciled in Sweden and the head office is located in Stockholm. The Parent Company's profit after financial items totalled SEK 528m (–361).

The share and ownership structure

The Nobia share has been listed on Nasdaq Stockholm since 2002. Nobia's share capital amounted to SEK 56,763,597 (56,763,597) on 31 December 2021, divided among 170,293,458 shares (170,293,458) with a quotient value of SEK 0.33. Nobia has only one class of share. Each share, with the exception of repurchased treasury shares, entitles the holder to one vote, and carries the same entitlement to the company's capital and profits. The 2021 AGM authorised the Board to decide on the buy-back of up to 10% of the outstanding shares and, for the period until the 2021 AGM, to decide on the transfer of treasury shares for the purpose of delivering shares under Performance Share Plans or of facilitating financing of acquisitions through payment using treasury shares. With the support of this authorisation, the Board resolved on and implemented a buy-back of 600,000 shares. At the end of 2021, the number of treasury shares was 2,040,637 (1,440,637), corresponding to 1.2% of the total number of shares.

At year-end, the ten largest owners held about 67% of the shares. The single largest shareholder, Nordstjernan, owned 24.9% of the shares. If Skadeförsäkring held 10.7% of the shares, the Fourth Swedish National Pension Fund 8.7% and Swedbank Robur funds 4.7%.

Nobia's lenders have the option of terminating all loans if the control of the company were to be significantly altered. If any one party, or jointly with other parties (under formal or informal forms) gains control of the company, the lenders are entitled to terminate all outstanding loans for payment. The term "control of the company" pertains to control of more than half of the total number of votes or capital, or the acquisition of direct and decisive influence over the appointment of the Board of Directors or members of Group management. Control of the company is also deemed to arise if a party, alone or jointly with other parties, can exercise direct and decisive influence over the company's financial and strategic position. If such a situation were to arise whereby the control of the company were to be significantly altered, the lender and Nobia shall begin negotiations that shall last for a maximum of 30 days. The aim of these negotiations is to reach an agreement between the lenders and Nobia. If an agreement is not reached, the lender is entitled to terminate all outstanding loans for immediate payment.

Guidelines for remuneration

Form of remuneration	Link to company strategy	Implementation	Opportunity/evaluation
Fixed cash salary	The fixed cash salary reflects the individuals' role, experience and contribution to the company. The level for fixed cash salary aims to contribute to recruitment and enable long-term retention of senior executives.	Evaluated yearly. Adjustments during the year can be made if the role changes.	Adjusted to the market levels for the role and country of business. Levels are adapted after evaluation of the individual's performance.
Variable cash salary	To promote goal achievement or over achievement of the company's pre-determined financial and non-financial criteria such as profitability and cash flow revenue and important operative, strategic or other sustainability-related measures.	At the end of the vesting period (at least 12 months) the Remuneration Committee evaluates to what extent the criteria for payment of variable cash salary has been met.	Fulfilment of criteria for defined goals.
Pension and other benefits	Benefits for senior executives are part of the ability to offer a competitive total remuneration, in order to facilitate recruitment and retention of the company's senior executives.	Is offered during the time of employment and is subject to review dependent on factors such as age, level of fixed cash salary and role.	Based on market practice and market levels for the role in question and the country of business.

Sustainability-related measures linked to the company's business strategy
Nobia's sustainability efforts are evaluated and rated continually by, amongst others, investors, analysts and civil society participants. Hence, the company's methods and results are reviewed and compared. As a result, the company's sustainability efforts can be continuously developed in line with the demands of its stakeholders. The sustainability efforts are an integrated part of Nobia's business that can strengthen Nobia's brand and contribute to an increase in value of Nobia's shares.

More information on the share and shareholders is presented on pages 103–104.

The Board's proposal on remuneration guidelines and other employment conditions for Group management

The remuneration guidelines cover total remuneration for Group management, including the President and other senior executives. The guidelines will be applied to remunerations that are agreed on, and changes to remunerations previously agreed on, after the guidelines are adopted by the 2022 AGM. The guidelines do not cover remuneration resolved decided by Annual General Meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

The purpose of the guidelines is to provide a structure that adapts the remuneration to the company's strategy, long-term goals and sustainability. In the future, Nobia intends to connect the remuneration for senior executives to fulfilment of established sustainability targets. Nobia's value creation strategy consists of three central components:

- Focus on increasing profitability
- Increasing efficiency
- Long-term value creation through continual sustainability initiatives

The company's strategy requires that Nobia can continue to attract, motivate and retain key employees within the Group. The guidelines must therefore enable appropriate and competitive remuneration to senior executives.

Decision-making process for determination, review and execution of the guidelines

The Board of Directors has inaugurated a Remuneration Committee consisting of two Board members elected by the general meeting of shareholders. The Committee's task is, inter alia, to prepare proposals to the Board of Directors relating to the remuneration for senior executives. The Board shall prepare proposals for new remuneration guidelines if material changes are needed or at least every fourth year and present the guidelines for the General Meeting to resolve upon. These guidelines are to be applicable from the time of the General Meeting's approval of them, until new guidelines have been resolved (and four years at most). The Remuneration Committee may seek approval of new guidelines at an earlier point in time if circumstances affecting the purpose of the guidelines arise.

The Remuneration Committee shall also follow-up and evaluate programmes for variable remuneration to senior executives, the application of the remuneration guidelines and current remuneration structures and levels in Nobia. The members of the Remuneration Committee are independent in relation to the company and company management.

Taking into account salary and employment terms for employees

The Remuneration Committee's preparations of the Board's proposal regarding guidelines for salaries and other employment conditions for Group management considered information on total employee remuneration, the components of remuneration and the increase and rate of increase in remuneration over time as part of the Committee's and the Board's basis for decision on producing and evaluating the fairness of the guidelines and the limitations accompanying them. The trend in the gap between remuneration to the President and remuneration to other employees will be presented in the annual remuneration report.

Forms of remuneration

Remuneration must be market-based and may comprise the following components:

- Fixed cash salary
- Variable cash salary
- Pension benefits
- Other benefits

The General Meeting can in addition to that – and independent of the remuneration guidelines – decide on, for example, share and share price related remuneration.

Fixed cash salary

Remuneration is to be based on the individual executive's areas of responsibility, experience and performance. The fixed cash salary will be reviewed annually to ensure that the salary is market-based and competitive.

Variable cash salary

Variable remuneration can be paid in addition to fixed remuneration. Variable cash remuneration shall be connected to predetermined and measurable criteria that can be financial or non-financial. The criteria can vary from year to year to reflect business priorities, and usually include a balance between the Group's financial performance (for example, profitability and cash flow revenue) and non-financial performance criteria (for example, important strategic or other sustainability-related measures). By this way of applying pre-determined financial and non-financial performance measures that reflect Nobia's business priorities, Nobia considers the possibility of attracting, motivating and retaining key employees to be improved, which contributes to Nobia's business strategy, long-term interests and sustainability.

When the vesting period for fulfilment of the criteria for payment of variable cash salary is closed an assessment is to be made as to what degree the criteria have been met. The Remuneration Committee is responsible for such an assessment with regard to variable cash salary attributable to the President and other senior executives. During the annual evaluation, the Remuneration Committee can adjust the targets and/or remuneration for extraordinary events (both positive and negative), reorganisations and structural changes. Fulfilment of the criteria for payment of variable cash salary shall be measurable during a vesting period of at least 12 months. The criteria are measured on both an annual and a quarterly basis.

The variable cash salary for the President and other senior executives may amount to a maximum 65% of the fixed annual cash salary. Before variable cash salary is disbursed, the Board of Directors shall assess the reasonableness of the turnout. This assessment is made in relation to Nobia's profit/loss and financial position. Nobia shall have the right to reclaim variable components of remuneration that were awarded on the basis of information which subsequently proved to be manifestly misstated.

Pension benefits

The President and other senior executives employed in Sweden are entitled to pensions under the ITP system or equivalent. Furthermore, the current President has a pension premium including health insurance for 30% of a fixed annual salary. Pension and pension benefits are to be defined-contribution, which means that a determined percentage of the individual's annual basic salary is paid as a pension premium. For senior executives, pension benefits may not exceed 35% of the fixed cash salary. The senior executive's members who have employment contracts under the terms of another country have pension solutions that are in agreement with local practice; in doing so, the principles in these guidelines will be complied with as far as possible.

Other benefits

Other benefits can include, inter alia, life insurance, health care insurance and company car. For the President and members of Group management, other benefits may not exceed 10% of the fixed cash salary. The President and other senior executives are further entitled to benefits that could be offered to other employees at any given moment.

Additional benefits and additions can be offered under certain circumstances, for example, in case of re-allocation or international assignments, in which case benefits and remuneration are determined according to local conditions.

With regard to employment conditions governed by other rules than Swedish, as far as pension benefits and other benefits are concerned, appropriate adjustments may be carried out to comply with compulsory laws or local practice, whereupon the guidelines' overall purposes are to be satisfied to the extent possible.

Termination of employment

In case of termination by the company, the termination notice period shall not exceed 12 months. Fixed cash salary during the termination notice period and termination consideration combined shall not exceed an amount equivalent to the yearly fixed cash salary for the President and other senior executives. In case of termination by the employee, the notice termination period may amount to a maximum of six months, without right to termination consideration. The President and other senior executives may have a right to accrued variable cash salary, however not for a period exceeding the period of the employment.

Disclosures regarding share-related remuneration schemes

Nobia has inaugurated long-term share-related remuneration schemes. The programmes, which encompass, inter alia, Group management, senior executives and persons in senior management, were resolved upon by the General Meeting and are therefore not covered by guidelines for remuneration to senior executives. The performance requirements that are used to assess the outcome of the programmes has a clear link to the business strategy and in this way to Nobia's long-term value creation, including the Group's sustainability. The performance requirements encompass, for example, profitability and total shareholder return. The programmes impose further requirements on own investment and a certain vesting period. Before the number of shares to be allocated under the programme is finally established, the Board must check the reasonableness of the outcome of the long-term remuneration scheme. For more information on proposed long-term remuneration schemes and the criteria that the outcome depends on, refer to Nobia's website www.nobia.com, where the complete proposal is available.

Remuneration to the Board

If a Board member carries out work on behalf of Nobia in addition to their Board duties, a consultant fee and other remuneration can be paid for such work. Decisions on such consultant fees and such other remuneration are made by the Remuneration Committee and shall be market-based.

Deviation from the guidelines

The Board of Directors may decide to temporarily, wholly or partially, deviate from the guidelines if there are special circumstances in an individual case and deviation is necessary in order to ensure the company's financial capacity. As stated above, the Remuneration Committee is responsible for preparation of the Board of Directors' decisions on remuneration matters, which includes decisions on deviation from the remuneration guidelines.

Risks, risk management and opportunities

Nobia is exposed to a number of strategic, operational, compliance and financial risks that could limit the Group's ability to achieve its business objectives. Nobia's framework and internal control environment are designed to manage these risks.

Risk management is by its nature a continual and ongoing process. The purpose of the risk management process is to provide an overview of the Group's greatest risks, and to serve as a basis for making informed decisions. Nobia's approach is flexible to ensure that it is relevant at all levels of the business, and dynamic in order to be responsive to changing business conditions. Risk management is a part of conducting business, consequently Nobia strives to ensure that the risks taken are deliberate. Identifying emerging risks which may arise from technological development as well as new or changing environmental risks is a vital part in Nobia's Enterprise Risk Management process.

Internal controls for financial risks can be found in the corporate governance statement on page 20.

Business risks including sustainability and climate-related risks

Identifying, analysing, managing and monitoring risks is a priority area for the Group. Climate-related risks are integrated into this process as well. Risk management involves all of the units at the company and follows a structured process. It begins with by making an inventory of existing and new risks, through measures including workshops and interviews with representatives from different parts of the organization. Next, the management team assesses the risks in the inventory on the basis of probability and impact. Principal risks are then presented to the Audit Committee and the Board.

TCFD scenario analysis

The Task Force on Climate-related Financial Disclosures (TCFD) is a voluntary framework to increase transparency on climate-related risks and opportunities.

Climate scenarios help the Group understand what our climate might look like in the future, depending on multiple global issues such as politics, technology, the economy and social change. Both transition risks and physical risks can be identified by analysing potential effects on the business under different climate scenarios. These scenarios can be used to adjust the strategy in the future. This involves preparing for an economy, legislation and the development of society with low CO_2 emissions, as well as adapting to the physical impact that the changed climate will have on the Group, as well as its customers' and suppliers' operations.

Several risk workshops on the issue of climate-related risks according to the TCFD's recommendations were held in autumn 2021. They covered the entire value chain, and addressed both transition risks (legal, technical, market and brand) and physical risks (critical and chronic).

Two scenarios were investigated and illustrated:

- RCP 2.6 (<2 °C), where the world succeeds in limiting the increase in temperature to below 2°, i.e. in line with the Paris Agreement
- RCP 8.5 (>4 °C), the world continues to increase emissions.

Several risks and opportunities were identified, and their financial impact was estimated by Nobia business managers. Although some risks have a potentially significant impact, measures in line with the company's established strategy have already been initiated since the majority of the identified risks were known, and it was noted that current management is considered satisfactory and that the Group is well prepared regardless of scenario.

Continued work

The Group will continue working on risks and opportunities according to the TCFD's recommendations. This primarily means continuing to identify objectives and metrics, as well as more in-depth analysis of risks with the aid of the scenario analyses.

Task Force on Climate-related Financial Disclosures (TCFD)

This index describes where the core recommendations from the TCFD are considered in the Annual Report.

TCFD Recommended disclosures

Governance	Page
a. Monitoring of climate-related risks and opportunities by the Board of Directors	25
b. The role of management in assessing and managing climate-related risks and opportunities	25, 37
Strategy	
a. Climate-related risks and opportunities identified by the organisation	42
b. Impact of risks and opportunities on the organisation's operations, strategy and financial planning	39–42
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Risk management	
a. The organisation's processes to identify climate-related risks	37, 38
b. The organisation's processes to manage climate-related risks	38
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Targets & Metrics	
a. The organisation's metrics for evaluating climate-related risks and opportunities	88–92,
b. Scope 1, 2 and 3 emissions according to the Greenhouse Gas Protocol	92
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The Group's principal risks

A risk universe consisting of four categories and over twenty risk areas is used to aggregate and categorize risks identified across the organization within the risk management framework.

Over the course of the year, the Board and the Audit Committee have reviewed the principal risks set out below. Nobia considers the sustainable development risks throughout its business and consolidates the principal sustainability-related risks where relevant in accordance with TCFD framework. See pages 37 and 42.

Strategic & emerging risks

Risks that can have a material impact on the strategic objectivesarising from internal or external factors.

Operational risks

Risks that may affect or compromise execution of business functions or have an impact on society.

Financial risks

Risks that can cause unexpected variability or volatility in net sales, margins, earnings per share, returns or market capitalisation.

Legal & regulatory risks

Risks related to legal or governmental actions that can have a material impact on the achievement of business objectives.

Nobia's risk management process

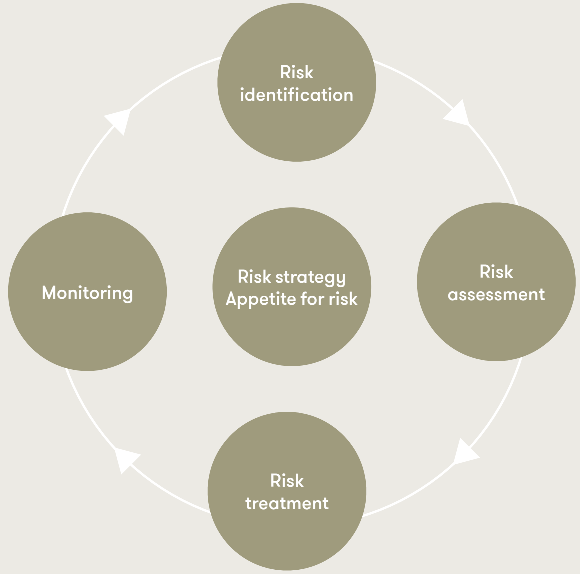
Strategy and appetite The Board has overall responsibility for setting the Group's strategy, as well as maintaining risk management activities and internal control processes. The Board has also established the Group's appetite for risk.

Risk identification Nobia utilises a structured risk and control identification process to identify risk. All of the business units must regularly review, identify and document material risks. The most material risks are identified and managed at Group level, and then reported to the Board.

Risk assessment The Business Units conduct a structured risk assessment process in accordance with the minimum standards established internally. The Group's principal risks are examined in detail by the Audit Committee.

Risk treatment The Business Units' management review the principal risks and identify the need for actions and controls. Management assurance is provided on both a formal and informal basis, with ongoing review by the Board. The Business Units design action plans and are responsible for these plans.

Monitoring Business risks including sustainability and climate-related risks are monitored at the Group and operational levels. Specific sustainability and climate metrics can be found on pages 90 and 92. The Audit Committee performs an annual review of the risk management policy and plan.



Strategic & emerging risks

Risk area	Description	Management
Political and macroeconomic risk	Demand for Nobia's products is affected by general macroeconomic trends and fluctuations in its customers' purchasing power and consumption patterns. Macro economic or political decisions and events may also have an impact. Changes in global politics and the macro economy could have a material impact on Nobia's financial performance and position. Legislative changes motivated by climate or sustainability considerations affect Nobia's business both directly and indirectly.	Some examples of Nobia's measures to manage economic fluctuations are reducing costs, adjusting capacity and production structure and creating higher customer value through product innovation, as well as continous work on the pricing strategy. Nobia works continuously to monitor, evaluate and attempt to predict changes in the business environment and relevant regulations. Nobia is active in various national and international trade associations and in other types of partnerships to support this effort.
Not meeting customer demand and preferences	Global socio-economic and demographic trends, digitalisation and changing consumption patterns, increased awareness of sustainability and increasing customer purchasing power all influence customers' needs and attitudes, thus affecting the demand for Nobia products. Changes in customers' preferences and requirements may be hastened or altered in a climate scenario where we do not achieve the goals of the Paris Agreement.	Key success factors for Nobia's long-term growth and profitability are the ability to offer attractive, innovative and sustainable products, services and brands and to make these available to customers and consumers over the product life cycle. Investments to develop products with a life cycle perspective in line with customer demand and expectations, even during economic downturns. Nobia places great importance on developing processes, products and information to ensure higher customer satisfaction, for example, by offering eco-labelled products and ensuring that products and materials comply with Nobia's own and its stakeholders' standards.
Investments to enable future growth	Nobia is currently investing in business transformation to enable efficient, sustainable and profitable growth. This includes construction of a new factory in Jönköping and the design of Group-wide processes and an ERP solution to support the Group's strategy. Failure to attract and retain people with right skills to execute Nobia's transformation objectives could have an adverse effect on its business objectives. In a climate scenario where we do not achieve the goals of the Paris Agreement, there is an increased risk that the need to invest in new technology and existing factory premises will rise.	Management evaluates business plans as part of the company's chosen strategy on a continual basis. Nobia has clear strategies and it is prepared to address changes to priorities and objectives given external market factors. It has executive-level governance and oversight for all transformation activities to ensure the best implementation. Nobia works continuously to monitor, evaluate and attempt to predict changes in the business environment and relevant regulations due to climate change.
Digitalisation	Digitalisation is advancing quickly and creating new conditions for the industry. New digital or innovative solutions replace old technology and ways of working, make new services possible and change customer demand. This trend also means that new players are entering the market. Players that do not adapt their businesses to changed conditions may lose customers, suppliers and employees.	Monitoring the business world with a focus on megatrends and their impact on changed behaviours by businesses and people. Digitalisation investments that contribute to business development. Acquistion of Superfront AB i January 2022, a company which has been very successful in digital and social media marketing with a strong focus on design and sustainability.

Operational risks

Risks that may affect or compromise execution of business functions or have an impact on society.

Risk area	Description	Management
Competition	A faulty strategy could result in loss of market share and lower profitability. Nobia is exposed to significant competition. Nobia's consumer are primarily sold in its own stores, franchise stores and DIY stores. Sales to professional customers such as property developers and builders are conducted through direct sales via a specialised sales organisation, through Nobia's network of stores or other retailers such as DIY stores specialising in professional customers. A small share of sales is conducted through digital channels.	Nobia continually evaluates market trends and competitors' actions in order to make the optimal adjustments to its customer proposition. Nobia has a structured and proactive method for following demand fluctuations. Measures taken and adjustments to capacity have historically demonstrated that Nobia is able to adjust its costs according to changes in demand. The Group has accelerated its efforts on sales and customer service through digital and online channels in order to better respond to changes in customer behaviours during the pandemic.
Information technology risks	Nobia relies on IT systems in its day-to-day operations. Disruptions or faults in critical production systems have a direct negative impact. Errors in the handling of financial systems can affect the company's reporting of results. Cyber security risks are increasing and could have a major impact. Failure to comply with legal or regulatory requirements relating to data security and data privacy can result in reputational damage, fines or other adverse consequences. Theft or modification of intellectual property constitutes a risk to our products and future business success.	Nobia has a global IT security policy, including quality assurance procedures that govern IT operations. The IT landscape is based on well-tested hardware and software, and investments are made continually to drive improvements. The Group invests continually in cyber security, for instance in improved technology and processes for scanning, monitoring and logging to identify intrusion and detect anomalous data traffic.
Technical integrity of our operating assets	Longer interruptions in one of Nobias larger facilities could cause a significant negative financial impact. Fires, explosions, large machinery breakdowns or the inability to properly manage production equipment could result in property damage, loss of production, a deterioration in workplace safety, environmental damage or damage to reputation. In a scenario where we do not achieve the targets of the Paris Agreement, there is an increased risk of a greater need for maintenance, repairs and periodical closures of factory buildings, since building materials and technology are adversely affected by elevated temperatures and a humid climate.	Nobia makes continual investments in order to replace older equipment to improve both reliability and integrity. Risk assessments are conducted for all high-priority equipment. All incidents are documented, and the effectiveness of the Group's risk reduction activities is continually evaluated. Nobia has a fire protection programme and property insurance coverage.
Environmental impact and climate change	Risks related to environmental changes and climate change are likely to have a medium and long-term impact on Nobia's business. These risks are deemed to pertain primarily to transition and physical risks, such as precipitation patterns, extreme weather conditions, serious environmental incidents and actions by government authorities.	Sustainability risks are identified, managed and followed up in Nobia's internal sustainability system. Sustainability management is integrated into central processes such as sustainability scorecards in product development and assessment and evaluation of suppliers in the procurement process. Through local environmental management systems, preventive measures are managed at each production plant, including emergency preparedness. Read more about climate-related risks (TCFD) on page 37.
Attracting and retaining skills and talent	The ability to attract, retain and develop skilled and committed employees is critical to the Group's ability to deliver on the objectives it has set according to its strategy. Inadequate workplace safety can result in death or injury to customers, colleagues or third parties and ultimately adverse financial and reputational consequences.	Nobia's culture and values play a key role in empowering and inspiring its people. Nobia has a zero-tolerance policy for discrimination. Nobia strives for a fair and transparent recruitment process and offers competitive remuneration. Employees have access to internal and external skills development. The Group regularly assesses and manages safety and health risks in operations. All units conduct systematic work in which every workplace accident is analysed and measures are taken to prevent similar accidents.
Cost and availability of raw materials	Access to sustainable sources of raw materials is crucial. The raw materials used by the Group include wood, steel, aluminium and plastics. Changes in costs for components (such as handles, worktops and hinges) and goods for resale (such as appliances) are mainly caused by changes in prices of raw materials and the competitive landscape. Disruptions to deliveries of input goods may result in disruptions to deliveries of finished goods, which may in turn result in higher costs, lost income and dissatisfied customers. Higher energy costs and operating costs as a result of higher taxes or other regulations driven by climate change are a transition risk, and their impact will differ between the two different scenarios.	Sustainable and responsible suppliers are essential to Nobia. Purchase processes and partnerships with suppliers are continually developed. Efficiency improvements, changed product specifications and price increases are examples of measures to reduce the effect of rising costs for input goods.

Financial risks

Risks that can cause unexpected variability or volatility in net sales, margins, earnings per share, returns or market capitalisation.

Risk area	Description	Management
Non payment of accounts receivable	Credit risk pertains to losses owing due to Nobia's customers or counterparties in financial contracts failing to fulfil their payment obligations.	Nobia's financial policy for managing financial risks forms a framework of guidelines and rules in the form of risk mandates and limits for the finance operations. Credit risk in accounts receivable is managed through credit checks. A Group-wide credit risk policy sets the limits for any given customer. The credit limit is set and regularly monitored. For further information concerning accounts receivable and recognition of expected credit losses, see Note 2 Financial risks.
Currency effects	Transaction exposure occurs when sales and costs take place in different currencies, for example sourcing is done in EUR while sales are made in GBP. Exchange rate fluctuations may have an impact on the Group's earnings and valuation of assets. Translation exposure is the risk to which Nobia is exposed when translating foreign subsidiaries' balance sheets and income statements to SEK. For further information concerning financial risks, interest rate and liquidity risks, see Note 2.	Nobia's overall strategy is to reduce exchange-rate exposure by using derivative instruments in the form of currency forward contracts. During the year, primarily accounts receivable and payable, as well as future payments for non-current assets were continuously hedged. Derivative instruments are held only for hedging purposes and not for speculative transactions. Translation exposure in the income statements of foreign subsidiaries is not currency hedged.

Legal & regulatory risks

Risks related to legal or governmental actions that can have a material impact on the achievement of business objectives.

Risk area	Description	Management
Legal and compliance risk	Legal risks such as amended legislation, violations of laws in the operations or errors in any agreements could have a negative financial impact. Non-compliance with legal and governance requirements and globally established responsible business conduct could expose Nobia to significant risk. This includes areas such as environmental legislation, pricing, competition compliance, data protection, human rights and labour legislation. More stringent environmental requirements, environmental remediation or breaches of environmental permits could entail higher costs, particularly in a scenario where we do not achieve the goals of the Paris Agreement.	Nobia's Code of Conduct is based on principles for environmental, social and economic sustainability. The Code states the minimum level of acceptable behaviour for all employees and partners. Nobia has a comprehensive programme with policies and guidelines on compliance with applicable competition, anti-corruption and data protection legislation, as well as compliance with the Code of Conduct. When following up our guidelines during the year, nothing has emerged indicating an increased risk of corruption. When reviewing the evaluations 2021 has nothing emerged which indicates an increased risk of corruption. Management continually monitors environmental risks and performance measures for resource and energy consumption in order to minimise costs and environmental impact.

Climate-related risks and opportunities and their financial impact

Nobia wants to contribute to fulfilling the Paris Agreement and reduce our impact accordingly with what is required by the latest science to prevent them worst consequences of climate change. We also want to increase our understanding for how we as a company are affected by climate change or by policy instruments to reduce carbon dioxide emissions. According to the TCFD's recommendations, climate-related financial risks can be divided into two main categories: transition risks and physical risks. Transition risks: political, regulatory, technological and brand-related risks that a transition to a society with lower CO_2 emissions may entail. Physical risks: critical or systematic risks that entail direct damage to assets or indirect damage in the operation, such as interruptions in the supply chain.

Assessment of time horizon

	Definition	
Short	0–3 years	
Medium	3–5 years	
Long	5–15 years	

Identified climate-related risks

Risk	Type of risk	Description	Probability	Consequence	Time period	Financial impact
Competing brands are more successful in their sustainability efforts	Transition	Competing brands win competitive advantage by creating an image for themselves and marketing themselves better as sustainable, and/or by being more successful at creating sustainable products.	Occasional	Customers (both B2B and B2C) choose competing brands due to their more sustainable image and/or better sustainability performance.		Critical
Insufficient transparency in the supply chain	Transition	Limited transparency (traceability) in the supply chain. Developments are moving in the right direction, but there is a risk that the third of suppliers who are unwilling/unable to provide the requested data will persist.	Low	Extra costs for moving to a different supplier and lost business.		Marginal
Transition to sustainable transports	Transition	There is a risk that the demand for fossil-free transport will increase faster than supply and financing opportunities to make this possible.	Low	Higher transport costs due to the transition to more sustainable alternatives. Changed conditions and compromises concerning flexibility and "just-in-time". There is a risk that the additional cost for the transition to new transport options cannot be transferred directly to customers.		Significant
Shortages of materials	Physical/ Transition	Limited access to materials such as wood, metal and other recyclable materials. This is because the transition may lead to higher demand and thus higher competition and/or physical events that reduce access.	Low	May result in costs in the supply chain that cannot always be transferred to customers. For example this could be the case with long-term customer agreements.		Significant
Critical shortages of materials	Physical/ Transition	Extremely limited access to materials such as wood, metal and other recyclable materials. Results in such high prices that Nobia's market segments decrease.	Occasional	Leads to reduced income and declining margins.		High
Bans on materials	Transition	Increased regulations, fees and bans on plastic and other materials result in challenges throughout the supplier chain.	Occasional	Extra costs for transition to alternative materials and lost business.		Marginal
Extreme weather	Physical	Physical damage to production assets caused by flooding or other extreme weather events.	Low	Reduced income, restoration costs and/or higher investment costs		Critical
Extreme weather that impacts the supply chain	Physical	Physical damage to production plants in the supply chain caused by extreme weather events. Insurance firms have begun demanding information about suppliers' physical location.	Occasional	Disruptions and/or reduced availability in the supplier chain.		Marginal
Requirement to increase rate of recycling	Transition	Risk that demands for recycling rate will exceed what is applicable. Access to and price of recyclable and alternative materials and phasing in new materials may entail risk.	Occasional	Extra costs for transition to other alternative materials and lost business.		Significant
Demand for fossil-free production	Transition	Risk that customers and society demand a faster transition to fossil-free production, i.e. that heating and electricity consumption do not affect the climate, than the company planned for.	Low	Higher investment costs to phase out and update for bio-based heating.		Significant

Identified climate-related opportunities

The transition to a low-carbon society may also present opportunities to businesses. Using only renewable energy, increasing own energy production and continuing energy-efficiency measures will reduce greenhouse gas emissions while also reducing operating costs. The Group has also established that the measures implemented to date to reduce its climate impact have demonstrably contributed to profitability. This work has resulted in lower energy and transport costs and higher income due to higher demand for environmentally certified kitchens such as the Nordic Swan, which brings in higher revenues.

Opportunity	Type of opportunity	Description	Impact	Time period	Financial impact
Repairs and simpler renovation and design possibilities for customers	Transition	Update business models and offer repairs and simpler renewal and renovation options.	A service such as replacing cabinet doors, for instance, has been shown to bring in new business since customers are given the option of a refresh or new design that is good value for money. It may also mean that the customer chooses to stay with Nobia's brand rather than choosing a competing brand.		High
Co-innovation and co-labs with suppliers	Transition	Closer cooperation with suppliers in order to drive sustainability efforts and promote innovation. This involves systematically identifying collaborations with suppliers. Higher income from sustainable/certified products.	Closer dialogue and cooperation with suppliers when it comes to the climate and innovation is described as important in minimising multiple risks. In addition, this is also a business opportunity that creates competitive advantage and contributes to Nobia's ambition to be a sustainability leader.		High
Business opportunity: update machinery from an energy and resource perspective.	Transition	Updating machinery in order to reduce energy consumption and improve resource efficiency, thus reducing climate impact.	Improving sustainability performance can provide advantages over competitors.		Significant
Increased self generation of renewable energy and lower material costs as a result of a higher share of reused materials.	Transition	Higher production of own renewable energy, such as solar cells, and lower energy costs as a result of self-generated renewable energy. The share of renewable materials increases in both purchased products and products manufactured by Nobia.	Both higher income as a result of the opportunity to sell surplus electricity, as well as lower costs due to own manufacturing. Estimated possible savings of input costs as a result of a higher share of reused materials in products.		High

Financial statements

Consolidated income statement

SEK m	Note	2020	2021
Net sales	3	12,741	13,719
Cost of goods sold	4, 7, 10, 25	–8,297	–8,441
Gross profit		**4,444**	**5,278**
Selling expenses	4, 7, 10, 25	–3,256	–3,419
Administrative expenses	4, 6, 7, 10, 25	–971	–948
Other operating income	8	703	534
Other operating expenses	9	–483	–436
Operating profit		**437**	**1,009**
Financial income	11	7	148
Financial expenses	11	–91	–250
Profit after financial items		**353**	**907**
Tax on net profit for the year	12, 26	–100	–201
Net profit for the year		**253**	**706**
Net profit for the year attributable to:			
Parent Company shareholders		253	706
Earnings per share before dilution, SEK	23	1.50	4.19
Earnings per share after dilution, SEK	23	1.50	4.18

Consolidated statement of comprehensive income

SEK m	Note	2020	2021
Net profit for the year		253	706
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange-rate differences attributable to translation of foreign operations	22	–399	321
Cash-flow hedges before tax[1]	22	1	13
Tax attributable to hedging reserve for the period[2]	22	–2	–3
		–400	**331**
Items that will not be reclassified to profit or loss			
Remeasurements of defined-benefit pension plans	25	–135	286
Tax attributable to remeasurements of defined-benefit pension plans		30	–55
		–105	**231**
Other comprehensive income for the year		**–505**	**562**
Total comprehensive income for the year		**–252**	**1,268**
Total comprehensive income for the year attributable to:			
Parent Company shareholders		–252	1,268

1) Reversal recognised in profit or loss of SEK –12m (15). New provision amounts to SEK –4m (–17).

2) Reversal recognised in profit or loss of SEK 3m (–3). New provision amounts to SEK 1m (4).

Consolidated balance sheet

SEK m	Note	31 Dec 2020	31 Dec 2021
ASSETS			
Intangible assets	13		
Goodwill		2,830	3,014
Other intangible assets		221	354
		3,051	**3,368**
Tangible fixed assets	14		
Land and buildings		529	594
Investments in progress and advance payments		145	583
Machinery and other technical equipment		421	419
Equipment, tools, fixtures and fittings		245	251
Right-of-use assets	15	2,200	1,848
		3,540	**3,695**
Interest-bearing long-term receivables (IB)	16	0	0
Other long-term receivables	16	96	88
Deferred tax assets	26	119	61
Total fixed assets		**6,806**	**7,212**
Inventories			
Raw materials and consumables		331	416
Products in progress		93	110
Finished products		516	587
Goods for resale		95	98
		1,035	**1,211**
Current receivables			
Current tax assets		20	30
Accounts receivable	2	1,213	1,325
Derivative instruments	2, 18	0	7
Interest-bearing current receivables (IB)		2	2
Other receivables	2	61	56
Prepaid expenses and accrued income	19	313	364
		1,609	**1,784**
Cash and cash equivalents (IB)	20	635	422
Total current assets		**3,279**	**3,417**
Total assets		**10,085**	**10,629**
Of which interest-bearing items (IB)		637	424

SEK m	Note	31 Dec 2020	31 Dec 2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to Parent Company shareholders			
Share capital	21	57	57
Other contributed capital		1,506	1,465
Reserves	22	–345	–14
Profit brought forward		2,816	3,415
Total shareholders' equity		**4,034**	**4,923**
Provisions for guarantees		9	10
Provisions for pensions (IB)	25	556	223
Lease liabilities (IB)	15	1,778	1,444
Deferred tax liabilities	26	35	31
Other provisions	27	36	36
Liabilities to credit institutions (IB)	2, 28	285	400
Other liabilities (IB)	2	–	–
Other liabilities, non-interest-bearing	2	0	0
Total long-term liabilities		**2,699**	**2,144**
Liabilities to credit institutions (IB)	2, 28	0	0
Advance payments from customers		140	147
Accounts payable	2	1,317	1,604
Provisions	27	10	10
Current tax liabilities		36	64
Lease liabilities (IB)	15	405	371
Derivative instruments	2, 18	21	13
Other liabilities	2	644	346
Accrued expenses and deferred income	29	779	1,007
Total current liabilities		**3,352**	**3,562**
Total shareholders' equity and liabilities		**10,085**	**10,629**
Of which interest-bearing items (IB)		3,024	2,438

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

Change in consolidated shareholders' equity

	Attributable to Parent Company shareholders					
SEK m	Share capital	Other contributed capital	Exchange-rate differences attributable to translation of foreign operations	Cash-flow hedges after tax	Profit brought forward	Total shareholders' equity
Opening balance, 1 January 2020	**57**	**1,497**	**68**	**–13**	**2,668**	**4,277**
Net profit for the year	–	–	–	–	253	253
Other comprehensive income for the year	–	–	–399	–1	–105	–505
Total comprehensive income for the year	**–**	**–**	**–399**	**–1**	**148**	**–252**
Dividend	–	–	–	–	–	–
Allocation of performance share plan	–	9	–	–	–	9
Closing balance, 31 December 2020	**57**	**1,506**	**–331**	**–14**	**2,816**	**4,034**
Opening balance, 1 January 2021	**57**	**1,506**	**–331**	**–14**	**2,816**	**4,034**
Net profit for the year	–	–	–	–	706	706
Other comprehensive income for the year	–	–	321	10	231	562
Total comprehensive income for the year	**–**	**–**	**321**	**10**	**937**	**1,268**
Dividends[1]	–	–	–	–	–338	–338
Bought-back own shares	–	–43	–	–	–	–43
Allocation of performance share plan	–	2	–	–	–	2
Closing balance, 31 December 2021	**57**	**1,465**	**–10**	**–4**	**3,415**	**4,923**

1) The 2021 Annual General Meeting resolved on dividends of SEK 338m, corresponding to SEK 2.00 per share.

Consolidated cash-flow statement

SEK m	Note	2020	2021
Operating activities			
Operating profit		437	1,009
Depreciation/amortisation/impairment	13, 14.15	989	800
Other adjustments for non-cash items		50	30
Income tax paid		–118	–182
Change in inventories		–26	–153
Change in operating receivables		32	–82
Change in operating liabilities		704	118
Cash flow from operating activities		**2,068**	**1,540**
Investing activities			
Investments in tangible fixed assets		–199	–715
Investments in intangible assets		–109	–177
Sale of tangible fixed assets		49	8
Interest received		2	2
Increase/decrease in interest-bearing assets		5	0
Other items in investing activities		–1	14
Cash flow from investing activities		**–253**	**–868**
Operating cash flow before acquisitions/divestments of subsidiaries, interest, increase/decrease in interest-bearing assets		**1,808**	**670**
Operating cash flow after acquisitions/divestments of subsidiaries, interest, increase/decrease in interest-bearing assets		**1,815**	**672**

SEK m	Note	2020	2021
Financing activities			
Interest paid		–63	–82
Change in interest-bearing liabilities		–911[1]	24[2]
Change in lease liabilities		–449	–493
Treasury shares, bought-back		–	–43
Dividend		–	–338
Cash flow from financing activities		**–1,423**	**–932**
Cash flow for the year excluding exchange-rate differences in cash and cash equivalents		**392**	**–260**
Cash and cash equivalents at the beginning of the year		257	635
Cash flow for the year		**392**	**–260**
Exchange-rate differences in cash and cash equivalents		–14	47
Cash and cash equivalents at year-end		**635**	**422**

1) Raising and repayment of loans comprising a net SEK –849m. The remaining change primarily comprises pension payments and repayment of current interest-bearing liabilities.

2) Raising and repayment of loans comprising a net SEK 114m. The remaining change primarily comprises pension payments and repayment of current interest-bearing liabilities.

Parent Company

Parent Company income statement

SEK m	Note	2020	2021
Net sales		337	390
Administrative expenses	4, 6, 25	–506	–517
Other operating income	8	8	7
Other operating expenses	9	–9	–6
Operating profit		**–170**	**–125**
Profit from participations in Group companies	11	–	500
Financial income	11	11	162
Financial expenses	11	–202	–9
Profit after financial items		**–361**	**528**
Group contributions received		155	180
Tax on net profit for the year	12	–1	–1
Net profit for the year		**–207**	**707**

Parent Company statement of comprehensive income

SEK m	Note	2020	2021
Net profit for the year		–207	707
Other comprehensive income for the year		–	–
Total comprehensive income for the year		**–207**	**707**

Parent Company cash-flow statement

SEK m	Note	2020	2021
Operating activities			
Operating profit		–170	–125
Adjustments for non-cash items		4	8
Dividends received	11	–	500
Group contributions received		155	180
Group contributions paid		–	–
Interest received	11	11	162
Interest paid	11	–202	–9
Tax paid		–1	–5
Cash flow from operating activities before changes in working capital		**–203**	**711**
Change in liabilities		1,055	43
Change in receivables		–574	–380
Cash flow from operating activities		**278**	**374**
Investing activities			
Tangible fixed assets		3	–0
Intangible fixed assets		–	–163
Provisions for pensions		1	3
Cash flow from investing activities		**4**	**–161**
Financing activities			
Change in interest-bearing liabilities		–4	–7
Bought-back treasury shares		–	–43
Dividend		–	–338
Cash flow from financing activities		**–4**	**–388**
Cash flow for the year		**278**	**–175**
Cash and cash equivalents at the beginning of the year		158	436
Cash flow for the year		**278**	**–175**
Cash and cash equivalents at year-end		**436**	**261**

Parent Company balance sheet

SEK m	Note	31 Dec 2020	31 Dec 2021
ASSETS			
Fixed assets			
Tangible fixed assets		26	18
Intangible fixed assets		–	163
Shares and participations in Group companies	16, 17	1,385	1,379
Other securities held as fixed assets		5	11
Total fixed assets		**1,416**	**1,572**
Current assets			
Receivables from Group companies		2,833	3,215
Other receivables	18	28	28
Prepaid expenses and accrued income	19	81	79
Cash and cash equivalents	20	436	261
Total current assets		**3,378**	**3,583**
Total assets		**4,794**	**5,155**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital[1]	21	57	57
Statutory reserve		1,671	1,671
Development expenditure fund		–	37
		1,728	**1,766**
Non-restricted shareholders' equity			
Share premium reserve		52	52
Buy-back of shares		–82	–125
Profit brought forward		1,316	728
Net profit for the year		–207	707
		1,079	**1,362**
Total shareholders' equity		**2,807**	**3,128**
Long-term liabilities			
Provisions for pensions	25	22	25
Deferred tax liabilities		5	4
Long-term interest-bearing liabilities		17	11
Total long-term liabilities		**44**	**40**
Current liabilities			
Other interest-bearing liabilities		7	6
Accounts payable		31	108
Liabilities to Group companies		1,815	1,798
Current tax liabilities		0	3
Other liabilities	18	39	25
Accrued expenses and deferred income	29	51	48
Total current liabilities		**1,943**	**1,988**
Total shareholders' equity, provisions and liabilities		**4,794**	**5,155**

1) The number of shares outstanding was 168,252,821 (168,852,821).

Parent Company change in shareholders' equity

SEK m	Share capital	Statutory reserve[1]	Development expenditure fund	Share premium reserve	Buy-back of shares	Profit brought forward	Total shareholders' equity
Opening balance, 1 January 2020	**57**	**1,671**	**–**	**52**	**–82**	**1,307**	**3,005**
Net profit for the year			–			–207	–207
Comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–207**	**–207**
Dividend	–	–	–	–	–	–	–
Allocation of performance share plan	–	–	–	–	–	9	9
Shareholders' equity, 31 December 2020	**57**	**1,671**	**–**	**52**	**–82**	**1,109**	**2,807**
Opening balance, 1 January 2021	**57**	**1,671**	–	**52**	**–82**	**1,109**	**2,807**
Net profit for the year		–	–	–	–	707	707
Comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**707**	**707**
Provisions for development expenditure fund	–	–	37	–	–	–37	0
Dividend	–	–	–	–	–	–338	–338
Share buy-back	–	–	–	–	–43	–	–43
Allocation of performance share plan	–	–	–	–	–	–6	–6
Shareholders' equity, 31 December 2021	**57**	**1,671**	**37**	**52**	**–125**	**1,435**	**3,128**

1) Of the Parent Company's statutory reserve, SEK 1,390m (1,390) comprises contributed shareholders' equity.

Note 1 Significant accounting policies

Compliance with standards and legislation
Nobia's consolidated financial statements are prepared in accordance with International Financial reporting Standards, IFRS, as published by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups was also applied.

The Parent Company applies the same accounting policies as the Group except in the cases described below under the section entitled "Parent Company accounting policies." The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors and President on 13 April 2022.

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

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

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

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

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

Impairment testing of goodwill
Goodwill is recognised at cost less any accumulated impairment. The Group regularly (at least once each year) performs impairment tests of goodwill, and when indicators of impairment exist, in accordance with the accounting policies described under Note 13 Intangible assets. The assumptions and assessments made pertaining to expected cash flows and the discount rate in the form of weighted average cost of capital are described under Note 13 Intangible assets. Recognised goodwill amounted to SEK 3,014m (2,830) on 31 December 2021.

Deferred tax assets
The Group's loss carryforwards for which deferred tax assets have been capitalised have a carrying amount of SEK 0m (0). Deferred tax assets pertaining to loss carryforwards are capitalised to the extent it is probable that carryforwards can be offset against surpluses in future taxation. Particularly high demands are placed on the assessment if the company, to which the loss carryforwards are attributable, has recognised losses in recent years. The amounts of capitalised and non-capitalised loss carryforwards in the Group are presented in Note 26 Deferred tax. If the probability that non-capitalised loss carryforwards could be utilised in future taxation in future annual accounts is deemed to be high, additional amounts may be capitalised, with a corresponding positive amount recognised in profit or loss. The reverse applies if markets were to significantly deteriorate in forthcoming years. The current assessment is that the probability of such increases or declines in the value in the balance sheet during the forthcoming year is not high, although this cannot be ruled out if conditions in the kitchen markets were to change more than expected. The Group's deferred tax assets amounted to SEK 61m (119) on 31 December 2021.

Defined-benefit pensions
The Group's defined-benefit pension plans are recognised according to common principles and calculation methods and are calculated by assessing future salary increases and inflation. Refer also to the description under accounting policies for Pensions. The Group's pension liabilities amounted to SEK 223m (556) on 31 December 2021.

Changed accounting policies
The changed accounting policies applied by the Group from 1 January 2021 are described below. Other IFRS changes applied from 1 January 2021 did not have any material effect on the consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform Phase 2
Amendments due to the Interest Rate Benchmark Reform Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) could impact financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

- Modifications of financial assets, financial liabilities and lease liabilities: The IASB introduced a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lease accounting applying IFRS 16.
- Hedge accounting requirements Under the amendments, hedge accounting is not discontinued solely because of the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk.
- Disclosures: In order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed and how the entity is managing this transition, the amendments require that an entity discloses information about this.

The amendment did not have any material impact on the Nobia Group in 2021.

Amendment to IFRS 16 Leases
Change / impact: Amendment to the standard on Covid-19-related rent concessions

The IASB introduced practical relief to IFRS 16 on 28 May 2020. In brief, the relief entails that lessees do not need to assess whether a Covid-19 pandemic related rent concession is a lease modification. Accordingly, a rent concession for a lessee can be recognised directly in profit or loss. There is no such relief for the lessor.

The concession entails that the lessee recognises the change in lease payment in accordance with IFRS 16, but without treating the change as a lease modification, meaning that the changed payment is recognised in profit or loss. The relief only applies to rent reductions that are a direct result of the Covid-19 pandemic. The following conditions must also be satisfied:

The changes to lease payments result in the changed total lease cost essentially being the same or lower than the total cost before the change was made.

The reduction in lease payments affects only payments originally due on or before 30 June 2021.

Due to the continuing pandemic and its significant effects on society, the IASB extended the original end date of the relief and expanded the time limit to include concessions for lease payments that fall due for payment on 30 June 2022 or earlier.

The lease conditions have not been significantly changed.

Companies that apply the exemption are also required to disclose this fact. Disclosures are also to be provided as to whether the relief has been applied to all leases or certain leases. For leases to which the relief has been applied, the type of lease is to be disclosed. Disclosures are also to be provided on the amounts related to rent reductions that have been recognised in profit or loss.

Lessees who apply the exemption may do so retrospectively, meaning that opening shareholders' equity may be adjusted at the start of the first period to which the relief is applied. The amendment is applied for fiscal years beginning on or after 1 April 2021. Earlier application is permitted.

Nobia took this relief into consideration in 2021 and applied it to Covid-19-related rent concessions primarily in the UK in accordance with the above.

Other new or amended IFRSs and interpretations

Other amendments to accounting policies with future application are not deemed to have any material effect on the consolidated financial statements and will not be applied in advance.

Classification

Fixed assets essentially comprise amounts that are expected to be recovered more than 12 months after the closing date. Current assets essentially comprise amounts that are expected to be recovered within the 12 months after the closing date. Long-term liabilities comprise liabilities that Nobia intends, and has an unconditional right, to pay later than 12 after the closing date. Other liabilities comprise current liabilities.

Consolidation principles and business combinations

Subsidiaries

Subsidiaries are companies subject to the controlling interest of Nobia AB. A controlling interest exists if Nobia AB has influence over the investment object, is exposed to or has the right to variable returns for its involvement and can use its influence over the investment to influence this return. When assessing whether a controlling interest exists, potential voting shares are taken into account and whether de facto control exists.

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

Goodwill in business combinations is calculated as the total of the consideration transferred, any non-controlling interests (previously termed minority interests) and fair value of previously owned participations (for step acquisitions) less the fair value of the subsidiary's identifiable assets and assumed liabilities. When the difference is negative, it is recognised directly in net profit for the year. Transaction costs attributable to business combinations are expensed.

Contingent consideration in acquisitions is measured at fair value on both the acquisition date and continuously thereafter, with changes in value recognised in profit or loss.

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

Ownership in companies that grow through acquisitions on several occasions are recognised as step acquisitions. For step acquisitions that lead to a controlling interest, the previously acquired participations are remeasured according to the most recent acquisition and the arising gains or losses are recognised in profit or loss.

When controlling interests are achieved, changes in ownership are recognised as a reallocation of shareholders' equity between the Parent Company's owners and the non-controlling interest, without any remeasurement of the subsidiary's net assets.

If ownership is reduced to such an extent that controlling interests are lost, any remaining holdings are recognised at fair value and the change in value is recognised in profit or loss.

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

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

Transactions that are eliminated through consolidation

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

Translation of foreign subsidiaries

The financial statements of subsidiaries are prepared in the local currency (functional currency) used in the country in which the company conducts operations. Swedish kronor, SEK, is utilised in the consolidated financial statements, which is the Parent Company's functional currency and also the Group's presentation currency. This means that the earnings and financial position of all Group companies that have a functional currency that is different to the presentation currency are translated to the Group's presentation currency of SEK. Foreign subsidiaries' assets and liabilities are translated at the closing-date rate and all items recognised in profit or loss and other comprehensive income are translated at the average exchange rate for the year. Translation differences are recognised in other comprehensive income and are accumulated in a separate reserve in consolidated shareholders' equity.

Significant exchange rates

	Closing-date rate		Average	
	31 Dec 2020	31 Dec 2021	2020	2021
DKK	1.35	1.38	1.41	1.36
EUR	10.04	10.23	10.49	10.14
GBP	11.09	12.18	11.80	11.80
NOK	0.95	1.03	0.98	1.00
USD	8.19	9.04	9.20	8.58

Segment reporting

An operating segment is a part of the Group that conducts business activities from which it can generate income and incur expenses and for which independent financial information is available. Furthermore, the results of an operating segment are monitored by the company's chief operating decision-maker to evaluate them and to allocate resources to the operating segment. Nobia's operating segments are the Group's three regions: the UK, Nordic and Central Europe regions. The division of the units per region is based on the geographic domicile of the units. Refer to Note 3 a more detailed description of this division and a presentation of the operating segments.

Revenue recognition

The Group's revenue derives from the following activities:

- Sales of kitchen products and other products.
- Revenue for installation services for kitchen products and other products sold.

Revenue is measured based on the remuneration specified in contracts with customers, meaning net after VAT, discounts and returns. Revenue for sales of goods and services is recognised in profit or loss when control of the goods and services is passed to the customer. Determining when control has passed to the customer, meaning a point in time or over time, requires assessments to be made.

Sales of kitchen products and other products.

The Group sells kitchen products and other products through a number of different sales channels, such as own stores, franchise stores, builders' merchants, DIY chains and other retailers. Accordingly, sales take place both directly to end customers but also via retailers. All guarantees provided, aimed at ensuring that sold products comply with the agreed specifications, are included in the standard sales price. It is not possible to purchase offered guaranteed or additional guarantees, which is why these are recognised in accordance with IAS 37. Revenue for kitchen products and other products is recognised at a point in time when control is passed to the customer and the Group has satisfied it performance obligation, which is usually when the goods are delivered to the agreed place.

In a small number of the Group's contracts, the customers is offered the option of returning ordered goods. A provision is recognised on the sales date corresponding to the expected level of returns with the corresponding reduction in revenue. No adjustment is made to the costs since it is uncertain whether the returned goods will be in saleable condition. The Group bases the above adjustments on past experience and manages these at portfolio level measured at the expected amount. Furthermore, the Group believes that there is no risk of material reversals since the level of these items has been low in the past and there are currently no indications that this situation will change.

Revenue for installation services for kitchen products and other products sold.
Revenue for installation services is deemed to be a distinct service and is thus handled as a separate performance obligation. Regardless of whether installation is included in the sales price of kitchen products and other products sold or if it is priced as a separate service, the portion of the transaction price that refers to installation will be recognised separately from revenue linked to the sale of kitchen and other products. If the installation service is included in the sales prices, a share of the total sales price will be allocated to the installation performance obligation. Such allocation will be based on the market price of such services.

Revenue for installation services is recognised separately, and recognised over time as the installation is performed. Given that this normally involves a relative short period of time, such revenue is recognised straight-line during the period in which installation is performed.

Government assistance
Government subsidies are recognised in the balance sheet as deferred income when there is reasonable assurance that the subsidy will be received and the Group will fulfil the conditions associated with the subsidy. Subsidies are allocated systematically in the income statement in the same manner and over the same periods as the costs which the subsidies are intended to cover. For 2021, government assistance amounted to SEK 27m.

Financial income and expenses
Financial income and expenses comprise interest income on bank balances and receivables, dividend income, interest expense on loans and pension liabilities, as well as exchange-rate differences on financial items. Interest income or interest expense are recognised according to the effective interest rate method. Dividends are recognised in profit or loss on the date when the Group's right to payment is established. The effective interest rate is the rate that exactly discounts the estimated future inward and outward payments during the expected life of the financial instrument to:

- gross carrying amount of the financial asset, or
- the amortised cost of the financial liability.

For financial assets that are credit-impaired after initial recognition, interest income is calculated by applying the effective interest rate to the financial asset's amortised cost. If the asset is no longer credit-impaired, interest income is re-calculated by applying the effective interest rate to the gross carrying amount.

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

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

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

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

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

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

Tangible fixed assets
Tangible fixed assets are recognised at cost with deductions for depreciation and any impairment. Cost includes expenses that can be directly attributed to the acquisition. The borrowing costs of the cost of any assets established that comprise qualifying assets are expensed. Costs for repairs, maintenance and any interest expenses are recognised as costs in profit or loss in the period in which they arise.

In the event that an asset's carrying amount exceeds its estimated recoverable amount, the asset is written down to its recoverable amount, which is charged to operating profit.

In the income statement, operating profit is charged with straight-line depreciation, which is calculated on the original cost and is based on the estimated useful lives of the assets as follows:

Kitchen displays	2–4 years
Office equipment and vehicles	3–5 years
Buildings	15–40 years
Machinery and other technical equipment	6–12 years
Equipment, tools, fixtures and fittings	6–12 years

Land is not depreciated.

Fixed assets/disposal groups held for sale and discontinued operations
Discontinued operations comprise important operations that have been divested or comprise a disposal group held for sale as well as subsidiaries that are acquired for the purpose of subsequently being sold. Profit after tax from discontinued operations including changes in value is recognised on a separate line in profit or loss.

The significance of a group of assets and liabilities being classified as held for sale is that the carrying amounts are recovered primarily by being sold and not by being used. All assets included in the group are presented on a separate line among assets and all of the group's liabilities are presented on a separate line among liabilities. The group is valued at the lower of the carrying amount and fair value, less selling expenses.

Intangible assets
Goodwill comprises the amount by which the cost of the acquired operation exceeds the established fair value of identifiable net assets, as recognised in the acquisition analysis. In connection with the acquisition of operations, goodwill is allocated to cash-generating units. Since goodwill has an indeterminable useful life, it is not amortised. Instead, goodwill is tested for impairment at least annually and when an indicator of impairment exists. The carrying amount comprises the cost less any accumulated impairment losses. A description of the method and assumptions used in impairment testing can be found in Note 13 Intangible assets.

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

Research and product development
Costs for product development are expensed immediately as and when they arise.

Product development within the Group is mainly in the form of design development and is conducted continuously to adapt to current style trends. Capitalised development expenditure is amortised over the estimated useful life. Such intangible assets that have not yet been taken into use are tested for impairment every year.

This development is relatively fast, which is the reason that no portion of the costs for product development is recognised as an intangible asset. The Group does not carry out research and development in the true sense of such work, or to any significant extent. The Parent Company has a development expenditure fund of SEK 37m.

Leases
Nobia assesses whether a 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 together with 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 leases of 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 former standard, meaning that the lessor continues to classify leases as finance or operating leases.

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 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 its useful life. Depreciation starts on the commencement date of the lease.

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).

Inventories

Inventories comprise finished and semi-manufactured products and raw materials. Inventories are valued according to the first-in, first-out (FIFO) principle, at the lower of the cost and net sales value on the closing date. The net sales value comprises the estimated sales value in the ongoing operations less selling expenses. Finished and semi-manufactured products are valued at manufacturing cost including raw materials, direct labour, other direct expenses and production-related overheads based on normal production.

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

Financial instruments

A financial asset or a financial liability is entered in the balance sheet when the company becomes a party in accordance with the contractual terms of the instrument. A financial asset is derecognised from the balance sheet when all rewards and risks associated with ownership have been transferred. A financial liability is derecognised from the balance sheet when the obligation resulting from the agreement has been realised or is extinguished in some other manner. Financial assets and liabilities are offset and recognised net in the balance sheet only if there is a legal right to offset the recognised amounts and the intention is to settle the items in a net amount or to simultaneously sell the asset and settle the debt. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or receivership of the company or the counterparty. Financial assets and liabilities are not netted in the balance sheet. Gains and losses on derecognition from the balance sheet and modifications are recognised in profit or loss.

Recognition and measurement of financial instruments

financial instruments are classified on initial recognition. Classification determines the measurement of the instrument. Under IFRS 9, financial assets are classified based on the company's business model and the objective of the contractual cash flows.

Financial assets

Financial assets includes cash and cash equivalents, accounts receivable, short-term investments, derivatives and other financial assets. The Group has applied IFRS 9 since 1 January 2018.

Equity instruments: classified at fair value through profit or loss.

Derivatives: are classified at fair value through profit or loss except when they are classified as hedging instruments in cash-flow hedges when the effective portion is recognised in "Other comprehensive income".

Debt instruments: classification of financial assets that are debt instruments is, in accordance with the above methods, based on the Group's business model for managing the asset and the characteristics of the asset's contractual cash flows.

Instruments are classified at:

- amortised cost
- fair value through other comprehensive income, or
- fair value through profit or loss

Financial assets classified at amortised cost are initially measured at fair value plus transaction costs. Accounts receivable are initially measured at the invoiced amount. Following initial recognition, the assets are measured according to the effective interest rate method.

Assets classified at amortised cost are held under the business model of collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subject to a loss allowance for expected credit losses. The Group has assets classified at fair value through other comprehensive income. Fair value through profit or loss applies to all other debt instruments that are not measured at amortised cost or fair value through other comprehensive income. Financial instruments in this category are initially measured at fair value. Changes in fair value are recognised in profit or loss. The Group's debt instruments are classified at amortised cost.

Fair value through other comprehensive income applies to assets held under the business model of both selling and collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial instruments in this category are measured at fair value on initial recognition. Changes in fair value are recognised under "Other comprehensive income" until the asset is derecognised from the balance sheet, at which point the amounts under "Other comprehensive income" are reclassified to profit or loss. These assets are subject to a loss allowance for expected credit losses. Fair value through profit or loss is all other debt instruments that are not measured at amortised cost or fair value through other comprehensive income. Financial instruments in this category are initially measured at fair value. Changes in fair value are recognised in profit or loss.

Financial liabilities

Financial liabilities include additional purchase considerations, loan liabilities, accounts payable and derivatives. Measurement is based on the classification of the liabilities. The Group classifies financial liabilities in the categories of: financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss, as follows:

Debt instruments: are classified at amortised cost except for derivatives. Financial liabilities measured at amortised cost are initially measured at fair value including transaction costs. After initial recognition, they are measured at amortised cost according to the effective interest rate method.

Derivatives: are classified at fair value through profit or loss except when they are classified as hedging instruments in cash-flow hedges when the effective portion is recognised in "Other comprehensive income".

Fair value measurements
For financial instruments quoted in a market, the current prices are used for measuring fair value. If there are no market quotations for the instrument, Nobia determines the fair value using normal valuation techniques, using quoted prices of similar assets or liabilities in active markets.

An assessment is made at the end of each reporting period of whether the fair value of long-term loans deviates from the carrying amount and adjustments are made for any material deviation of fair value from the carrying amount. For short-terms loans and investments, the fair value is deemed to be the same as the carrying amount since a change in the market interest rate has no material impact on the market value.

Financial assets are initially measured at cost, and for certain instruments that are not measured at fair value, transaction costs are included. Financial assets are recognised in the balance sheet until the rights in the contract have been realised or the company no longer has a right to the asset. The financial assets measured at amortised cost are continuously assessed in accordance with the expected loss model to evaluate the need for any loss allowances.

Financial derivative instruments and other hedge measures
Derivative instruments are recognised in the balance sheet on the contract date and measured at fair value, both initially and when subsequently remeasured. The method for recognising the gain or loss arising on remeasurement depends on whether the derivative is designated as a hedging instrument, and whether it is a hedge of fair value or cash flow. Derivatives that are not identified as hedging instruments are classified in the balance sheet as financial assets and liabilities measured at fair value through profit or loss. Gains and losses due to changes in fair value are recognised in profit or loss under financial items in the period in which they arise.

Hedge accounting
The Group applies hedge accounting under IFRS 9 for financial instruments aimed at hedging future commercial cash flows in foreign currencies. When the transaction is entered into, the economic relationship between the hedging instrument and hedged item, or transaction, is documented, as well as the risk management objective and strategy for undertaking the hedge. The Group also documents its assessment both at the start of the hedge and continuously as to whether the derivative instruments used in the hedge transaction are effective in terms of offsetting changes in fair value or the cash flow of hedged items. Hedges are designed in a way that they are expected to be effective, meaning that an economic relationship is expected to exist by the hedging instrument offsetting changes in fair value or the cash flow of hedged items. The economic relationship is primarily determined through qualitative analysis of critical terms in the hedging relationship. If changes in circumstances affect the hedging relationship such that the critical terms no longer match, the Group uses quantitative methods to assess effectiveness. Sources of hedge ineffectiveness are stated under each hedge type. The Group establishes the hedge ratio between the hedging instrument and the hedged item based on the hedge ratios existing in the actual hedges. The hedge ratio is 1:1 for all of the Group's hedging relationships in which hedge accounting is applied. Changes in the fair value of the hedging instrument that do not meet the criteria for hedge accounting are immediately recognised in profit or loss.

Hedging future commercial cash flows in foreign currencies
To hedge future forecast and contracted commercial currency flows, both externally and internally within the Group, the Group has entered into forward agreements. The effective portion of changes in fair value of hedging instruments is recognised in other comprehensive income. The gain or loss relating to any ineffective portion is recognised immediately in EBIT in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, for example, once the forecast external sale has taken place. When a hedging instrument expires or is sold or when the hedge no longer meets the criteria for hedge accounting, these are recognised at the same time as the forecast transaction is ultimately recognised in profit or loss. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately reclassified to profit or loss. Sources of hedge ineffectiveness include the impact of the parties' credit rating on the measurement of the hedging instrument and cash flows that do not exactly match between the hedging instrument and the hedged commercial cash flows. The Group believes that sources of hedge ineffectiveness are not material given Nobia's credit rating and counterparties, and the procedures in place for reporting and monitoring forecast flows against outcomes. The Group normally hedges only a portion of forecast cash flows.

Loans defined as net investments
The Group has lending in foreign currency to certain subsidiaries for which the loans represent a permanent part of the head office's financing of the subsidiary. The loans are recognised at the closing-date rate, for which exchange-rate differences on the loans are recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash funds and balances with banks and equivalent institutions with due days within three months from the acquisition date, and short-term liquid investments with maturities of less than three months from the acquisition date that are exposed to only an insignificant risk of fluctuations in value. Blocked funds in bank accounts are not included in cash and cash equivalents.

Impairment of financial assets
Financial assets, apart from those measured at fair value through profit or loss, are subject to impairment for expected credit losses. In addition, impairment also includes contract assets, loan commitments and financial guarantees that are not measured at fair value through profit or loss. Impairment of credit losses under IFRS 9 is prospective and a loss allowance is established when there is an exposure to credit risk, usually in connection with initial recognition of an asset or receivable. Expected credit losses reflect the present value of all deficits in cash flows attributable to default either for the next 12 months or for the full expected lifetime of the financial instruments, depending on the class of asset and credit deterioration since initial recognition. Expected credit losses reflect an unbiased and probability-weighted outcome that is determined by evaluating the range of possible outcomes based on reasonable and supportable forecasts. The simplified model is applied to accounts receivable, lease receivables, contract assets and certain other financial receivables. A loss allowance is recognised for the expected full lifetime of the receivable or asset. A three-stage impairment model is applied to other items subject to expected credit losses. Initially, and on every closing date, a loss allowance is recognised for the next 12 months, or for a shorter period of time depending on the expected life (stage 1). If the credit risk has increased significantly since initial recognition, lifetime expected credit losses are recognised for the asset (stage 2). For assets that are considered to be credit-impaired, lifetime expected credit losses continue to be recognised (stage 3). For credit-impaired assets and receivables, the calculation of interest income is based on the carrying amount of the asset, the net loss allowance, as opposed to the gross amount in the preceding stages. The measurement of expected credit losses is based on different methods for different credit risk exposures for each model. The method for accounts receivable, contract assets and certain other financial receivables is based on past credit loss level combined with prospective factors. Lease receivables, certain other financial receivables and cash and cash equivalents are impaired according to a rating-based method. Expected credit losses are measured at the total of probability of default, loss given default and exposure on default. Both external credit ratings and internally developed rating methods are used. The measurement of expected credit losses also considers any collateral and other credit enhancement in the form of guarantees. The financial assets are recognised in the balance sheet at amortised cost, meaning the net of gross amount and the loss allowance. Changes in the loss allowance are recognised in profit or loss as credit losses. The Group's credit exposure is stated in Notes 2 and 28.

Impairment
the carrying amounts of the Group's assets are tested annually for indications of any impairment requirement. IAS 36 is applied for the impairment testing of assets other than financial assets, which are tested according to IFRS 9, assets held for resale and disposal groups that are recognised according to IFRS 5, inventories, plan assets used

for the financing of employee benefits and deferred tax assets. For the exempted assets mentioned above, the carrying amount is tested in accordance with the relevant standard.

Impairment testing of tangible and intangible assets, and participations in subsidiaries
If there is an indication of an impairment requirement, the recoverable amount of the asset is tested in accordance with IAS 36 (see below). For goodwill, the recoverable amount is calculated annually. When testing for impairment requirements, if it is not possible to establish essentially independent cash flows for an individual asset, the assets must be grouped at the lowest level at which it is possible to identify essentially independent cash flows, known as cash-generating units. Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit (group of units) exceeds the recoverable amount. Impairment losses are charged against profit or loss. Impairment losses related to assets attributable to a cash-generating unit are primarily allocated to goodwill. Subsequently, a proportional impairment of other assets included in the unit (group of units) is effected. The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discounting factor that takes into account the risk-free interest rate and the risk associated with the specific asset or cash-generating unit (group of units).

Provisions
Provisions are recognised in the balance sheet among current and long-term liabilities, when the Group has a legal or informal obligation deriving from an occurred event and that it is probable that an outflow of resources will be required to settle the obligation and the amount concerned can be reliably estimated. A provision differs from other liabilities since the date of payment or the amount required to settle the provision is uncertain.

Restructuring
A provision for restructuring is recognised once a detailed and formal restructuring plan has been adopted and the restructuring process has either commenced or been publicly announced. No provisions are established for future operating expenses.

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

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

Shareholders' equity
When shares are bought back, shareholders' equity is reduced by the entire amount paid. Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

Earnings per share
The calculation of earnings per share is based on consolidated net profit attributable to the Parent Company shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share after dilution, the average number of shares outstanding is adjusted to take into account the dilutive effects of potential ordinary shares. During the recognised periods, potential ordinary shares comprise share rights (matching and performance share rights). Matching share rights held by employees on the reporting date are considered dilutive. Performance share rights are dilutive to the extent that profit targets have been fulfilled on the reporting date. To calculate the dilutive effect, an exercise price for the share rights is applied that corresponds to the value of future services per outstanding share right calculated as remaining cost to recognise in accordance with IFRS 2.

Employee benefits
Pensions
The Group has both defined-contribution and defined-benefit pension plans. In Sweden, the UK and Austria, employees are covered by defined-benefit pension plans. In other countries and companies, employees are covered by defined-contribution plans. Effective 2010, all new vesting in the UK comes under defined-contribution plans.

Plans for which the company's obligations are limited to the fees the company has undertaken to pay are classified as defined-contribution pension plans. The company's obligations for defined-contribution plans are recognised as a cost in earnings at the rate at which they are vested by the employees performing services on behalf of the company for a period of time.

The Group's defined-benefit pension plans state the amount of pension benefit that an employee, or a former employee, will receive after retirement based upon their salary and the number of years of service. Pension liabilities for defined-benefit plans are recognised according to common principles and calculation methods and are calculated by considering future salary increases and inflation, among other factors. The Group carries the risk that the promised benefit will be paid.

There are both funded and unfunded defined-benefit pension plans within the Group. Funded pension plans are mainly financed on the basis of contributions paid to pension funds.

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

The rate in Sweden is determined based on mortgage bonds, while in the UK and Austria, the rate is based on corporate bonds.

Actuarial gains and losses may arise when the present value of commitments is established and a difference arises when the actual return on plan assets is established compared with the return calculated at the beginning of the period, based on the discount rate of the commitments. These actuarial gains and losses and this different in the return on plan assets are entitled remeasurements. These remeasurement effects arise either because the fair value differs from the previously made assumption or because the assumptions have changed. The remeasurement effects are recognised in other comprehensive income.

For funded plans, the Group recognises pension commitments in the consolidated balance sheet as a liability comprising the net of the estimated present value of the commitments and the fair value of plan assets. Funded plans with net assets, that is, plans with assets exceeding the pension commitment, are recognised as fixed assets.

The net amount of interest on pension liabilities and the expected return on accompanying plan assets is recognised as part of net financial items.

The special employer's contribution comprises a portion of the actuarial assumptions and thus is recognised as a portion of the net commitment/asset. The portion of the special employer's contribution that is calculated based on the Swedish Pension Obligations Vesting Act in legal entities is recognised, for simplicity, as accrued expenses instead of as a portion of net commitment/asset.

Tax on returns is recognised continuously in profit or loss for the period to which the tax pertains and thus is not included in the liability calculation. For funded plans, the tax is charged to the return on plan assets and recognised in other comprehensive income. For unfunded or partly unfunded plans, tax is charged to profit or loss.

Share-based remuneration schemes
Share-based remuneration pertains to employee benefits, including senior executives in accordance with the Performance Share Plans that Nobia initiates in accordance with the Board's proposal on remuneration schemes. Costs for employee benefits are recognised as the value of services received, allocated over the vesting periods for the plans, calculated as the fair value of the allotted equity instruments (IFRS 2). The fair value is determined on the allotment date, or the date on which Nobia and the employees have agreed on the terms and conditions of the plans. Since the plans are regulated with equity instruments, they are classified as "equity settled" and an amount corre-

sponding to the recognised cost for employee benefits is recognised directly in shareholders' equity (other contributed capital).

Short-term remuneration
Short-term remuneration of employees is calculated without discounting and is recognised as a cost when the related services are obtained. A provision is posted for the anticipated cost of profit shares and bonus payments when the Group has a current legal or informal obligation to make such payments, due to the services being obtained from the employees and it being possible to reliably estimate the obligation.

Payments in connection with employment termination
A cost for payments arising in connection with the laying-off of employees is recognised only if the company is legally obliged to terminate employment in advance of the normal date. When such payment is made as an offering to encourage voluntary retirement, it is recognised as a cost if it is probable that the offer will be accepted and the number of employees who will accept the offering can be reliably estimated.

Parent Company accounting policies
The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Financial Reporting Board's statements for listed companies were also applied. RFR 2 entails that the Parent Company applies all IFRSs adopted by the EU and statements to the Annual Report of the legal entity as far as possible under the framework of the Annual Accounts Act and the Swedish Pension Obligations Vesting Act and with respect to the connection between accounting and taxation. The recommendation states the exceptions and additions to IFRS that are to be made. Overall, the recommendation entails differences between the Group's and the Parent Company's accounting policies in the areas stated below. The accounting policies for the Parent Company described below were applied consistently to all periods presented in the Parent Company's financial statements.

Changed accounting policies
Changes to accounting policies applied from 2021 did not have any effect on the Parent Company's financial statements.

Classification and presentation form
An income statement and statement of comprehensive income are presented for the Parent Company and the Group. The Parent Company's income statement and balance sheet are presented following the format stipulated in the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in shareholders' equity and cash-flow statement are based on IAS 1 presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in the Parent Company's income statement and the balance sheet compared with the presentation of the consolidated financial statements primarily pertain to the recognition of financial income and expenses, fixed assets, shareholders' equity and the existence of provisions as a separate heading in the balance sheet.

Subsidiaries
Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method. In the consolidated financial statements, transaction costs are recognised directly in profit or loss when they arise.

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

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

Employee benefits
The Parent Company applies other principles for the calculation of defined-benefit plans than those stipulated in IAS 19. The Parent Company follows the provisions of the Pension Obligations Vesting Act and the Swedish Financial Supervisory authority's regulations since this is a condition for eligibility for rights to tax deductions. The significant differences compared with the IAS 19 regulations pertain to how the discount rate is determined, that the calculation of defined-benefit commitments based on current salary levels with no assumptions regarding future salary increases and that all actuarial gains and losses are recognised in profit or loss when they arise.

The Parent Company recognises the fair value of Performance Share Plans issued to employees of subsidiaries as shareholders' contributions by recognition in shareholders' equity and the value of the shares in the subsidiary.

Development expenditure fund
Amounts capitalised as internally generated development expenditure among intangible assets are transferred from non-restricted shareholders' equity to the development expenditure fund in restricted shareholders' equity. The fund is reduced as the capitalised expenditure is divested/disposed.

Group contributions
The Parent Company applies the alternative rule to Group contributions paid and received and recognises these as appropriations in profit or loss. Prior to 2011, Group contributions were recognised directly in shareholders' equity.

Anticipated dividends
Anticipated dividends from subsidiaries are recognised if the Parent Company has the sole right to decide the amount of the dividend and the Parent Company has made a decision on the amount of the dividend prior to the publication of the Parent Company's financial statements.

Note 2 Financial risks

Foreign exchange risk

The Group's financial policy for managing financial risks has been prepared by the Board and forms a framework of guidelines and rules in the form of risk mandates and limits for the finance operations. Responsibility for the Group's financial transactions and risks is managed centrally by the Group's finance function, found in the Parent Company. The overall objective of the finance function is to provide cost-efficient financing and to minimise negative effects on the Group's earnings that derives from market risks.

Derivative instruments are held only for hedging purposes and not for speculative transactions. Nobia's overall strategy is to reduce the Group's exchange-rate exposure linked to forecast purchases and sales of goods and uses derivative instruments in the form of currency forward contracts for this purpose. If derivative instruments do not meet the criteria for hedge accounting, they are measured at fair value through profit or loss. Derivative instruments that meet the criteria for hedge accounting are designated as cash-flow hedges and measured at fair value with the change in value in other comprehensive income with the accumulated effect in shareholders' equity. This reserve is reversed to profit or loss when the hedged underlying transactions take place.

Nobia's policy is to hedge approximately 80 per cent of the forecast flows, 0–3 months in the future, 60 per cent 4–6 months in the future, 40 per cent 7–9 months in the future and 100 per cent of contracted projects. The principal currency combinations were the EUR against the GBP, the NOK against the DKK and the SEK against the NOK. Total exposure in 2021, expressed in SEK and after offsetting counteracting flows, amounted to SEK 2,576m (2,442), of which SEK 1,926m (1,465) was hedged. At year-end 2021, the hedged volume amounted to SEK 1,126m (1,079). Unrealised gains and losses recognised as cash-flow hedges in shareholders' equity will be transferred to the income statement at various points in time within 12 months.

Translation exposure

The Group's policy is not to hedge translation exposure in foreign currencies. A 10 per cent strengthening of the SEK compared with other currencies on 31 December 2021 would entail a decrease in shareholders' equity of SEK –561m (–472) and a decrease in profit of SEK –57m (–38). The sensitivity analysis is based on the assumption that all other factors (for example, interest) are unchanged. The same conditions were applied to 2020.

Credit risk

Nobia is active in many markets and in several distribution channels. Depending on the type of distribution channel, the customer base comprises both professional customers and consumers. For these reasons, credit management and payment terms must be adapted to each business unit's business logic and distribution channels within the framework of the credit policy established by the Group. The credit policy stipulates that credit ratings are to be based on at least one credit report from a reputable credit rating institute. Credit assessments are continuously performed on customers who make regular purchases. Credit insurance is utilised for certain markets and customer categories. Collateral is often required when credit is granted to customers with low buying frequencies. Counterparty risk pertaining to banks is deemed to be very minor. The total credit risk amounted to SEK 1,893m (2,007). The credit quality of financial assets that have neither fallen due for payment nor are subject to impairment is high.

Financial exposure

Nobia's policy for financing foreign assets involves financing capital employed with external borrowings in the corresponding currency in order to minimise the impact of exchange-rate fluctuations on the debt/ equity ratio. Group loans are handled by Nobia's head office. The head office supplies the subsidiaries with funds through an internal bank. These loans are raised in local currencies. Matched external borrowing or currency contracts minimise the effects of exchange-rate fluctuations on earnings. Given the current debt/equity ratio and currency distribution of capital employed, approximately 35 per cent of foreign capital employed must be financed through borrowing in local currencies. In combination with this policy, other forms of capitalisation may be utilised in each country to optimise the capital structure or tax situation. Nobia's financial exposure policy does not involve hedging shareholders' equity.

	2020		2021	
SEK m	Capital employed per currency	Interest-bearing loans and lease liabilities	Capital employed per currency	Interest-bearing loans and lease liabilities
SEK	-69	526	-36	623
EUR	1,465	241	1,462	261
GBP	3,752	1,272	3,779	789
DKK	1,611	956	1,894	735
NOK	298	29	262	29
Total	**7,057**	**3,024**	**7,361**	**2,437**

Interest-rate risk

Interest-rate exposure is managed centrally, meaning that the head office is responsible for identifying and managing interest-rate risks. Nobia normally uses short, fixed-interest terms. The fixed-interest term for loans was three months.

Fixed-interest terms – borrowing

	2020			2021		
Group, SEK m	0–3 months	two years	three years	0–3 months	two years	three years
SEK	285	–	–	400	–	–

Refinancing risk

Nobia applies a centralised approach to the Group's financing, which means that all financing takes place in Nobia AB or Nobia Sverige AB. In December 2020, the company also raised a syndicated loan facility totalling SEK 5,000m with two banks, which replaced the previous facility of SEK 2,000m. SEK 3,000m falls due in 2025 and SEK 2,000m in 2024. The loan has two covenants: leverage (net debt to EBITDA), and interest cover (EBITDA to net interest expenses). Nobia meets all covenants with a satisfactory margin. Nobia's policy is to obtain long-term lines of credit that are compatible with Nobia's long-term strategy, while simultaneously balancing the needs for low credit costs. In addition to these loans, Nobia has access to local cash advances.

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

	2020	2020	2021	2021
Year of maturity	2023	2025	2024	2025
Loans and lines of credit, SEK m	2,000	3,000	2,000	3,000
Of which utilised, SEK m	285	0	400	0

Capital management

Dividends are, on average, to be within the interval of 40–60 per cent of net profit after tax. For 2021, the outcome was SEK 2.00 per share, a total of SEK 338m. The debt/equity ratio at year-end amounted to 41 per cent (59). Nobia considers recognised shareholders' equity of SEK 4,923m (4,034) to be capital.

Liquidity risk

Daily liquidity is tracked with the help of carefully prepared liquidity forecasts. Liquidity is controlled centrally with the aim of using available liquidity effectively, at the same time as necessary reserves are available. Available liquidity including unutilised overdraft facilities comprised SEK 5,022m (5,699).

Commercial exposure

	2020					2021				
	USD	EUR	NOK	SEK	DKK	USD	EUR	NOK	SEK	DKK
Currency contracts on closing date										
Local currency	–	57	–139	3	35	–	56	–196	–26	52
Total, SEK m[1]	–	573	–133	3	48	–	573	–191	–26	72
Fair value, SEK m	–	–10	–4	–5	–2	0	–3	–3	–1	1
Net flow calendar year										
Net flow, local currency	–3	–86[3]	422	–46	–128	–6	–117[4]	467	–52	–140
Net flow, SEK m[2]	–29	–913[3]	413	–46	–181	–49	–1,191[4]	466	–52	–191
Hedged volume, SEK m[2]	–13	–917	–241	–1	–93	0	–1,028	288	–16	–101

1) Flows restated at closing-date rate, SEK.
2) Restated at average rate in 2020, 2021.
3) In addition, EUR 47m pertains to flows against DKK, corresponding to SEK 495m.
4) In addition, EUR 58m pertains to flows against DKK, corresponding to SEK 586m.

Sensitivity analysis

	2020			2021		
Currencies[1] and interest rates[2]	Change	Impact on profit before tax, SEK m	Impact on shareholders' equity[3], SEK m	Change	Impact on profit before tax, SEK m	Impact on shareholders' equity[3], SEK m
EUR/SEK	5%	11.0	8.7	5%	15.1	12.0
SEK/NOK	5%	7.7	6.0	5%	8.5	6.6
EUR/GBP	5%	25.8	21.4	5%	23.3	19.3
NOK/DKK	5%	9.3	7.3	5%	13.0	10.1
SEK/DKK	5%	6.8	5.3	5%	10.7	8.3
Interest-rate level	100 points	2.9	2.2	100 points	4.0	3.2

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

Analysis of maturity for financial liabilities including accounts payable

		2020						2021					
Group, SEK m	Currency	Total	Within 1 month	1–3 months	3 months –1 year	1–5 years	5 years or longer	Total	Within 1 month	1–3 months	3 months –1 year	1–5 years	5 years or longer
Bank loans (IB)													
Bank loans	SEK	291	0	0	2	289	–	414	0	1	4	409	–
Other liabilities													
Forward agreements[1]	SEK	5	0	2	3	–	–	3	0	1	2	–	–
Forward agreements[1]	EUR	10	2	3	5	–	–	6	1	2	3	–	–
Forward agreements[1]	NOK	4	0	2	2	–	–	4	1	1	2	–	–
Forward agreements[1]	DKK	2	0	1	1	–	–	0	0	0	0	–	–
Forward agreements[1]	USD	–	–	–	–	–	–	–	–	–	–	–	–
Currency swaps[2]		5	–	5	–	–	–	0	–	0	–	–	–
Other liabilities (IB)	DKK	–	–	–	–	–	–	–	–	–	–	–	–
Other liabilities (IB)	NOK	1	–	1	–	–	–	–	–	–	–	–	–
Accounts payable and other liabilities	SEK	1,956	1,264	368	205	119	–	1,950	1,504	367	76	3	–
Total		**2,274**	**1,266**	**382**	**218**	**408**	**–**	**2,377**	**1,506**	**372**	**87**	**412**	**0**
Interest-bearing liabilities (IB)		285						400					

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

2) Recognised under other liabilities.

Age analysis, accounts receivable and other receivables

	2020			2021		
SEK m	Gross	Of which expected credit losses	Of which impairment	Gross	Of which expected credit losses	Of which impairment
Non-due accounts receivable	1,008	5	–	1,143	6	–
Past due accounts receivable 0–30 days	102	1	1	129	1	1
Past due accounts receivable >30 days–90 days	65	–	3	76	–	6
Past due accounts receivable >90 days–180 days	66	–	8	50	–	24
Past due accounts receivable >180 days–360 days	31	–	15	23	–	10
Past due accounts receivable >360 days	42	–	7	16	–	7
Past due accounts receivable	**1,314**	**6**	**34**	**1,437**	**7**	**48**

Deposit account for expected credit losses and impairment of accounts receivable and other receivables

SEK m	2020	2021
Opening balance	32	41
Reversal of previously recognised impairment losses	8	–15
Changed assessment of expected credit losses	–1	0
Impairment for the year	–7	36
Confirmed losses	7	–10
Translation differences	2	2
Closing balance	**41**	**54**

Credit quality is essentially deemed to be high for outstanding accounts receivable. There was no significant concentration of credit exposure on the closing date. The maximum exposure for credit risk is seen in the carrying amount in the statement of financial position for each financial asset. From 2018, Nobia bases any impairment on a model for expected credit losses and impairment is no longer based solely on past events. However, impairment of accounts receivable may continue if unforeseen events have occurred. Such impairment is initially recognised for each individual receivable, but may also be made collectively for a group of receivables of similar characteristics. When calculating expected credit losses, Nobia takes into consideration historical bad debt losses, an analysis of the respective customer segments, and observed macroeconomic effects on customers' conditions such as the impact of Brexit on the local market. In the table above, SEK 7m (6) refers to expected credit losses and SEK 48m (34) to reserved receivables.

Offsetting of financial instruments

Nobia has binding framework agreements for derivatives trading, which entails that financial liabilities can be offset – or "netted" – in the event of insolvency or a similar situation. The tables below show the amounts encompassed by netting agreements on 31 December 2021 and 31 December 2020.

Offset agreements

2021 SEK m	Financial assets	Financial liabilities
Recognised amounts in statement of financial position	9	–13
Amounts encompassed by netting	–2	0
Amounts after netting	**7**	**–13**

2020 SEK m	Financial assets	Financial liabilities
Recognised amounts in statement of financial position	1	26
Amounts encompassed by netting	–1	–1
Amounts after netting	**0**	**25**

Note 3 Operating segments and Net sales

The Group's business activities are divided into operating segments based on a management approach, meaning the parts of the operations monitored by the company's chief operating decision-maker. The Group's operations are organised such that Group management monitors the earnings, returns and cash flow generated by the Group's regions. These regions comprise the Group's operating segments since Group management monitors the operations' earnings and decides on the allocation of resources based on the regions. Accordingly, the Group's internal reporting is structured so that Group management can monitor the performance and earnings of all of the regions. The following operating segments were identified: Nordic region, UK region and Central Europe region.

Nobia considers the Group's income from kitchens, bathrooms and storage to comprise a single product group since bathrooms and storage represent such a small percentage of the Group's total balance sheet, income statement and cash-flow statement.

Net sales and profit by region

	Nordic region		UK region		Central Europe region		Group-wide and eliminations		Group	
SEK m	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Net sales from external customers	6,801	7,396	4,649	4,925	1,291	1,398	–	–	12,741	13,719
Net sales from other regions	0	0	–	–	0	–	0	0	–	–
Total net sales	**6,801**	**7,396**	**4,649**	**4,925**	**1,291**	**1,398**	**0**	**0**	**12,741**	**13,719**
Gross profit	2,455	2,831	1,509	1,922	419	455	61	70	4,444	5,278
Gross profit excluding items affecting comparability	2,567	2,831	1,509	1,922	419	455	54	70	4,549	5,278
Gross margin, %	36.1	38.3	32.5	39.0	32.5	32.5	–	–	34.9	38.5
Gross margin excluding items affecting comparability, %	37.7	38.3	32.5	39.0	32.5	32.5	–	–	35.7	38.5
Depreciation/amortisation	–322	–286	–415	–400	–65	–62	–50	–52	–852	–800
Operating profit	765	1,016	–234	27	143	153	–237	–187	437	1,009
Operating profit excl. items affecting comparability	897	1,016	–226	27	143	153	–233	–187	581	1,009
Operating margin, %	11.2	13.7	–5.0	0.5	11.1	10.9	–	–	3.4	7.4
Operating margin excl. items affecting comparability, %	13.2	13.7	–4.9	0.5	11.1	10.9	–	–	4.6	7.4
Financial income									7	148
Financial expenses									–91	–250
Profit before tax									353	907
Impairment	–112	–	–	–	–	–	–25	–	–137	–

Total liabilities and assets per region

SEK m	Nordic region 2020	Nordic region 2021	UK region 2020	UK region 2021	Central Europe region 2020	Central Europe region 2021	Group-wide and eliminations 2020	Group-wide and eliminations 2021	Group 2020	Group 2021
Total operating assets	**2,939**	**3,049**	**3,590**	**3,477**	**558**	**614**	**2,361**	**3,065**[1]	**9,448**	**10,205**
Total operating assets include:										
Investments in fixed assets	98	148	86	79	26	47	98	618	308	892
Total operating liabilities	**1,544**	**1,794**	**1,133**	**968**	**198**	**250**	**152**	**256**[2]	**3,027**	**3,268**

1) Primarily comprises goodwill of SEK 2,050m (1,934), consolidated surplus values on fixed assets of SEK 61m (63) and fixed assets in the Parent Company of SEK 267m (144). Elimination of internal receivables amounted to SEK –95m (–18).

2) Elimination of internal liabilities amounted to SEK –95m (–18).

Geographic areas, Group

SEK m	Income from external customers[1] 2020	Income from external customers[1] 2021	Fixed assets[2] 2020	Fixed assets[2] 2021	Right-of-use assets 2020	Right-of-use assets 2021
Sweden (domicile)	1,653	1,931	359	937	51	35
Denmark	2,898	3,119	657	703	966	746
Norway	1,295	1,415	158	163	33	32
Finland	924	905	123	125	47	68
UK	4,650	4,930	2,209	2,375	961	827
Germany	51	50	–	–	–	–
Netherlands	757	781	532	545	136	124
Austria	442	521	353	367	6	16
Other countries	71	67	–	–	–	–
Total	**12,741**	**13,719**	**4,391**	**5,215**	**2,200**	**1,848**

1) Net sales from external customers based on customers' geographic domicile.

2) Fixed assets that are not financial instruments, deferred tax assets, assets associated with benefits after employment termination or rights under insurance agreements.

Comparative data per product group

Net sales per product group, %	Nordic region 2020	Nordic region 2021	UK region 2020	UK region 2021	Central Europe region 2020	Central Europe region 2021	Group 2020	Group 2021
Kitchen furnishings	67	69	62	62	58	61	64	66
Installation services	6	5	6	5	10	9	6	5
Other products	27	26	32	33	32	30	30	29
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Nobia recognises revenue when control of the goods has passed to the customer. Revenue for kitchen products and other products is recognised at a point in time, while installations are recognised over time as the installation is performed. Installation services comprise about 5–6 per cent of Nobia's total sales.

Nobia does not have any contract assets but contract liabilities exist in the form of advance payments from customers for the delivery of kitchen products or installation. The term of advance payments is less than one year and the closing balance on 31 December 2021 amounted to SEK 147m (140). Advance payments are recognised as revenue when Nobia has satisfied it obligation to the customer in the form of delivered kitchen products or completed installation. The contract liabilities that existed in the balance sheet on 31 December 2020 were recognised as revenue in the 2021 fiscal year.

Note 4 Costs for employee benefits and remuneration to senior executives

	2020			2021		
SEK m	Salaries and other remuneration	Social security costs	Total	Salaries and other remuneration	Social security costs	Total
Total subsidiaries[1]	2,681	536	3,217	2,804	531	3,335
– of which pension costs	–	172	172	–	239	239
Parent Company[1]	88	46	134	95	68	163
– of which pension costs	–	23	23	–	38	38
Group[1]	2,769	582	3,351	2,899	599	3,498
– of which pension costs	–	195	195	–	277	277

1) Excludes costs for share-based remuneration.

Total costs for employee benefits

SEK m	2020	2021
Salaries and other remuneration	2,769	2,899
Social security costs	387	322
Pension costs – defined-contribution plans	161	233
Pension costs – defined-benefit plans	23	16
Costs for special employer's contributions and tax on returns from pension	11	28
Costs for the Performance Share Plan		
2019–2022	6	1
2021–2024		4
Total costs for employees	**3,357**	**3,503**

Salaries and other remuneration for the Parent Company

SEK m	2020	2021
Senior executives[1]	17	24
Other employees	71	71
Total Parent Company[2]	**88**	**95**

1) In 2021, the number of individuals was 6 (5).

2) Excludes costs for share-based remuneration.

Salaries and other remuneration for subsidiaries

SEK m	2020	2021
Presidents of subsidiaries[1]	39	7
Other employees of subsidiaries	2,642	2,797
Total subsidiaries[2]	**2,681**	**2,804**

1) In 2021, the number of individuals was 2 (12).

2) Excludes costs for share-based remuneration.

Remuneration and other benefits, 2021	Basic salary, Directors' fees	Variable remuneration	Other benefits	Pension costs	Share-based remuneration	Other remuneration	Total	Pension commitments
Chairman of the Board								
Nora Førisdal Larssen (Chairman of Remuneration Committee)	1.25	–	–	–	–	–	1.25	–
Board member								
Arja Taaveniku (member of Audit Committee)	0.56	–	–	–	–	–	0.56	–
Carsten Rasmussen	0.41	–	–	–	–	–	0.41	–
George Adams (until November 2021[1])	0.43	–	–	–	–	–	0.43	–
Jan Svensson (member of Remuneration Committee)	0.44	–	–	–	–	–	0.44	–
Marlene Forsell (Chairman of Audit Committee)	0.56	–	–	–	–	–	0.56	–
President								
Jon Sintorn	7.82	2.65	0.25	2.39	–	–	13.11	–
Other members of Group management[2]	21.66	4.07	1.21	5.76	–	0.41	33.11	0.4
– of whom, from subsidiaries[3]	9.09	1.75	0.66	3.34	–	0.41	15.25	0
Total	**33.13**	**6.72**	**1.46**	**8.15**	–	**0.41**	**49.87**	**0.4**

1) George Adams, elected member of the Board of Directors at the 2021 AGM (Board member since 2017). 2) Number of individuals 8. 3) Number of individuals 3.

Remuneration and other benefits, 2020	Basic salary, Directors' fees	Variable remuneration	Other benefits	Pension costs	Share-based remuneration	Other remuneration	Total	Pension commitments
Chairman of the Board								
Nora Førisdal Larssen (Chairman from 5 May 2020)	0.94	–	–	–	–	–	0.94	–
Outgoing Chairman								
Hans Eckerström (until 5 May 2020)	0.40	–	–	–	–	–	0.40	–
Board member								
Stefan Jacobsson (until 5 May 2020)	0.14	–	–	–	–	–	0.14	–
Jill Little (until 5 May 2020)	0.14	–	–	–	–	–	0.14	–
George Adams	0.41	–	–	–	–	–	0.41	–
Marlene Forsell (Chairman of Audit Committee from 5 May 2020)	0.56	–	–	–	–	–	0.56	–
Arja Taaveniku (member of Audit Committee from 5 May 2020)	0.36	–	–	–	–	–	0.36	–
Jan Svensson (from 5 May 2020)	0.27	–	–	–	–	–	0.27	–
Carsten Rasmussen (from 5 May 2020)	0.27	–	–	–	–	–	0.27	–
President								
Jon Sintorn	7.77	4.84	0.12	2.46	–	–	15.19	–
Other members of Group management[1]	23.55	7.04	1.40	6.28	–	–	38.27	0.1
– of whom, from subsidiaries[2]	14.34	3.88	1.13	3.40	–	–	22.75	0
Total	**34.81**	**11.88**	**1.52**	**8.74**	–	–	**56.95**	**0.1**

1) Number of individuals 11. 2) Number of individuals 7.

The average number of employees and number of men and women among Board members and senior executives are described in Note 5.

Remuneration to senior executives

– Board and Chairman of the Board

Remuneration to the Chairman and members of the Board is determined by resolutions taken at the Annual General Meeting. Board members who are employed by Nobia do not receive a separate Directors' fee. Board members elected by the Annual General Meeting receive a fixed fee of SEK 410,000 per member and the Chairman receives SEK 1,200,000. In addition, the Chairman of the Audit Committee received SEK 150,000 and Committee members SEK 125,000. A fixed fee of SEK 75,000 is paid to the Chairman of the Remuneration Committee and a fee of SEK 50,000 is paid to the members of the Remuneration Committee. For every physical Board meeting held in the Nordic region, a meeting fee of SEK 10,000 is paid to each Board member who lives in Europe but outside the Nordic region. The Board received a total of SEK 3,648,333. Employee representatives receive a study and preparation fee of SEK 26,000 per person per year.

– President

In the 2021 fiscal year, President Jon Sintorn received SEK 8,066,512 in salary and benefits, plus a variable salary portion related to the results for 2021 of SEK 2,647,757. In addition to the normal pension in accordance with the Swedish National Insurance Act (ATP and AFP), the President has pension benefits corresponding to 30 per cent of pensionable salary. Pensionable salary means fixed annual salary. For 2021, the premium cost for the President was SEK 2,389,554. The age of retirement is 65. The President has the right to 12 months' notice if employment is terminated by Nobia. If employment is terminated by the President, six months' notice must be given.

– Other Group management

Group management, which comprised nine individuals (seven) at the end of 2021, of whom six (four) are employed in the Parent Company, received salaries and benefits including pensions during the fiscal year amounting to SEK 29,045,248 plus variable salary portions based on the results for 2021 of SEK 4,071,831. Members of Group management employed in Sweden are entitled to pensions under the ITP system or equivalent. Pension and pension benefits are to be defined-contribution, which means that a determined percentage of the individual's annual basic salary is paid as a pension premium. For senior executives, pension benefits may not exceed 35 per cent of the fixed cash salary. The senior executive's members who have employment contracts under the terms of another country have pension solutions that are in agreement with local practice; in doing so, the principles in these guidelines will be complied with as far as possible.

– Variable salary portion

The fundamental principle for the variable salary portion for the unit managers and Group management is that such portions may amount to a maximum bonus of 40 per cent of fixed annual salary. The exception to this principle is the President, whose variable salary portion may amount to a maximum of 65 per cent of fixed annual salary. Exceptions may also be made for other senior executives following a resolution by the Board. The variable portion is based on an earning period of one year. The outcome depends on the extent to which predetermined targets are met. The targets for the President are set by the Board of Directors. The President sets the targets for other senior managers following recommendations from the Board Remuneration Committee.

– Remuneration Committee
The Board of Directors appoints a Remuneration Committee from within its ranks. The Committee's tasks include preparing proposals with respect to remuneration for the President and reaching decisions on remuneration proposals for managers that report directly to the President. – Group management's employee contracts

The contracts include provisions regarding remuneration and termination of employment. Under these agreements, employment may be terminated by the employee with a six-month period of notice and by the company with a 12-month period of notice.

– Performance Share Plan 2019
A resolution was made at the 2019 Annual General Meeting in accordance with the Board's proposal to establish a remuneration scheme in the form of Performance Share Plans. The Performance Share Plan 2019 comprises approximately 100 employees consisting of senior executives and senior managers within the Nobia Group. Participation in the plan requires an employee's private investment in Nobia shares. At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled. The allotment of shares requires that the performance targets related to average operating profit (EBIT) and total shareholder return (TSR) on the company's shares have been achieved. However, if the EBIT performance target has been achieved but the TSR target on the Nobia share is negative, no allotment will take place.

The share rights are allocated free of charge and to be entitled to receive shares under the share rights, it is required, with certain exemptions, that the participant remains employed within the Nobia Group. The participants are not entitled to transfer, pledge or dispose of the share rights or exercise any shareholders' rights regarding the share rights during the Vesting Period. If Nobia issues a dividend to shareholders, the participants of the Performance Share Plan 2019 will be compensated by increasing the number of shares that each share right carries entitlement to. These share rights are divided into Series A and Series B according to the various performance targets under the Performance Share Plan 2019. The number of share rights carrying entitlement to allotment depends on the fulfilment of the performance targets that apply for each series of share. The Board has set a minimum level and a maximum level for each performance target. The allotment of share rights for Series A requires that target levels are achieved for average operating profit in the 2019–2021 fiscal years. The allotment of share rights for Series B requires that target levels during the period are achieved for annual average total shareholder return (TSR) on the Nobia share.

For the President of the company, each Saving Share carries entitlement to a maximum of seven share rights. For other members of Group management, each Saving Share entitles the holder to a maximum of six share rights. For other senior executives and managers, each Saving Share entitles the holder to maximum of four share rights. Allotment of Nobia shares shall normally take place within two weeks of the announcement of Nobia's interim report for the first quarter of 2022.

– Performance Share Plan 2020
No remuneration scheme in the form of a Performance Share Plan was launched in 2020.

– Performance Share Plan 2021
A resolution was made at the 2021 Annual General Meeting in accordance with the Board's proposal to establish a remuneration scheme in the form of a Performance Share Plan. The 2021 Performance Share Plan comprises approximately 80 employees consisting of senior executives and senior managers within the Nobia Group. The 2021 Performance Share Plan requires an employee's private investment in Nobia shares.

At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled. The allotment of shares requires that the performance targets related to average operating profit (EBIT) have been achieved. The share rights are allocated free of charge and to be entitled to receive shares under the share rights, it is required, with certain exemptions, that the participant remains employed within the Nobia Group. The number of share rights carrying entitlement to allotment depends on fulfilment of the performance target. The Board has set a minimum level and a maximum level for each performance target that requires that the target level is achieved for the average EBIT in the 2021–2023 fiscal years. If the set minimum level for the performance target is achieved, the share rights entitle the holder to receive an allotment of 25 per cent. If the minimum level in the range is not achieved, the share rights will not give entitlement to any allotment. If the maximum level in the performance range is achieved, each share right gives entitlement to four to six shares depending on type of position. Allotment between the minimum and maximum levels takes place straight-line based on the intermediate amounts between the two levels.

When share rights are vested and shares allotted, social security contributions are paid in certain countries for the value of the employee's benefits. An expense and a provision are recognised, allocated over the vesting period, for these social security contributions. The provision for social security contributions is based on the number of share rights that are expected to be vested and the fair value of the share rights on each reporting date and finally, for the allotment of shares.

	Performance Share Plans 2019–2022
Vesting period	May 2019–April/May 2022
Performance targets	Average operating profit (EBIT) and total shareholder return (TSR) 2019–2022
Fair value per share right	SEK 42.04 and SEK 16.30, respectively

	Performance Share Plans 2021–2024
Vesting period	June 2021–April/May 2024
Performance target	Operating profit/loss (EBIT) 2021–2023
Fair value per share right	73.25 kr

Accumulated earnings per share are adjusted for items affecting comparability. The fair value is calculated as the share price on the plan's date of the allotment, in May at the start of the vesting period, reduced by the present value of expected dividends during the vesting period.

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

	Accumulated costs			2020[1]			2021[2]		
Plan	IFRS 2[3] cost	Social security contributions	Total cost	IFRS 2[3] cost	Social security contributions	Total cost	IFRS 2[3] cost	Social security contributions	Total cost
2019–2022	1	0	1	5	1	6	–8	–2	–10
2021–2024	3	1	4				3	1	4
	4	**1**	**5**	**5**	**1**	**6**	**-5**	**-1**	**-6**

1) Price on 31 December 2020 = SEK 66.12 per share 2) Price on 31 December 2021 = SEK 54.04 per share 3) See Note 1.

Changes in the number of outstanding share rights are as follows:

Number of share rights 2019 plan	2020	2021
As per 1 January	790,486	587,722
Allotted	–	–
Forfeited	–202,764	–258 141
As per 31 December	**587,722**	**329,581**

Number of share rights 2021 plan	2020	2021
As per 1 January	–	0
Allotted	–	996,754
Forfeited	–	–45,572
As per 31 December	**0**	**951,182**

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

	No. of share rights	
Expiry date	2020	2021
April/May 2022	587,722	329,581
April/May 2024	–	951,182
	587,722	**1,280,763**

Note 5 Average number of employees

	2020		2021	
Subsidiaries in:	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Sweden	703	493	738	532
Denmark	1,232	948	1,321	1,003
Norway	214	97	200	87
Finland	337	228	329	226
Germany	1	1	–	–
Austria	339	266	335	263
UK	2,785	2,074	2,702	1,950
The Netherlands	299	226	313	241
Total subsidiaries	**5,910**	**4,333**	**5,938**	**4,302**
Parent Company	67	42	103	66
Group	**5,977**	**4,375**	**6,041**	**4,368**

	2020		2021	
	Number on closing date	Of whom, men, %	Number on closing date	Of whom, men, %
Board members	65	78	82	80
Presidents and other senior executives	100	82	135	76
Group	**165**	**81**	**217**	**77**

	2020		2021	
	Number on closing date	Of whom, men, %	Number on closing date	Of whom, men, %
Board members	10	60	10	60
Presidents and other senior executives	5	60	5	60
Parent Company	**15**	**60**	**15**	**60**

Note 6 Remuneration to auditors

Specification by type of cost

	Group		Parent Company	
SEK m	2020	2021	2020	2021
Deloitte AB				
Audit assignment	7	8	1	1
Audit activities other than audit assignment	0	0	0	0
Tax advice	1	0	0	0
Other assignments	0	0	0	0

Audit assignment refers to the statutory audit of the annual and consolidated financial statements and accounting, the administration of the Board and the President and other examinations performed by agreement or contract. This includes other duties that fall upon the company's auditor to perform and providing advisory services or other assistance due to observations made during such an audit or while performing other such duties.

Note 7 Depreciation/amortisation and impairment by activity

	Depreciation/ amortisation		Impairment	
Group, SEK m	2020	2021	2020	2021
Cost of goods sold	–241	–236	–105	–
– of which, right-of-use assets	–78	–79	–	–
Selling expenses	–519	–475	–	–
– of which, right-of-use assets	–409	–376	–	–
Administrative expenses	–92	–89	–32	–
– of which, right-of-use assets	–23	–25	–	–
Total depreciation/amortisation and impairment	**–852**	**–800**	**–137**	–
– of which, right-of-use assets	**–510**	**–480**	–	–

Note 8 Other operating income

	Group		Parent Company	
SEK m	2020	2021	2020	2021
Gains on sale of fixed assets	9	8	–	–
Gains on sale of stores	5	–	–	–
Exchange-rate gains from operating receivables/ liabilities	467	394	8	7
Rental income	70	73	–	–
Government assistance	148	32	–	–
Other	4	27	–	–
Total other operating income	**703**	**534**	**8**	**7**

Note 9 Other operating expenses

	Group		Parent Company	
SEK m	2020	2021	2020	2021
Exchange-rate losses from operating receivables/ liabilities	–441	–427	–9	–6
Loss attributable to sale of fixed assets	–5	–5	–	–
Non-recurring costs for defined-benefit plans in UK	–8	–	–	–
Other	–29	–4	–	–
Total other operating expenses	**–483**	**–436**	**–9**	**–6**

Note 10 Specification by type of cost

SEK m	2020	2021
Costs for goods and materials	–5,140	–5,359
Costs for remuneration of employees	–3,347	–3,494
Depreciation/amortisation and impairment (Note 7)	–989	–800
Freight costs	–694	–775
Other operating expenses	–2,837	–2 816
Total operating expenses	**–13,007**	**–13,244**

Note 11 Financial income and expenses

	Group		Parent Company	
SEK m	2020	2021	2020	2021
Profit from participations in Group companies				
Dividends	–	–	–	500
Financial income				
Interest income, current	2	2	11	17
Exchange-rate differences	5	146	0	145
Financial expenses				
Interest expense	–26	–43	–8	–9
Interest expense for leases	–48	–38	0	–0
Interest expense pertaining to pension liabilities	–17	–19	0	0
Exchange-rate differences	0	–150	–194	0
Total	**–84**	**–102**	**–191**	**653**

Note 12 Tax on net profit for the year

	Group		Parent Company	
SEK m	2020	2021	2020	2021
Current tax expenses for the period	–137	–204	–1	–1
Deferred tax	37	3	0	0
Tax on net profit for the year	**–100**	**–201**	**–1**	**–1**

Reconciliation of effective tax Group, %	2020	2021
Local tax rate in Sweden	21.4	20.6
Different local tax rates	5.7	3.6
Taxes attributable to earlier periods	–1.5	–1.1
Non-tax deductible income	–3.2	–2.5
Non-deductible costs	6.4	2.3
Non-capitalised loss carryforwards	–0.5	0.8
Utilisation of previously unrecognised loss carryforwards	–	–0.1
Other	–	–1.4
Recognised effective tax	**28.3**	**22.2**

The difference between the nominal and effective tax rates for the Parent Company primarily pertains to interest transfers and non-deductible costs.

Tax expense on net profit for the year for the Group comprised 22.2 per cent of profit before tax. In 2020, tax expense accounted for 28.3 per cent of profit before tax for continuing operations. The corporation tax rate in Sweden was lowered to 20.6 per cent in 2021. Nobia's deferred tax liabilities and assets from this country are thus recognised at the new tax rate as per 31 December 2021, with a marginal effect in the income statement and the balance sheet. The difference between recognised tax (22.2 per cent) and anticipated tax in consolidated profit before tax calculated using the local tax rate for Sweden (20.6 per cent) is explained in the table below.

Reconciliation of effective tax, Parent Company, %	2020	2021
Tax rate in the Parent Company	21.4	20.6
Taxes attributable to earlier periods	–0.4	–
Non-tax deductible income	–10.4	–13.9
Non-deductible costs	–1.5	–0.4
Non-tax deductible dividend	–	–
Non-capitalised loss carryforwards	–	–6.1
Recognised effective tax	**9.1**	**0.2**

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

Note 13 Intangible assets

	Group	
Goodwill, SEK m	2020	2021
Opening carrying amount	3,042	2,830
Translation differences	–212	184
Closing carrying amount	**2,830**	**3,014**

Impairment testing of goodwill
At the end of 2021, recognised goodwill amounted to SEK 3,014m (2,830). The carrying amount of goodwill is specified by cash-generating units as follows:

	Group	
SEK m	2020	2021
Nobia UK	1,579	1,734
Nobia DK	343	350
Nobia SweNo	151	158
Bribus	453	462
Other	304	310
Total	**2,830**	**3,014**

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

For analysis of the business situation, a number of different economic indicators are used, as well as external and internal analysis of these. Assumptions are based on the effects of the Group's long-term strategic initiatives, which include differentiated brands, Group-wide range, central purchasing and product development.

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

When calculating the expected cash flow, significant assumptions applied include expected sales growth, operating margin and working capital requirements. Demand for kitchen products has historically followed the economic trend.

– Expected market growth is based on a transition from the current economic situation to the expected long-term growth. Current market share has been assumed for future periods.

– The operating margin has been forecast to reach the average for the most recent business cycle in five years. The transition from the current level to the level has been assumed to be linear. Account has been taken of the company's assessments of capacity utilisation.

– The forecast for personnel costs is based on expected inflation, a certain increase in real wages (historical average) and planned efficiencies in the company's production (according to the established five-year plan).

In order to extrapolate the cash flows outside the first five years, a growth rate of 1 per cent (2) is applied to all CGUs.

The weighted average cost of capital is calculated on the average debt/equity ratio for large companies in similar industries and costs for borrowed and shareholders' equity. The cost of shareholders' equity is determined on the basis of the assumption that all investors require at least the same level of return as for risk-free government bonds, with an additional risk premium for the estimated risks assumed when they invest in cash-generating units. The risk premium has been established based on the long-term historical return on the stock market for large companies in similar industries by taking into consideration the risk profile of each business unit. The required return on debt-financed capital is also calculated on the return on risk-free government bonds and by applying a borrowing margin based on an estimated company-specific risk. The required return and tax rate for each CGU is influenced by the interest and tax rates in different countries.

In 2021, the Group's weighted cost of capital before tax amounted to 8.2 per cent (8.5) and after tax to 8.2 per cent (8.4). In total, the utilised cost of capital after tax for 2021 is within the interval of 7.8–8.9 per cent (8.0–8.8).

The decrease in the Group's weighted cost of capital before tax was due to a mix of underlying changed assumptions in the capital market such as risk premiums and beta values, but also to certain minor changes in specific assumptions for the Group. Taken together, these changes have resulted in a decrease for the Group between the years and for certain underlying CGUs. Testing of goodwill did not lead to any impairment in 2021.

Management and the board have analyzed challenges, short-term measures and future strategy for Region UK. In the transformation plan for the operations in the UK, the goal is to reach the Group's operating margin target of 10% over a business cycle. This has also been taken into account in the forecast period for the impairment test. The Board and management assess that reasonable changes in the important assumptions/variables will not lead to the estimated total recoverable amount of the units being lower than their total carrying amount. The impairment test has not resulted in any goodwill write-down in 2021.

	Group	
Discount rate before tax, %	2020	2021
Nobia UK	8.9	8.9
Nobia DK	8.0	7.8
Nobia SweNo	9.0	8.1
Other	8.1–8.3	7.7–8.1

	Group	
Other intangible assets, SEK m	2020	2021
Opening acquisition value	614	617
Investments for the year	109	177
Sales and scrapping	–75	–10
Reclassification	–12	22
Translation differences	–19	17
Closing accumulated acquisition value	**617**	**823**
Opening amortisation	382	396
Sales and scrapping	–73	–10
Amortisation for the year	65	68
Impairment for the year	33	–
Reclassification	0	5
Translation differences	–11	10
Closing accumulated amortisation	**396**	**469**
Closing carrying amount	**221**	**354**
Of which:		
Software	206	344
Brands	0	0
Licences	5	6
Other	10	4
Closing carrying amount	**221**	**354**

Note 14 Tangible fixed assets

Buildings, SEK m	Group 2020	Group 2021
Opening acquisition value	1,642	1,492
Investments for the year	48	21
Sales and scrapping	–104	–11
Reclassification	1	1
Translation differences	–95	83
Closing acquisition value including written-up amount	**1,492**	**1,586**
Opening depreciation and impairment	1,090	1,065
Sales and scrapping	–77	–7
Reclassification	0	2
Depreciation for the year	67	62
Impairment for the year	46	–
Translation differences	–61	54
Closing depreciation and impairment	**1,065**	**1,176**
Closing carrying amount	**427**	**410**
Closing accumulated depreciation	**1,019**	**1,130**

Land and land improvements, SEK m	Group 2020	Group 2021
Opening acquisition value	147	135
Investments for the year	1	77
Sales and scrapping	–6	–
Reclassifications	0	–
Translation differences	–7	6
Closing acquisition value including written-up amount	**135**	**218**
Opening depreciation and impairment	23	33
Sales and scrapping	–1	–
Depreciation for the year	1	1
Impairment for the year	10	–
Translation differences	0	0
Closing depreciation and impairment	**33**	**34**
Closing carrying amount	**102**	**184**
Closing accumulated depreciation	**23**	**24**

Investments in progress, SEK m	Group 2020	Group 2021
Opening balance	149	141
Investments initiated during the year	16	318
Investments completed during the year[1]	–15	–38
Translation differences	–9	6
Closing carrying amount	**141**	**427**

1) Assets reclassified as other tangible fixed assets.

Machinery and other technical equipment, SEK m	Group 2020	Group 2021
Opening acquisition value	2,205	2,157
Investments for the year	47	61
Sales and scrapping	–11	–12
Reclassification	14	54
Translation differences	–98	78
Closing acquisition value including written-up amount	**2,157**	**2,338**
Opening depreciation and impairment	1,674	1,736
Sales and scrapping	–11	–11
Reclassification	–1	38
Depreciation for the year	102	97
Impairment for the year	48	–
Translation differences	–76	59
Closing depreciation and impairment	**1,736**	**1,919**
Closing carrying amount	**421**	**419**
Closing accumulated depreciation	**1,685**	**1,869**

Equipment, tools, fixtures and fittings, SEK m	Group 2020	Group 2021
Opening acquisition value	1,294	1,230
Investments for the year	85	78
Sales and scrapping	–84	–27
Reclassification	10	25
Translation differences	–75	61
Closing acquisition value	**1,230**	**1,367**
Opening depreciation and impairment	1,011	985
Sales and scrapping	–71	–22
Reclassification	–1	11
Depreciation for the year	107	92
Impairment for the year	0	–
Translation differences	–61	50
Closing depreciation and impairment	**985**	**1,116**
Closing carrying amount	**245**	**251**
Closing accumulated depreciation	**953**	**1,106**

Advance payments for tangible fixed assets, SEK m	Group 2020	Group 2021
Opening balance	2	4
Expenses during the year	2	160
Reclassification	–	–8
Translation differences	0	0
Closing carrying amount	**4**	**156**

No impairment of tangible fixed assets took place in 2021 (104). Minor reclassifications were made during the year between classes of fixed assets.

Note 15 Right-of-use assets

Land and buildings, SEK m	Group 2020	Group 2021
Opening acquisition value	2,733	2,667
New leases	279	127
Terminated leases	–170	–315
Translation differences	–175	145
Closing acquisition value	**2,667**	**2,624**
Opening depreciation and impairment	394	668
Depreciation for the year	413	382
Terminated leases	–83	–151
Translation differences	–56	49
Closing depreciation and impairment	**668**	**948**
Closing carrying amount	**1,999**	**1,676**

Vehicles, SEK m	Group 2020	Group 2021
Opening acquisition value	268	295
New leases	86	81
Terminated leases	–36	–127
Translation differences	–23	20
Closing acquisition value	**295**	**269**
Opening depreciation and impairment	71	112
Depreciation for the year	81	77
Terminated leases	–32	–77
Translation differences	–8	8
Closing depreciation and impairment	**112**	**120**
Closing carrying amount	**183**	**149**

Other, SEK m	Group 2020	Group 2021
Opening acquisition value	26	39
New leases	22	26
Terminated leases	–7	–24
Translation differences	–2	2
Closing acquisition value	**39**	**43**
Opening depreciation and impairment	13	21
Depreciation for the year	16	21
Terminated leases	–7	–24
Translation differences	–1	2
Closing depreciation and impairment	**21**	**20**
Closing carrying amount	**18**	**23**

For depreciation of right-of-use assets by activity, refer to Note 7 Depreciation/amortisation and impairment by activity For income from sub-leasing of leases, refer to Note 8 Other operating income. For cash outflows for leases, refer to Note 33 Specifications for statement of cash flows.

Analysis of terms for leases

Nominal amount 2021		within 6 months	7 months–1 year	1–2 years	2–5 years	more than 5 years
Financial lease liabilities (IB)	DKK	21	61	99	267	331
Financial lease liabilities (IB)	GBP	81	151	208	292	141
Financial lease liabilities (IB)	EUR	18	28	40	98	28
Financial lease liabilities (IB)	SEK	4	11	11	4	0
Financial lease liabilities (IB)	NOK	3	9	10	7	2
Total		**127**	**260**	**368**	**668**	**502**

Nominal amount 2020		within 6 months	7 months–1 year	1–2 years	2–5 years	more than 5 years
Financial lease liabilities (IB)	DKK	28	72	115	316	489
Financial lease liabilities (IB)	GBP	100	153	233	372	179
Financial lease liabilities (IB)	EUR	18	26	43	59	45
Financial lease liabilities (IB)	SEK	5	13	17	12	0
Financial lease liabilities (IB)	NOK	1	7	11	10	2
Total		**152**	**271**	**419**	**769**	**715**

The Group deems the value of both low-value leases and short-term leases to be insignificant, which is why information on expenses for these leases is not presented. Similarly, expenses attributable to variable lease payments, not including the lease liability, are deemed to be insignificant. Interest expenses for leases amounted to SEK 38m (48) for the year.

Note 16 Financial fixed assets

	Group	
Other long-term receivables, SEK m	2020	2021
Deposits	32	32
Long-term loans to retailers[1]	17	16
Long-term receivables from customers	43	39
Other	4	1
Total	**96**	**88**

1) Of which SEK 0m (2) is interest-bearing.

	Parent Company	
Shares and participations in Group companies, SEK m	2020	2021
Opening acquisition value	1,380	1,385
Divestment	–	–
Shareholders' contribution	–	–
Impairment of subsidiary shares	–	–
Other changes	5	-6
Closing acquisition value	**1,385**	**1,379**

Note 17 Shares and participations in subsidiaries

					Carrying amount	
Nobia AB's holdings of shares and participations in operating Group companies, %.	Corp. Reg. No.	Domicile	Share of equity, %	No. of shares	2020	2021
Nobia Sverige AB	556060-1006	Stockholm	100	100	1,256	1,256
Nobia Sverige AB	559240-7414	Stockholm	100			
Nobia Fastighets Holding AB	559236-0043	Stockholm	100			
Nobia Fastighets AB	559247-1725	Stockholm	100			
Tidaholm Träcenter AB	559346-7862	Tidaholm	100			
Nobia Norway AS		Trollåsen	100			
Nobia Production Sweden AB	556038-0072	Tidaholm	100			
Nobia Denmark A/S		Ølgod	100			
HTH Kök Svenska AB	556187-3190	Helsingborg	100			
Nobia Denmark Retail A/S		Ølgod	100			
Invita Retail A/S		Ølgod	100			
Novart OY		Nastola	100			
Nobia Holding (UK) Limited		Darlington	100			
Nobia UK Trustee's Ltd		Darlington	100			
Nobia UAB		Vilinus	100			
Magnet Ltd		Darlington	100			
Magnet (Isle of Man) Limited		Isle of Man	100			
Magnet Group Trustees Ltd		Darlington	100			
Magnet Group Ltd[1]		Darlington	100			
Magnet Distribution Ltd[1]		Darlington	100			
Magnet & Southerns Ltd[1]		Darlington	100			
Magnet Furniture Ltd[1]		Darlington	100			
Magnet Joinery Ltd[1]		Darlington	100			
Magnet Manufacturing Ltd[1]		Darlington	100			
Magnet Retail Ltd[1]		Darlington	100			
Magnet Supplies Ltd[1]		Darlington	100			
Magnet Industries Ltd[1]		Darlington	100			
Magnet Kitchens Ltd[1]		Darlington	100			
Gower Group Ltd		Halifax	100			
Gower Furniture Ltd		Halifax	100			
Charco Ninety-Nine Ltd		Halifax	100			
Rollfold Holdings Ltd		Dewsbury	100			
Rollfold Group Ltd		Dewsbury	100			
Rixonway Kitchens Ltd		Dewsbury	100			
Commodore Kitchens Ltd		Grays	100			
CIE UK (Holdings) Ltd		Ingatestone	100			
CIE PLC		Grays	100			
Essenza Interiors Ltd[1]		Grays	100			

Nobia AB's holdings of shares and participations in operating Group companies, %.	Corp. Reg. No.	Domicile	Share of equity, %	No. of shares	Carrying amount 2020	Carrying amount 2021
Lovene Dörr AB[1]	556038-1724	Stockholm	100			
HTH Küchen GmbH		Harrislee	100			
Swedoor Bauelementevertrieb Gmbh[1]		Herford	100			
Nobia Svenska Kök AB	556048-3256	Tidaholm	100	30,000	92	92
ewe Küchen GmbH		Wels	100		3	3
Bribus Holding B.V.		Amsterdam	100			
Bribus B.V.		Dinxperlo	100			
Bribus Extra B.V.		Dinxperlo	100			
Aannemings- en Onderhoudsbedrijf D. de Jong B.V.		Rotterdam	100			
Other					34	28
Total					**1,385**	**1,379**

1) The company is dormant.

Note 18 Derivative instruments

SEK m	Group: Carrying amount 2021	Group: Fair value 2021	Parent Company: Carrying amount 2021	Parent Company: Fair value 2021
Forward agreements, transaction exposure – assets	7	7	20	20
Forward agreements, transaction exposure – liabilities	–13	–13	–20	–20
Total	**–6**	**–6**	**–0**	**–0**

In addition to the forward agreements above, the company also has currency swaps at a carrying amount and fair value for assets of SEK 2m (1) and liabilities of SEK 0m (5), which are recognised under other assets and liabilities. Unrealised gains and losses totalling a net loss of SEK –3m in shareholders' equity as per 31 December 2021 will be recognised in profit or loss at different times within 12 months of the closing date. For information about forward agreements, see Note 2 Financial risks. The preceding year's unrealised gains and losses totalling a net profit of SEK 12m were reversed in profit or loss in their entirety in 2021.

Note 19 Prepaid expenses and accrued income

SEK m	Group 2020	Group 2021	Parent Company 2020	Parent Company 2021
Bonus from suppliers	115	101	36	38
Accrued customer income	102	106	–	–
Prepaid bank charges	0	24	–	0
Insurance policies	11	10	3	4
Other	85	123	42	37
Total	**313**	**364**	**81**	**79**

Note 20 Cash and cash equivalents

SEK m	Group 2020	Group 2021	Parent Company 2020	Parent Company 2021
Cash and bank balances	635	422	436	261

Unutilised overdraft facilities, which are not included in cash and cash equivalents, totalled SEK 358m (349) in the Group, and SEK 258m (249) in the Parent Company at year-end. In addition to the overdraft facilities, the company has unutilised credit commitments of SEK 4,600m (4,715).

Note 21 Share capital

	No. of registered shares	No. of shares outstanding
As per 1 January 2020	170,293,458	168,852,821
As per 31 December 2020	170,293,458	168,852,821
As per 31 December 2021	170,293,458	168,252,821

Bought-back own shares	2020	2021
Opening balance	1,440,637	1,440,637
Bought-back for the year	–	600,000
Closing balance	**1,440,637**	**2,040,637**

The share capital amounts to SEK 56,763,597 (56,763,597). The share's quotient value is SEK 0.34. All of the registered shares are fully paid. All shares are ordinary shares of the same type. Nobia owned 2,040,637 treasury shares (1,440,637) on 31 December 2021.

Bought-back shares are not reserved for issue according to the option agreement or other sale.

Note 22 Reserves in shareholders' equity

SEK m	Translation reserve	Hedging reserve	Total
Opening balance, 1 January 2020	68	–13	55
Exchange-rate differences attributable to translation of foreign operations	–399	–	–399
Cash-flow hedges before tax[1]	–	1	1
Tax attributable to change in hedging reserve for the year[2]	–	–2	–2
Closing balance, 31 December 2020	**–331**	**–14**	**–345**
Opening balance, 1 January 2021	–331	–14	–345
Exchange-rate differences attributable to translation of foreign operations	321	–	321
Cash-flow hedges before tax[1]	–	13	13
Tax attributable to change in hedging reserve for the year[2]	–	–3	–3
Closing balance, 31 December 2021	**–10**	**–4**	**–14**

1) Reversal recognised in profit or loss of SEK –12m (15). New provision amounts to SEK –4m (–17).

2) Reversal recognised in profit or loss of SEK 3m (3). New provision amounts to SEK 1m (4).

Translation reserve

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

Hedging reserve

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

Note 23 Earnings per share

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing profit

	2020	2021
Profit attributable to Parent Company shareholders, SEK m	253	706
Weighted average number of outstanding ordinary shares before dilution	168,852,821	168,596,988
Earnings per share before dilution, SEK	1.50	4.19

Earnings per share after dilution

To calculate earnings per share after dilution, the weighted average number of outstanding ordinary shares is adjusted for the dilutive effect of all potential ordinary shares. These potential ordinary shares are attributable to the Performance Share Plans that were introduced in 2019 and 2021. Refer also to Notes 4 and 21. Various circumstances may entail that the share rights do not lead to any dilution. If net profit for the year from continuing operations is negative, the share rights are not considered dilutive. Share rights are also not dilutive if the value of remaining future services to report during the vesting period correspond to an exercise price that exceeds the average share price for the period. Furthermore, the performance share rights do not lead to dilution if the achieved earnings per share are insufficient to entitle shares at the end of the vesting period.

	2020	2021
Weighted average number of outstanding ordinary shares	168,852,821	168,596,988
Performance Share Plan 2019	440,161	259,228
Performance Share Plan 2021	0	122,785
Weighted average number of outstanding ordinary shares after dilution	169,292,982	168,979,000
Earnings per share after dilution, SEK	1.50	4.18

Note 24 Appropriation of company's profit or loss

Proposed appropriation of company's profit or loss

The following profits in the Parent Company are at the disposition of the Annual General Meeting:

Share premium reserve	52,225,486
Unappropriated profit brought forward	602,728,837
Net profit for the year	707,125,899
Total SEK	**1,362,080,222**

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

Standard dividend of SEK 2.50 per share to be paid to shareholders	420,632,052
To be carried forward	941,448,170
Total SEK	**1,362,080,222**

Note 25 Provisions for pensions

Defined-benefit pension plans, Group

	Group	
Provisions for pensions, SEK m	2020	2021
Defined-benefit pension plans	556	223

There are several defined-benefit pension plans within the Group, whereby the employee's right to remuneration after termination of employment is based upon final salary and period of service. These plans are found in the UK, Sweden and Austria. The plan in the UK has already been concluded and no new benefits can be earned. These pension plans have been replaced by defined-contribution plans.

Commitments for old-age pensions and family pensions for salaried employees in Sweden are secured on the basis of the FPG/PRI system and insurance, primarily with Alecta. According to statement UFR 3 from the Swedish Financial Reporting Board, the insurance with Alecta is a multi-employer defined-benefit plan. Since the Group did not have access to information in the 2021 fiscal year that would make it possible to recognise this plan as a defined-benefit plan, ITP pension plans secured on the basis of insurance with Alecta have been recognised as defined-contribution plans. Fees for pension insurance with Alecta for the year amounted to SEK 3.4m (2.0). On 31 December 2021, Alecta's surplus, which can be distributed between the policy holder and/or the persons insured in the form of the collective consolidation rate, amounted to 172 per cent (148 per cent on 31 December 2020). The collective consolidation rate comprises the market value of Alecta's assets as a percentage of the insurance commitments produced in accordance with Alecta's actuarial calculation assumptions, which are not in agreement with IAS 19.

The amounts recognised in the consolidated balance sheet have been calculated as follows:

	Group	
SEK m	2020	2021
Present value of funded obligations[1]	3,338	3,376
Fair value of plan assets[2]	–3,033	–3,404
	305	**–28**
Present value of unfunded obligations	251	251
Net debt in provisions for pensions	**556**	**223**

1) The funded obligations in above table only apply to the UK. In Austria and Sweden, there are only unfunded obligations.

2) Details are presented in the table on page 75.

The net debt for defined-benefit plans amounting to SEK 223m (556) is recognised in the "Provisions for pensions" item in the consolidated balance sheet. The net debt at year-end was as follows: UK –13 per cent, Sweden 88 per cent and Austria 25 per cent.

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

	Defined-benefit obligation		Plan assets		Net debt	
SEK m	2020	2021	2020	2021	2020	2021
At beginning of the year	**3,492**	**3,590**	**–3,019**	**–3,033**	**473**	**556**
Recognised in profit or loss						
Costs for service during current year	15	9	–	–	15	9
Pension adjustment for defined-benefit plans in UK	8	–	–	–	8	–
Interest expense (+)/income(–)	61	52	–61	–45	0	7
	84	**61**	**–61**	**–45**	**23**	**16**
Recognised in other comprehensive income						
Remeasurement						
Actuarial gains/losses due to						
– demographic assumptions	–5	–6	–	–	–5	–6
– financial assumptions	462	–120	–	–	462	–120
– experience-based adjustments	–1	–99	–	–	–1	–99
Return on plan assets excluding interest income	–	–	–321	–56	–321	–56
Exchange-rate differences	–327	321	297	–301	–30	19
	129	**96**	**–24**	**–357**	**105**	**–262**
Other						
Employer contributions	–	–	–48	–84	–48	–84
Benefits paid	–116	–112	119	115	3	–3
	–116	**–112**	**71**	**31**	**–45**	**–87**
At year-end	**3,589**	**3,635**	**–3,033**	**–3 404**	**556**	**223**

	Group	
SEK m	2020	2021
Cost of goods sold	1	1
Selling expenses	9	1
Administrative expenses	3	10
Net financial items	10	9
Total pension costs	**23**	**21**

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

SEK m	2020	2021
Interest income	61	45
Return on pension assets excluding interest income	321	56
Total actual return on plan assets	**382**	**101**

Principal actuarial assumptions:

%	Group 2020	Group 2021
Discount rate:		
UK	1.40	1.80
Austria	0.90	1.00
Sweden	1.20	1.90
Future annual salary increases:		
UK	–	–
Austria	2.30	2.30
Sweden	2.00	2.20
Future annual pension increases:		
UK	2.80	2.90
Austria	–	–
Sweden	2.00	2.20

The change is due to assumptions in both the UK and Sweden having changed between the years. In the UK, assumptions have become more in line with the 2019 year assumptions as the assumptions for 2020 were affected by the pandemic. The discount rate in Sweden has changed in accordance with information we received from PRI Pensionsgaranti.

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

	Group 2020	Group 2021
On closing date		
Men	20.7–23.0	20.7–23.2
Women	23.4–25.5	23.6–25.7
20 years after closing date		
Men	22.0–25.8	22.0–25.9
Women	24.0–28.1	24.0–28.2

Plan assets comprise the following:

Group SEK m	2020 Listed price on an active market	2020 Unlisted price	2021 Listed price on an active market	2021 Unlisted price
Cash and cash equivalents	325	–	384	–
High-quality corporate bonds	1,040	–	1,098	–
Mutual funds, global	375	–	487	–
Fixed-income funds, term 7–20 years	1,293	–	1,436	–
Total	**3,033**	**–**	**3,405**	**–**

Contributions to post-employment remuneration plans are expected to amount to SEK 74m (76) for the 2021 fiscal year.

Sensitivity analysis:
The table below presents the possible changes in actuarial assumptions at year-end, all other assumptions being unchanged, and how they would affect the defined-benefit commitments.

Group, SEK m	2021 Increase	2021 Decrease
Discount rate (1% change)	25	100
Expected mortality (1 year change)	64	48
Future salary increase (1% change)	61	56
Future increase in pension (1% change)	12	-8

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

Pension costs, SEK m	Group 2020	Group 2021
Total costs for defined-benefit plans	23	16
Pension adjustment for defined-benefit plans in UK	8	–
Total costs for defined-contribution plans	161	233
Costs for special employer's contributions and tax on returns from pension	11	28
Total pension costs	**203**	**277**

Defined-benefit pension plans, Parent Company:

Provisions for pensions, SEK m	Parent Company 2020	Parent Company 2021
Provisions in accordance with Pension Obligations Vesting Act, FPG/PRI pensions[1]	53	58

1) According to IAS 19.

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

Defined-benefit plans, SEK m	Parent Company 2020	Parent Company 2021
Administrative expenses	2	5

The total pension cost recognised in the Parent Company's profit or loss is as follows:

Pension costs, SEK m	Parent Company 2020	Parent Company 2021
Total costs for defined-benefit plans	3	1
Total costs for defined-contribution plans	16	22
Costs for special employer's contributions and tax on returns from pension	4	15
Total pension costs	**23**	**38**

Parent Company pension liabilities are calculated at a discount rate of 1.9 per cent (1.2).

The assumptions are calculated on the basis of the salary levels applicable on the closing date. SEK 469,000 (380,000), pertaining to defined-benefit pension plans in the Parent Company, is expected to be paid in 2022.

Not 26 Deferred tax

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

SEK m	2020 Deferred tax assets	2020 Deferred tax liabilities	2020 Net	2021 Deferred tax assets	2021 Deferred tax liabilities	2021 Net
Opening balance	72	49	23	119	35	84
Recognised in profit or loss	23	–14	37	–0	–3	3
Remeasurements of defined-benefit pension plans	30	–	30	–62	–	–62
Changes in forward agreements	–2	–	–2	–1	–	–1
Recognised directly against shareholders' equity	–4	–	–4	5	–1	6
Offset/Reclassification	–	–	–	–	–	–
Translation differences	–	–	–	–	–	–
Closing balance	**119**	**35**	**84**	**61**	**31**	**30**

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

Deferred tax assets	Defined-benefit pension plans	Other temporary differences	Loss carryforwards, Leasing, etc.	Total
As per 1 January 2020	**74**	**–10**	**8**	**72**
Recognised in profit or loss	0	25	–2	23
Recognised in other comprehensive income	30	–2	–	28
Recognised directly against shareholders' equity	–21	17	–	–4
As per 31 December 2020	**83**	**30**	**6**	**119**
As per 1 January 2021	**83**	**30**	**6**	**119**
Recognised in profit or loss	–0	–2	2	–0
Recognised in other comprehensive income	–55	–3	–	–58
Recognised directly against shareholders' equity	–13	13	–	0
As per 31 December 2021	**15**	**38**	**8**	**61**

Deferred tax liabilities	Temporary differences in fixed assets	Other	Total
As per 1 January 2020	**49**	**0**	**49**
Recognised in profit or loss	–12	–	–12
Recognised in other comprehensive income	–	–1	–1
Offset	–	–	–
Translation differences	–1	–	–1
As per 31 December 2020	**36**	**–1**	**35**
As per 1 January 2021	**36**	**–1**	**35**
Recognised in profit or loss	–3	–	–3
Recognised in other comprehensive income	–	–1	–1
As per 31 December 2021	**33**	**–2**	**31**

On 1 January 2021, the corporation tax rate in Sweden was lowered from 21.4 per cent to 20.6 per cent.

Deferred tax assets on loss carryforwards at year-end amounted to SEK 0m (0) and were attributable to Sweden.

Nobia does not recognise any deferred tax attributable to temporary differences relating to investments in subsidiaries or associated companies. Any future effects (withholding tax and other deferred tax for profit taking within the Group) are recognised when Nobia is no longer able to govern the reversal of such differences or when, for other reasons, it is no longer improbable that reversals will be made in the foreseeable future. These possible future effects are not deemed to have any relation to the overall amount of the temporary differences.

Note 27 Other provisions

SEK m	Unutilised tenancy rights	Dilapidations	Other long-term employee benefits	Restructuring costs	Other	Total
As per 1 January 2021	**10**	**9**	**6**	**20**	**1**	**46**
Expensed in consolidated income statement						
– Additional provisions	3	9	0	–	1	13
– Reversed unutilised amounts	–	–	–	–	–	–
Utilised during the year	–7	–8	0	–	–	–15
Reclassification	1	–	–	–	–1	0
Translation differences	1	1	0	–	0	2
As per 31 December 2021	**8**	**11**	**6**	**20**	**1**	**46**

The provision for restructuring costs of SEK 20m refers to costs for closing the factory in Tidaholm when the factory in Jönköping was started and is expected to be utilised in its entirety between 2023 and 2024.

Note 28 Liabilities to credit institutions

	Group		Parent Company	
Maturity structure, SEK m	2020	2021	2020	2021
Within 1 year	–	–	–	–
Between 1 and 5 years	285	400	–	–
Longer than 5 years	–	–	–	–
Total	**285**	**400**	**–**	**–**

Note 29 Accrued expenses and deferred income

	Group		Parent Company	
SEK m	2020	2021	2020	2021
Bonus to customers	165	222	–	–
Accrued salary-related costs	227	415	21	41
Accrued interest	0	0	0	0
Insurance policies	25	6	–	–
Rents	36	24	–	–
Other	326	340	30	7
Total	**779**	**1,007**	**51**	**48**

Note 30 Financial assets and liabilities

Group 2021, SEK m	Note	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss		Amortised cost			
		Derivatives used in hedge accounting	Non-hedge-accounting derivative instruments	Financial instruments initially identified at fair value	Interim items	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Financial assets								
Long-term interest-bearing receivables	16	–	–	–	–	–	–	–
Other long-term receivables	16	–	–	–	–	88	–	88
Accounts receivable	2	–	–	–	–	1,325	–	1,325
Current interest-bearing receivables		–	–	–	–	2	–	2
Other receivables	2, 18, 19	7	2	–	207	56	–	272
Total		**7**	**2**	**–**	**207**	**1,471**	**–**	**1,687**
Financial liabilities								
Long-term interest-bearing liabilities	28	–	–	–	–	–	400	400
Current interest-bearing liabilities	2	–	–	–	–	–	–	–
Lease liabilities		–	–	–	–	–	1,815	1,815
Accounts payable	2	–	–	–	–	–	1,604	1,604
Other liabilities	2, 18, 29	13	–	–	983	–	346	1,342
Total		**13**	**0**	**0**	**983**	**–**	**4,165**	**5,161**

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

Group 2020, SEK m	Note	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss		Amortised cost			
		Derivatives used in hedge accounting	Non-hedge-accounting derivative instruments	Financial instruments initially identified at fair value	Interim items	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Financial assets								
Long-term interest-bearing receivables	16	–	–	–	–	0	–	0
Other long-term receivables	16	–	–	–	–	96	–	96
Accounts receivable	2	–	–	–	–	1,213	–	1,213
Current interest-bearing receivables		–	–	–	–	2	–	2
Other receivables	2, 18, 19	0	1	–	217	60	–	278
Total		**0**	**1**	**–**	**217**	**1,371**	**–**	**1,589**
Financial liabilities								
Long-term interest-bearing liabilities	28	–	–	–	–	–	285	285
Current interest-bearing liabilities	2	–	–	–	–	–	–	–
Lease liabilities		–	–	–	–	–	2,183	2,183
Accounts payable	2	–	–	–	–	–	1,317	1,317
Other liabilities	2, 18, 29	21	5	–	743	–	628	1,397
Total		**21**	**5**	**–**	**743**	**–**	**4,413**	**5,182**

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

Parent Company 2021, SEK m	Note	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss		Amortised cost			
		Derivatives used in hedge accounting	Non-hedge-accounting derivative instruments	Financial instruments initially identified at fair value	Interim items	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Financial assets								
Other long-term receivables		–	–	–	–	11	–	11
Accounts receivable		–	–	–	–	0	–	0
Other receivables	18, 19	–	21	–	38	3,222	–	3,281
Total		**–**	**21**	**–**	**38**	**3,233**	**–**	**3,292**
Financial liabilities								
Long-term interest-bearing liabilities		–	–	–	–	–	36	36
Long-term non-interest-bearing liabilities		–	–	–	–	–	4	4
Current interest-bearing liabilities		–	–	–	–	–	1,798	1,798
Accounts payable		–	–	–	–	–	108	108
Other liabilities	18, 29	–	20	–	48	–	4	72
Total		**–**	**20**	**–**	**48**	**–**	**1,951**	**2,019**

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

Parent Company 2020, SEK m	Note	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss		Amortised cost			
		Derivatives used in hedge accounting	Non-hedge-accounting derivative instruments	Financial instruments initially identified at fair value	Interim items	Accounts and loans receivable	Other liabilities	Total carrying amount[1]
Financial assets								
Other long-term receivables		–	–	–	–	5	–	5
Accounts receivable		–	–	–	–	0	–	0
Other receivables	18, 19	–	23	–	36	2,839	–	2,898
Total		**–**	**23**	**–**	**36**	**2,844**	**–**	**2,903**
Financial liabilities								
Long-term interest-bearing liabilities		–	–	–	–	–	39	39
Long-term non-interest-bearing liabilities		–	–	–	–	–	5	5
Current interest-bearing liabilities		–	–	–	–	–	1,815	1,815
Accounts payable		–	–	–	–	–	31	31
Other liabilities	18, 29	–	26	–	51	–	10	87
Total		**–**	**26**	**–**	**51**	**–**	**1,900**	**1,977**

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

Determination of fair value of financial instruments

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

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

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

The measurement of derivative instruments is included in Level 2 and based on market listings or the counterparty's measurement. The Group's derivative instruments refer to currency forward contracts and currency swaps. The fair value of the instruments is determined as the present value of future cash flows based on the rates for currency forward contracts and currency swaps on the closing date. Derivative instruments amounted to SEK 9m (1) in assets and SEK 13m (26) in liabilities. In an estimate of fair value, the company's long-term loans are not deemed to significantly deviate from their carrying amounts.

Note 31 Pledged assets, contingent liabilities and commitments

The Group and Parent Company have contingent liabilities pertaining to sub-contractor guarantees, pension liabilities, bank guarantees for loans and other guarantees, and other considerations that arise in normal commercial operations. No significant liabilities are expected to arise through these contingent liabilities. Based on the company's assessment, no provision has been posted for ongoing tax cases. The amounts involved are not considered to have any material effect on the company's results or financial position.

	Group		Parent Company	
SEK m	2020	2021	2020	2021
Securities for pension commitments	2	2	25	25
Other contingent liabilities	296	269	396	619
Total	**298**	**271**	**421**	**644**

Note 32 Related-party transactions

A specification of subsidiaries is presented in Note 17. Remuneration was paid to senior executives during the year, refer to Note 4.

Summary of related-party transactions

Parent Company	Year	Sale of goods/ services from related parties	Purchase of goods/services from related parties	Invoicing Group-wide services	Other (such as interest, dividends)	Receivables from related parties per 31 Dec	Liabilities to related parties per 31 Dec
Related parties							
Subsidiaries	2021	78	111	312	697	3,215	1,798
Subsidiaries	2020	62	136	275	163	2,834	1,815

Note 33 Specifications for statement of cash flows

Cash and cash equivalents

	Group		Parent Company	
SEK m	2020	2021	2020	2021
Cash and bank balances	90	80	2	0
Balance of Group account with the Parent Company	545	341	434	261
Total according to balance sheet and total according to statement of cash flows	**635**	**422**	**436**	**261**

Short-term investments have been classified as cash and cash equivalents based on the following:

- They have an insignificant risk of changes in value.
- They can be easily converted to cash funds.
- They have a term of a maximum of three months from the acquisition date.

Interest paid and dividends received

	Group		Parent Company	
SEK m	2020	2021	2020	2021
Dividends received	–	–	–	500
Interest received	2	2	11	162
Interest paid	–74	–81	–202	–9
	–72	**–79**	**–191**	**653**

Note 33 Specifications for statement of cash flows, cont.

Reconciliation of liabilities deriving from financing activities

Group, SEK m	CB 2020	Cash flows	Changes that do not impact cash flow				CB 2021
			Acquisition of operations	Divestment of operations	Changes in leases	Exchange-rate differences	
Interest-bearing liabilities	285	115	–	–	–	–	400
Lease liabilities	2,183	–493	–	–	15	110	1,815
Total liabilities deriving from financing activities	**2,468**	**–378**	**–**	**–**	**15**	**110**	**2,215**

Reconciliation of liabilities deriving from financing activities

Parent Company, SEK m	CB 2020	Cash flows	Changes that do not impact cash flow				CB 2021
			Acquisition of operations	Divestment of operations	Changes in leases	Exchange-rate differences	
Lease liabilities	25	–	–	–	–8	–	17
Total liabilities deriving from financing activities	**25**	**–**	**–**	**–**	**–8**	**–**	**17**

Note 34 Events after the closing date

Acquisition of Superfront

Superfront was acquired on 14 January 2022, a Sweden-based direct-to-consumer business that designs and sells kitchen and storage such as frontals, handles and legs. Superfront has built significant brand awareness since it was introduced in 2013, mainly through digital and social media marketing, with a strong focus on design and sustainability. The company's net sales for 2021 amounted to approximately SEK 65m with an operating margin exceeding 10 per cent. Products are sold almost entirely online across Europe.

Nobia acquired all shares in Superfront.

The war in Ukraine

Nobia is closely monitoring the development in Ukraine. Nobia has no sales or suppliers with manufacturing in neither Ukraine nor Russia. However, some suppliers are importing raw materials from Russia and to a smaller extent from Ukraine.

Board of Directors' assurance

The Board of Directors and the President declare that the Annual Report was prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Annual Report and the consolidated financial statements give a true and fair view of the position and earnings of the Parent Company and the Group. The Board of Directors' Report for the Parent Company and the Group gives a true and fair view of the developments of operations, position and earnings and describes significant risks and uncertainties facing the Parent Company and companies included in the Group. The consolidated accounts and balance sheet and the Parent Company income statement and balance sheet will be presented to the Annual General Meeting for adoption on 5 May 2022.

Stockholm, 13 April 2022

Nora Førisdal Larssen
Chairman

Jon Sintorn
President and CEO

Marlene Forsell
Board member

Jan Svensson
Board member

Carsten Rasmussen
Board member

Per Bergström
Employee representative

Mats Karlsson
Employee representative

Our audit report was submitted on 13 April 2022

Deloitte AB

Peter Ekberg
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Nobia AB (publ) corporate identity number 556528-2752

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Nobia AB (publ) for the financial year 2021-01-01–2021-12-31. The annual accounts and consolidated accounts of the company are included on pages 30–89 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue Recognition

The group reported revenue of SEK 13 719 million as of 31 December 2021 which mainly consists of sales related to kitchens and kitchen equipment, and for some sales also installation services. Within the group revenue related to kitchens and pertaining products is recognized at a point of time upon delivery of the goods to the customer, which is the point in time when the customer accepts the delivery and receives control over the products and the group have fulfilled their performance obligations. Revenue related to installations is recognized over time when the installation is performed. We have identified this as a key audit matter since revenue has a significant impact on the financial reporting and consists of a large number of transactions as well as are dependent on customer specific agreements, delivery terms and installation which affect the completeness and timing of recognized revenue. For the group's principles on revenue recognition, refer to note 1 and note 3 regarding accounting of operating segments.

Our Audit Procedures

Our audit procedures included but where not limited to:

- evaluation of the Group's accounting principles regarding revenue
- gained an understanding of the Group's routines and evaluating internal controls regarding revenue recognition including IT-systems used
- review of a selection of transactions to ensure accurate revenue recognition in accordance with agreements and in the correct period
- review of marginal analysis' as well as analysis of revenue against previous years and budget
- review of the adoption of appropriate accounting principles and that the required disclosures are included in the annual report and consolidated accounts

Impairment Tests of Goodwill

As of 31 December 2021, the group reported goodwill of SEK 3 014 million. On a yearly basis, and when there is an indication of impairment, Nobia tests that the carrying value of assets does not exceed the calculated recoverable amounts for these assets. The recoverable amounts are determined using present value computation of future cash flows per cash generating unit based on the expected outcome of a number of assumptions based on management's business plan and forecasts.

We have identified this as a key audit matter as the Group's goodwill is a material item in the balance sheet and the impairment test have considerable elements of management judgements which among others comprise of estimating future cash flows and calculate weighted average capital cost ("WACC").

For the group's principles on impairment tests of intangible and tangible fixed assets refer to note 1 and for material assumptions used in this year's impairment tests refer to note 13.

Our Audit Procedures

Our audit procedures included but where not limited to:

- evaluation of the Group's accounting principles for the preparation of impairment tests in accordance with IFRS
- evaluation of material assumptions as well as the sensitivity to change in these assumptions
- involving internal valuation expert, mostly related to assumptions on required return in relation to external markets and the impact of IFRS 16 on the model
- review of the discounted future cash flow model for arithmetic accuracy
- examination of the completeness of the disclosures for impairment tests in the annual report and group consolidation.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–29 and 86–104. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nobia AB (publ) for the financial year 2021-01-01–2021-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A separate list of loans and collateral has been prepared in accordance with the provisions of the Companies Act.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Nobia AB for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report 6aecea2c0b3268f49150c78217656 bbdf6928dbc3ef9760b0116c9cac07a0f64 has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Nobia AB in accordance with professional ethics for accountants in Sweden and have other-wise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 20–29 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 33 and 86–98, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that my (our) examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. I (We) believe that the examination has provided me (us) with sufficient basis for my (our) opinion.

A statutory sustainability report has been prepared.

Deloitte AB, was appointed auditor of Nobia AB by the general meeting of the shareholders on the 2021-05-05 and has been the company's auditor since 2017-04-06.

Stockholm April 13, 2022
Deloitte AB

Peter Ekberg
Authorized Public Accountant

Our sustainability work

» **Sustainability is a matter of course for our operations. The focus and direction of our sustainability efforts are determined by our impact, opportunities and demands from our stakeholders.**

A focus on material topics

Our material topics define and determine the direction of our strategic sustainability initiatives. Our sustainability efforts are intended to limit our impact where it is the greatest, to minimise our risks of adverse impacts but also to identify our opportunities through new solutions as well. We survey our operations and our business relationships, as well as the impact they have or could have on people and the environment, through our materiality analysis. We monitor business trends, legal requirements, stakeholder demands and other global driving forces. Material topics are evaluated and ranked in priority based on their impact, the risk of impact and opportunities. Our material topics must always be up to date while creating the framework for long-term strategic initiatives. For example, overall greenhouse gas emissions and their climate impact are not an issue that needs to have its rank adjusted with every update. Rather, the survey is used to identify underlying climate impact issues that we need to address, such as the impact of our suppliers.

The overall material topics identified for Nobia for 2021 are the same as in the previous year: ***sustainable product choices, product safety, sustainable use of resources, cleaner material flows, greenhouse gases, energy efficiency, commitment and skills development, health and safety, equality and diversity and responsible sourcing.*** See our explanation of each issue on the following pages.

The issues are addressed within our strategic focus areas: Innovations for a sustainable lifestyle, Circular materials and flows, Reduced climate impact and Promoting a sustainable culture. They are also addressed in our systematic sustainability initiatives, both locally and centrally.

Innovations for a sustainable lifestyle | Circular materials and flows | Reduced climate impact | Promoting a sustainable culture

Framework and governance

Framework for sustainability topics

Sustainability is integrated throughout all of our operations and our commitment have been implemented in the Group's overall frameworks and processes. Nobia's framework for sustainability topics includes internal and external guidelines and regulations, sustainability strategy, processes, data collection, monitoring and reporting. Fulfilment of these targets and compliance with both the sustainability strategy and sustainability policies are systematically monitored through our internal sustainability management system.

Nobia's commitments and recognition of global initiatives and partnerships lay the foundation for our sustainability initiatives. These include: The UN Global Compact, OECD guidelines, the Paris Agreement and the UN Guiding Principles on Business and Human Rights. Our external commitments and recognitions have served as the basis for Nobia's sustainability policies, such as our environmental and climate policy, Modern slavery statement and our policy for sustainable forestry. Our Group-wide tax policy and our anti-corruption policy are other important governing documents. In addition, our Code of Conduct provides guidance and direction to our employees and partners concerning issues of human rights, anti-corruption, etc. Our Supplier Code of Conduct regulates and governs Nobia's supplier requirements.

Nobia's Code of Conduct for employees and partners serves as a framework that clarifies both the guidelines that Nobia employees must follow and our expectations concerning their judgement and sense of responsibility. It serves as a valuable resource to and assist employees and others to make informed and ethically sound decisions. Our Code provides references to relevant requirements by Nobia, such as policies, practices and procedures. It is an important directive for the company for all new hires and partners.

At Group level, there is a management system for overall management of the Group's sustainability topics, including materiality and risk analyses and data collection. The sustainability management system is an internal tool for business governance that is used to help systematically monitor compliance with sustainability policies, strategic focus areas and the Group's objectives. The sustainability management system and our sustainability framework are an important part of our business development to help fulfil the sustainability ambition in our business strategy.

Dialogue with our stakeholders

Understanding and listening to the external environment and reflecting upon what we learn is key to identifying our impact and the risk of impacts, as well as understanding future expectations of how we will meet the challenges we face. Information from stakeholder dialogues is regularly managed and incorporated into our continual strategic work. We continually maintain dialogues with shareholders, investors, customers and suppliers in order to identify and confirm various issues, as well as to cooperate and exert influence in order to reinforce our sustainability initiatives throughout the value chain. For example, we hold focus groups with project customers in the professional kitchen market where we identify specific requirements and expectations, as well as sustainability dialogues with suppliers. We receive insights and information concerning expectations about us as a company from investors and shareholders, as well as investment bank analysts and external sustainability rankings. We integrate this information into our work and combine it with other requirements and expectations.

Issues that are important to employees are identified through continual dialogue, employee surveys, appraisals, training courses, and Speak up (an anonymous reporting channel), as well as through our local health and safety management system. We learn about the most important perspectives according to various stakeholder groups, including professional associations, civil society and academia, through partner projects and networks. Some examples are the Science Based Targets initiative, the UN Global Compact, the European Works Council and research projects conducted by academic experts. We conduct a survey of all of our stakeholders every other year as a supplement to the continual dialogues.

Governance, organisation and monitoring

A central sustainability function is in place at Group level, responsible for strategic sustainability activities. Nobia's sustainability strategy is part of our business strategy and aims to drive our sustainability initiatives forwards in line with our commitments. The President receives monthly status reports, and sustainability topics are a regularly recurring item on the Board's agenda.

Each production unit has employees working on environmental and sustainability issues. The product development and sourcing units have specialist functions that drive efforts with, for example, product safety, eco-labelling and supplier audits. Sustainability-related procedures and processes, for example, in product development, sourcing and manufacturing, as well as managing product labelling and certification, are integrated into the systems and processes of each function. For instance, the product development process carries out systematic product risk assessments and compliance with environmental legislation takes place within the frame work of the local environmental management systems. There are specialists in the Nordic commercial operation who coordinate sustainability-related customer demands and proactively support our brands' sustainability efforts.

Strategic memberships and partner projects

The following is a list of the main organisations of which Nobia is a member and/or partner

- British Safety Council
- CIK (Circular kitchen project)
- IVL Swedish Environmental Research Institute
- Möbelfakta's criteria council
- Royal Society for the Prevention of Accidents (RoSPA)
- Science-Based Targets initiative
- SIS (Swedish Standard Institute) Furniture Standardisation Committee
- TMF (Swedish Federation of Wood and Furniture Industry)

Certified units

Our production facilities hold management system certification in quality, environment, energy and occupational health and safety. The sales units in Sweden and Denmark are certified according to the quality and environmental standards, and our Magnet stores in the UK are certified under quality and energy standards.

Standard	Unit
ISO 9001	Bjerringbro, Darlington, Dewsbury, Dinxperlo, Freistadt, Grays, Halifax, Leeds, Morley, Tidaholm, Wels, Ølgod
ISO 14001	Bjerringbro, Darlington, Dewsbury, Dinxperlo, Farsö, Freistadt, Grays, Halifax, Leeds, Morley, Nastola, Tidaholm, Wels, Ølgod
ISO 50001	Darlington, Dewsbury, Grays, Halifax, Leeds, Morley
ISO 45001	Bjerringbro[1], Darlington, Dewsbury, Grays, Halifax, Leeds, Morley, Nastola, Ølgod[1]
VCA[2]	Dinxperlo
ISO 14001, ongoing	Eggedal

1) Bjerringbro and Ølgod are awaiting approval of, for example, a new assembly line related to heavy lifting before an update to their ISO 45001 certification can be approved.
2) VCA is a Dutch standard for certified management systems for occupational health and safety and the environment.

1 Innovations for a sustainable lifestyle

Material topics and explanations
Sustainable product choices may be the products' lifetimes, choice of materials, production methods and design, as well as how a kitchen can inspire and enable people to live more sustainably. Therefore the kitchen that a customer chooses has an important impact both forwards and backwards along the value chain. ***Product safety*** means taking responsibility for ensuring that the products we offer are safe to use. It is a requirement for our credibility and survival, and an obvious commitment to our customers.

Management approach and results
We want to support our customers through the entire kitchen journey, from the original idea to a more sustainable life in their new kitchen. Therefore sustainability is an integral part of our design strategy and product development process.

Scorecards and principles provide proper guidance
We use a sustainability scorecard for new products in our product development process. This is how we evaluate our new products in terms of considerations such as materials, function and design, all from a sustainability perspective. We continued to investigate and analyse new products based on the scorecard's criteria in 2021. Areas for improvement for each product category will be identified in the years ahead. The process has also resulted in ongoing development of the criteria.

During the year we implemented sustainability principles for our product categories in order to further strengthen our product development process. These sustainability principles are part of our efforts to inspire and enable a more sustainable life in the kitchen for our customers, and they harmonise with our product sustainability scorecard. The overall principles are broken down to specific criteria for each product category, for example, related to recycled material, water savings, etcetera.

100%
of our cabinets and doors in the UK region and the Netherlands were FSC® certified, with full traceability to the end consumer.

Product safety
Product safety and ergonomics are key in all our product development. Before a new product enters the production phase, systematic product risk assessments and tests are carried out both in-house and by accredited testing institutions in line with EU standards. In the UK, all our cabinets and doors are tested under the Furniture Industry Research Association's (FIRA) furniture requirements. During the year, Nobia had no product safety incidents that led to insurance cases or legal proceedings. No business unit in Nobia was convicted of environmental crimes or reported deviations related to labelling of products.

Eco-labelled products
Products that are eco-labelled, i.e. inspected and approved based on clear environmental requirements, are valuable in helping our customers make good choices for the environment. Nobia has extensive experience in working with eco-labelled products. We launched our first Nordic Swan eco-labelled products back in 1996 through our Marbodal brand, and we are always continuing to refine our eco-labelled range. 75 per cent of our products that were newly introduced to the Nordic market during the year were Nordic Swan eco-labelled products. In Sweden and Norway, where the largest share of our range is of eco-labelled, 44 per cent (44) of the sales value came from Nordic Swan eco-labelled products in 2021. At the same time, we expanded more than 270 doors and 4 cabinets from our existing range to the Nordic Swan eco-label in the Nordic market, which will facilitate a higher share of sales of Nordic Swan labelled products in the future.

44%
of the sales value in Sweden and Norway came from Nordic Swan ecolabelled products.

We are also in the process of increasing our product range of FSC® (Forest Stewardship Council®) FSC® -C100100 or PEFC™ (Programme for the Endorsement of Forest Certification™) certified products, i.e. products containing wood from third-party certified sustainable sources with full traceability all the way to the end consumer. FSC® and PEFC™ certification means higher protection for sustainable forestry and counteracts deforestation. 100% of our cabinets and fronts in our Dutch business are already FSC® certified with full traceability to customers, and during the year we also achieved a corresponding 100% certification of our cabinets and fronts in the UK.

More energy-efficient appliances
Over the lifetime of a kitchen, it is mainly appliances that impact the climate through their energy consumption. Therefore we have initiated a shift of our product range towards even more energy efficient appliances in order to further reduce customers' climate impact. This means staying in close contact with our suppliers in order to shift our range towards products with higher energy ratings. We also need to shift our sales to these products with higher energy ratings in order to have a real impact.

Life cycle analyses
Our project to conduct life cycle analyses and environmental product declarations (EPDs) has entered a new phase, and during the year we initiated regional and local projects to produce EPDs in both the Nordic region and the Netherlands. Read more on page 93.

2 Circular materials and flows

Material topics and explanations
The sustainable use of resources, both in raw material extraction and in our own manufacturing, is crucial to our business. It involves everything from promoting sustainable forestry to contributing to more circular material flows. ***Cleaner material flows*** without problematic chemicals are a requirement for circulating materials efficiently. This is also an important issue in order to be able to meet the higher demand for eco-labelled products.

Management approach and results
The efficient and sustainable use of resources is crucial to our sustainability efforts. We strive to use materials efficiently without reducing the financial value or quality of the products. We know that this presents major opportunities for us, our suppliers and our customers. Based on continuous monitoring, we identify new solutions for how our materials and products can be used over and over.

Wood from sustainable forestry
Wood is our most important raw material, and it is critically important to us that the wood we use comes from sustainable sources and that the raw wood materials are used in a resource efficient manner. In order to ensure the traceability of the wood we purchase, we have a thorough purchase process and suppliers go through our review for responsible sourcing. Information from all of our suppliers of direct material relating to raw wood materials, wood products or products containing wood is collected and processed on an annual basis. Data that has been collected enables us to drive continual improvements. Most of the wood that we purchase now has third-party certification from FSC® or PEFC™. Read more on page 90 and 96.

40%
recycled wood in our incoming board material.

Less waste thanks to efficiency
We implemented efficiency programmes for raw materials at three of our large production plants in 2021. With more efficient sawing and manufacturing processes, wood waste was reduced by 10–15 per cent in the projects and by 5 per cent in total in the Group. We reduced the use of chemicals by 3% at the painting facility in our Swedish factory. The project will continue in 2022.

Waste wood gains a new life
Most of our incoming wood consists of board material, consisting of an average of 40 per cent recycled wood in the form of by-products and recycled material. This way, waste wood from sawmills and forestry as well as from worn-out furniture and other wood products is upgraded into new material. We also work with outside parties to circulate our own production waste into new products through reuse and recycling. We have made financial gains in our UK operation by selling wood waste back to industry rather than managing it as waste. 62 per cent (68) of our wood waste went into new products in 2021, while the remainder was used for energy recovery.

62%
of our waste wood went into new wood products*
* The remainder was used for energy recovery.

Extending the lifetime of products
During the year, our Marbodal brand developed a circular offering called RE:New for the Swedish market. We see increased customer interest in updating and extending the service lives of kitchen products. RE:New offers customers solutions to update their kitchens and give them new life, for example, with new doors and handles. Replacing cabinet doors rather than the entire cabinet framework saves energy and material.

More sustainable materials choices
Even if wood is the primary material in our kitchens, they have plastic components such as knobs and handles. We are working to reduce our climate impact from fossil-based plastics by redirecting our offering of knobs and handles to more sustainable materials choices. In 2022 we will be introducing a knob made from recycled ocean plastic, and we will replace all of our knobs made from virgin plastic at that time. In addition, we are continuing our efforts to reduce our impact from plastics and we continually identify areas for improvement and improvement projects.

Cleaner material flows
We strive towards cleaner flows of materials by reducing our use of classified chemicals. As part of these efforts we work systematically and preventively according to the EU REACH regulations on chemical substances. Emissions of formaldehyde occur naturally in wood, at low levels, but are also linked to binding agents, for example, in wood-based boards. Nobia uses only board materials that are well within the limits according to industry standards (E1), and today we offer products with lower amounts of formaldehyde (half E1) in several markets.

The choice of paint used for surface treatment also affects the chemical content of the products. For example, water-based paint results in significantly lower VOC emissions (Volatile Organic Compound) than acid-based paint. We relate our VOC emissions from surface treatments to the number of doors that are lacquered.This indicator rose slightly in 2021, from 4.3 to 4.9 kg VOC per 100 lacquered details. The increase in VOC emissions for the year was related to the change in the surface treatment process with several layers of paint at our facility in Denmark, higher demand for darker colours and a temporary surplus of acid-based painting in order to ensure deliveries during the installation of new equipment to subsequently start using more water-based surface treatment at our facility in Norway.

Life cycle analyses
An important step in the process of reducing our impact and promoting cleaner material flows has been the start of a pilot project to conduct life cycle analyses of our products. In 2020 Nobia became part of a joint industry initiative in Sweden intended to increase knowledge about products' environmental impact and create an industry-wide tool to generate environmental product declarations (EPDs). The pilot has concluded and we are now going on to plan local EPD projects in several of our markets in order to measure and analyse our products' environmental impact throughout their entire life cycle. Projects to produce EPDs and perform material analyses were initiated during the year in both the Nordic region and the Netherlands.

The EU's criteria for a circular economy

Work is under way right now at the EU level to draw up a classification system for defined sustainable economic activities in order to direct investments towards more sustainable projects and activities. Based on the draft of the EU taxonomy for forthcoming criteria for a circular economy, Nobia performed a Group-wide survey of all of its brands during the year that focused on the extent to which they offer circular solutions to customers in line with the taxonomy. This survey will be further developed and used as a basis for further analysis and development. The results of the survey showed that our strategic investment in an eco-labelled range is well within the taxonomy's criteria for sustainable kitchen manufacturing.

Responsible wood consumption

		2019	2020	2021
Wood consumption	thous. of m^3	429	374	382
Recycled wood in board material	%	37	37	40
Share of wood from certified sources[1]	%	91	97	96

1) FSC® or PEFC™

Waste diverted from disposal, tonnes

	2019	2020	2021
Waste wood	30,091	29,527	25,634
Other	2,800	3,074	3,324
Total	**32,891**	**32601**	**28,958**
Nonhazardous waste diverted from disposal			
for reuse	4,715	8,667	9,009
for recycling	28,176	23,934	19,730
Hazardous waste diverted from disposal[1]			
for reuse	0	0	24
for recycling	0	0	196

1) Detailed data on the method for managing hazardous waste is not available for before 2021. Hazardous waste before 2021 was recognised under the item incineration.

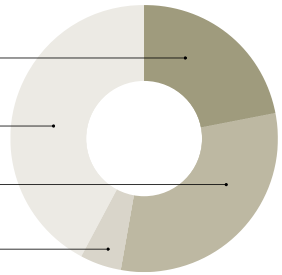
Waste for disposal, tonnes

	2019	2020	2021
Waste wood	14,848	13,751	15,569
Other	3,229	2,769	2,104
Total	**18,077**	**16,520**	**17,672**
Nonhazardous waste for disposal			
for incineration with energy recovery, internally	3,706	3,093	2,057
for incineration with energy recovery	13,503	12,429	14,928
for landfill	320	310	140
Hazardous waste for disposal			
for incineration with energy recovery	548	688	547

Significant air emissions

		2019	2020	2021
Emissions of volatile organic compounds (VOCs)	tonnes	298	262	298
VOC per lacquered details	kg VOC/100 details	4.9	4.3	4.9

Management of our waste wood, %



3 Reduced climate impact

Material topics and explanations
Emissions of greenhouse gases from activities in our value chain, such as manufacturing, transportation and the choice of materials and processes, result in an impact on the climate. ***Energy efficiency and energy optimisation*** to produce more out of less is key to reducing CO_2 emissions, in both our operations and our value chain. Energy efficiency is also a significant part of reducing customers' climate impact in the kitchen.

Nobia has science-based climate targets in line with the Paris Agreement

to help limit global warming to below 1.5 degrees

2016 → TARGET 2026

Target Scope 1 and 2: We will reduce CO_2 emissions from manufacturing and own transports by 72% by 2026 (base year 2016).

↓ 72%

Scope 3 upstream:

65% of our total carbon footprint in the value chain.

Purchased goods and materials | Acquired capital goods | Transports

Scope 1 and 2:

3% of our total carbon footprint in the value chain.

Production of heat in own production sites | Electricity and heat for production sites and own stores | Transport of goods and business travel using own vehicles

Scope 3 downstream:

32% of our total carbon footprint in the value chain.

Transports | Product usage | End of life treatment

Target scope 3:
- Based on CO_2 emissions from our suppliers in the categories of purchased goods and product usage, 70 per cent of the suppliers will have adopted science-based targets by 2025.
- We will adjust our product portfolio of appliances to help reduce customers' energy consumption and related climate impact in the kitchen by 2024.

Calculations above form the basis for our SBT approval. The categories illustrate our major emissions.

Management approach and results
Greenhouse gases are emitted from our manufacturing and transportation, but also indirectly from our suppliers and customers. We work both within our own operations and also upstream and downstream in the value chain to strengthen and develop climate activities and reduce the impact.

Scientific climate targets
Nobia has adopted scientific climate targets in line with the Paris Agreement, which have been approved by the Science-Based Targets initiative (SBTi). Our scientific climate targets comprise both our own operations and our value chain. Our own consumption and emissions are followed up on a quarterly basis, and every production unit has individual targets that jointly guide us towards our Group-wide climate targets.

85%
renewable electricity and heating in production and own stores.

Conversion to renewables
We have 100 per cent renewable electricity in our production and in our own stores. Over the last few years we have also converted to more fossil-free and efficient heat. At the end of the year, 70 per cent (74) of our total generated heat in production and in stores was renewable, corresponding to a total share of 85 per cent (88) of electricity and heat being renewable.

In the UK we have continued the conversion to heating with wood waste instead of fossil gas. A delay in the delivery of the new heating plant has resulted in temporary use of heating oil as a substitute, which has had some effect on the year's total share of renewable heating. Boilers have now been installed and will generate more energy-efficient and fossil-free heating in the future.

Reduced emissions
Thanks to the conversion to renewable electricity and heat, we have reduced our Scope 1 and 2 emissions considerably in recent years. Today the majority of these emissions come from heat, business travel and our own goods transports. We are continuing to implement large-scale conversions in the areas of business travel and transports in order to further reduce our carbon footprint.

During the year we introduced an intermodal solution for some of our shipments from Denmark to the Swedish market by using trains to Katrineholm, Sweden, with the potential to expand this solution to a larger share of these shipments. Other measures, such as route optimisation and telematics to optimise fuel consumption and driving style, are also beginning to show some impact. In the UK we switched from using a previous transport solution involving multiple haulage companies as well as our own transports to only using one large carrier. We expect this move to provide synergies, new technology and economies of scale, which should also have an impact on CO_2 emissions from our transports. We have switched to other carriers in Sweden and Norway as well. By using these three new carriers, we plan to develop a "multi-brand transport system" for each market while reducing transport-related emissions at the same time.

When it comes to our business travel, we have initiated a transition from fossil fuel-driven vehicles to electric vehicles, primarily in the UK, and we expect to reduce emissions from our own business travel in the future.

Energy efficiency in our operations is continually measured and followed up in all units and centrally. All production units in the UK have ISO 50 000 certified energy management systems.

An environmental focus in the value chain

The largest part of Nobia's total CO_2 emissions derives from our value chain (Scope 3) in the form of the extraction and manufacture of direct materials and products, transportation to and from our plants, and the use of our products. We further expanded our survey of the carbon footprint of input materials and services during the year, and our calculations now encompass more than 90 per cent of the costs for direct materials. As a result of the expanded survey, we now have the majority of our CO_2 emissions from the value chain occurring upstream. The process of calculating our carbon footprint in the value chain is complex and involves both internal players and external players such as our suppliers. By continually making our calculations more detailed, we expand our knowledge about our products' indirect impact and can find potential improvements and new solutions. Therefore we view surveying our value chain as a continual process and we plan to increase the level of detail as we go.

Our environmental focus in the supply chain is an active ongoing process. During the year we engaged in dialogue with several important suppliers about expanding climate efforts, with a focus on encouraging more companies to adopt science-based climate targets, thereby reducing their climate impact in the value chain. In order to evaluate the level of dependence on fossil fuels in our supplier chain, we initiated a project to survey our suppliers at the end of the year. In this project we are working with our important suppliers of direct materials to identify the degree of use of fossil energy in manufacturing. We have initiated a project to shift the offerings in our appliance portfolio to more energy efficient products as part of our effort to offer energy efficient sustainable kitchen solutions to our customers. Read more on page 88.

Climate-related risks and opportunities

During the year, we analysed future global warming scenarios, using our business and sustainability strategies as a starting point. With support from an outside expert, we identified risks and opportunities and analysed our work in assessing, managing and monitoring these risks and opportunities today. Additional information is available on the TCFD (Task Force on Climate-related Financial Disclosures) website. See page 37 for references.

CO_2 emissions	Tonnes CO_2e, thousands	2019	2020	2021
Scope 1		12.6	10.2	10.4
Scope 2, market-based		0.7	0.6	0.8
Biogenic emissions		8.0	6.9	4.9
Scope 2, locally based		16.8	13.6	9.6
Scope 3, upstream		298	252	262
Scope 3, downstream		151	127	128

CO_2 intensity, electricity	gCO_2/kWh electricity	0	0	0
CO_2 intensity, heating	gCO_2/kWh heating	73	63	75

Energy consumption		2019	2020	2021
Total energy consumption[1]	GWh	183	170	164
Non-renewable fuel	GWh	52	41	42
Renewable fuel	GWh	21	21	17

100%
renewable electricity in all production plants and all own stores.

4 Promoting a sustainable culture: *Sustainable corporate culture*

Material topics and explanations
The commitment and skills development of our employees is a prerequisite for driving change and remaining a healthy organisation in the long term. ***Health and safety*** are central; all employees must feel safe at work. ***Equality and a diversity of perspectives***, experience and skills are crucial to attracting and retaining employees.

Management approach and results
It is through our employees that we can make a difference. We offer a corporate culture that provides an opportunity to learn, work sustainably and, above all, be inspired.

Clear purpose and shared values
For the first time in Nobia's history, a shared purpose and values were launched in spring 2021. With "Designing Kitchens for Life" we have defined and are unified on Nobia's overall purpose. We have used our values of Care, Deliver and Inspire to lay the foundation for our work and actions, regardless of where in the company we work or what role we have. To nurture a sense of commitment to our purpose and values that guide all parts of Nobia, we launched films in various channels and in all Group languages as a way of speaking to all employees. 20 Group-wide, cross-functional virtual workshops, known as "Deep Dive Purpose Sessions", were held during the year to provide a deeper understanding of our purpose and increase cooperation between units and geographies.

70%
of Nobia's top managers participated in a leadership programme.

Skills development for lasting success
In order to further develop the skills to lead Nobia's transformation from both organisational and employee perspectives, the Quantum Leap Leadership Program was developed in cooperation with the Stockholm School of Economics (SSE Executive Education). 70 per cent of Nobia's top managers participated in the programme, which is tailored to address Nobia's challenges, over a 12-month period. A further 100 managers, specialists and sustainability ambassadors were invited to a lecture on sustainability as part of the programme in the autumn.

Nobia's goal and development process for employees is an integral part of our work approach, which creates shared responsibility for our corporate objectives and ensures valuable contributions by all employees. This process also contributes to planning and following up on learning and development for every employee, in both their current role and their future career ambitions. In order to deliver on our strategy, a more forward-looking and transparent method for determining and following up on individual goals was established during the year. Quarterly "check ins" have replaced our annual process in order to continually sharpen the focus on the next quarter. This approach increases clarity, the frequency of feedback and commitment among our employees. We also ensure that continual development discussions take place between employees and their managers.

100%
of Group management received training on planetary boundaries and the circular economy.

Employee survey basis for local action plans
Our employee survey, MyVoice, is an important tool for following up on how employees perceive their workplaces. The year's commitment index from the survey amounted to 79 (78), with a response rate of 81 per cent (81). In addition to commitment, the responses indicate that management is perceived as strong, characterised by respect for employees and setting clear expectations. 68 per cent of all teams rate their managers as "good" or "very good." The survey is used as a basis for creating an active programme on commitment, leadership and the work environment. Local action plans are being developed that support our shared objectives.

Safer and more secure workplaces
We have a vision of zero work-related injuries and accidents. The work environment at all Nobia workplaces is governed by Group-wide policies and local work environment policies. Overall work environmental responsibility rests with the CEO, who then delegates responsibility to the line managers in accordance with procedures in each respective country. All employees have a personal responsibility to contribute to a safe workplace, to act in a safe manner and to react to deficiencies and risky behaviour. Both managers and employees are continually trained in health and safety. Occupational health care is offered to all employees at all units, but varies in scope between different countries.

All production units have local management systems that encompass all of the employees with more detailed health and safety procedures. Eight out of 14 of our production facilities are third-party certified and two others are pending updated certification, read more on page 87.

The local management systems comprise a framework to promote continuous improvements and include physical and psycho-social health, as well as safety. The management systems also provide guidance in compliance with legislation and requirements, as well as processes for working proactively to minimise the risk of occupational accidents and ill health by assessing and preventing risks. These risk assessments are conducted at least annually at all units, with the employees who carry out the assessments receiving continuous training to ensure high quality. For example, in Norway we conducted a workplace assessment with an external partner in order to identify opportunities to prevent injuries. The analysis shows that this is largely a matter of facilitating proper work posture, enabling variation in tasks and short breaks, and easing the load on the body through cushioning in shoes and anti-fatigue mats. Risk assessments are analysed and updated per unit. Central and local safety committees, comprising local managers, engineers and safety officers, meet regularly to review the results of safety checks and incidents. These committees are also usually included in the implementation of risk assessments.

Analysis for prevention
Safety is always highest on the agenda through daily monitoring of incidents and accidents, and is followed by investigation and action when applicable. Every workplace accident is analysed to enable measures to be taken so that a similar accident never happens again. Workplace accidents and activities to prevent them are monitored by senior management on a monthly basis using our scorecard for production. This scorecard is an internal tool that covers several strategically important questions, such as workplace accidents.

The number of work-related accidents increased during the year, from 58 to 70 reported accidents. No accidents with serious consequences took place during the year. The majority of the increase took place at our production facility in Sweden, primarily in the form of pinched fingers/hands and chemicals in the eyes. Several steps were taken during the year to strengthen health and safety efforts. At our Tidaholm operation, rules for the use of safety goggles were emphasised through visualisation, and escalation procedures for workplace accidents were clarified.

	2019	2020	2021
No. of work-related injuries[1]	66	58	70
Frequency of occupational injuries[2]	11.1	10.4	12.9
No. of serious work-related injuries[3]	0	0	0
Thousands of hours worked	5,964	5,567	5,424

1) work-related injury with at least 8 hours' sickness absence
2) per million hours worked
3) work-related injury resulting in death or in an injury from which the employee is unable to or not expected to recover completely to their pre-injury health status within six months

The organisational and social work environment were also analysed in the year's employee survey. The results show a high perceived workload among employees at the overall level. To prevent this and improve the organisational work environment, we are developing a training course for managers to proactively detect signs of workload or stress. In addition, there was a large initiative in the UK called "Mental Health First aiders".

The management of Covid-19 and its effects has continued in our operations. We also complied each country's guidelines during the year and have continually discussed with employees on how they perceive their work situations. The majority of employees said in the survey that they feel satisfied with the company's handling of the situation.

In addition to local activities to promote health, a new initiative was started for all Nobia employees in 2021. Every Wednesday they receive tips for better well-being, from sleep and mindfulness to inspiring recipes. During the year employees were also invited to participate in a challenge to exercise 100 times during one year: #nobia-100daychallenge.

Business potential for increasing equality and diversity

An inclusive and diverse workplace is fundamental for attracting and retaining skilled employees. Through our Code of Conduct and our equality and diversity policy, we clarify Nobia's position and views on equality and diversity as a right and a resource for the company's development. The new training on the Code of Conduct contained situations and learning opportunities on equality and workplace harassment. An external analysis of equality and diversity issues was performed in 2021. The analysis will be used as a basis for additional actions. The results of the employee survey show that there is a need to focus more on equal opportunity and obligations regardless of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age. A new recruitment process for recruiting executives in the Nordic region was introduced during the year, where objective testing tools are used early in the process.

Gender distribution, total and in senior positions	2019	2020	2021
Total, % women/men	27/73	28/72	28/72
Board of Directors, % women/men	50/50	50/50	50/50
Group Management, % women/men	8/92	25/75	22/78
Managerial roles, % women/men	24/76	29/71	33/67

Our employees

On 31 December 2021, Nobia had a total of 6,052 employees in seven countries, which is an increase of just over 2 per cent on last year. 47 per cent of our employees work in production and logistics and 53 per cent work in administration and sales.

Most are permanent employees. Only approximately 1 per cent is temporary; they are located in Sweden, the Netherlands and the UK.

Our employees are covered by collective agreements in each of these countries except the UK. All of the countries are represented on the European Work Council (EWC), a European information and consultation council.

4 Promoting a sustainable culture: *Responsible sourcing*

Material topics and explanations
Responsible sourcing in order to minimise risks, promote a sustainable supply chain and form good relationships with our suppliers is crucial to our ability to offer attractive products to our customers. By supporting effective cooperation with responsible suppliers, we will help reduce the impact on people and the environment occurring in the supply chain, for instance by contributing to cleaner material flows, circular partnerships, reduction of greenhouse gases and energy efficiency measures.

Management approach and results
Responsible supplier chains protect vulnerable employees and reduce environmental and financial risks. Through our programme for responsible sourcing, we will work to contribute to sustainable development in our value chain.

Compliance with our Code of Conduct
To identify and manage risks in our supply chain, we have a programme that covers risk analysis, review and evaluation and contains an anonymous channel for reporting violations of our Supplier Code of Conduct. The Code of Conduct regulates and governs Nobia's supplier requirements concerning working conditions, human rights, business ethics and environmental considerations. Compliance with the Code of Conduct is a requirement in our risk assessment of suppliers. Identified risk is a basis for monitoring. Of our suppliers of direct material, 99 per cent are from Europe and the remainder from Asia. We want to contribute to sustainable global supply chains by preventing risks and negative impact on people and the environment. Preventing all forms of modern slavery is an important part of this work, and we report our work and results annually in accordance with its Modern Slavery Statement.

98%
of all suppliers in our programme for responsible sourcing were approved at year-end.

Programmes for responsible sourcing
Nobia's risk assessment programme and follow-up cover approximately 300 significant suppliers, corresponding to 99 per cent of our total cost for direct materials. The programme builds on such parameters as country of production, production process, product type and materials, as well as the supplier's preparedness, for example, in the form of applicable management system. Based on these factors risk is weighed against preparedness and we assess the risk of violations of legal frameworks and Nobia's Supplier Code of Conduct. The risk assessment is the basis for decisions on audits at the supplier. Physical supplier audits are intended to verify, manage and ameliorate any deviations and to identify areas for improvement. For example, a decision on an audit may be the result of a supplier not having a certified management system, combined with a high-risk production process.

Three new suppliers were added to the programme during the year, and all of them were approved at an initial review. A limited number of physical audits were performed due to constantly changing regulations relating to Covid-19. Several deviations in the area of health/safety were identified and actions were taken. In summary, 98 per cent (92) of all suppliers in the programme were approved at year-end. The remainder were awaiting an updated audit, which is planned to take place in 2022.

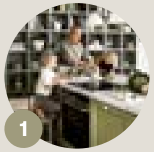
Exercising influence further upstream in the supply chain
We work actively in our programme for responsible sourcing to reach further downstream in the supply chain, in accordance with our sustainability strategy. A pilot project was initiated and to date 62 per cent of suppliers included in the project have confirmed that they are willing to share information about their critical sub-suppliers. An analysis will begin in 2022 to identify which of the subcontractors may be relevant to our review and audit programme. At the same time, we are continuing to work with the remainder of the suppliers who have not yet shared information about their subcontractors.

Active environmental dialogues
In addition to preventive risk management, we work in continuous dialogue with our suppliers in order to reduce environmental impact in the supply chain. One example is setting scientific climate targets, while other examples are identifying data for Scope 3 and dialogue on fossil fuel dependence, circular solutions etc. Read more on pages 88–92.

Programs for responsible sourcing, number	2019	2020	2021
Significant suppliers	294	287	288
Sustainability-reviewed suppliers	279	285	287
Suppliers approved after review	246	257	274
Suppliers with audit requirements	33	28	13
Suppliers approved after audit	14	6	8
Suppliers not approved after audit (in current programmes)	6	0	2
Suppliers awaiting audit (in current programmes)	13	22	3

The information in the table shows the status of Nobia's supplier programme at the end of each year.

Results and achievements according to plan

Area	Strategic objectives	Status	Results and progress
 1 Innovations for a sustainable lifestyle	100 per cent of new kitchen products are to be designed for a more sustainable life in the kitchen by 2025.		According to plan. Sustainability is an integrated part of the product development process and we have now initiated work on identifying areas for improvement for our various product categories.
	A minimum of 90 per cent of new doors and tabletops in the Nordic region are to be eco-labelled by 2025.		According to plan. 75 per cent of new products launched during the year in the Nordic region had the Nordic Swan eco-label.
	We will shift our offering of refrigerators/freezers and stoves/ovens to higher energy rating categories by 2024.		According to plan. 89 per cent of our sales of stoves/ovens were in the higher energy rating categories (A and up). The EU's energy labelling system for refrigerators/freezers was updated in 2021, which affected follow-up during the year.
 2 Circular materials and flows	At least 99 per cent (based on volume) of all wood will originate from FSC® or PEFC™ certified sources, and the remainder from suppliers audited and approved for sustainability, by 2025.		According to plan. 96 per cent (97) of Nobia's total timber and wood materials originated from a certified source. The remaining wood, 4 per cent, came from suppliers audited and approved for sustainability. Moreover, at least 90 per cent of all timber and wood materials purchased in our UK operation and 100 per cent purchased in our operation in the Netherlands was FSC® or PEFC™ certified, with full traceability all the way to the customer.
	100 per cent of our cabinets and doors in the UK region will be FSC® certified with full traceability to the customer by 2021.		According to plan. The target was met. 100 per cent of our cabinets and doors in the UK region are now FSC® certified. 100 per cent of our cabinets and doors in our Dutch business are also FSC® certified.
	100 per cent of the virgin plastic in knobs and handles is to be replaced by a more sustainable alternative by 2023.		According to plan. 100 per cent of knobs made from virgin plastic will be replaced by 100 per cent recycled ocean plastic already in 2022.
	We will initiate partnerships and collaborations to extend the lifetime of our materials and products.		According to plan. A partnership to reuse wood waste is already operating in the UK at a profit. In 2021 Nobia AB initiated a partnership with Cradlenet, a voluntary organisation and platform for a circular economy in Sweden.
 3 Reduced climate impact	A 72 per cent reduction in CO_2 emissions from manufacturing and own transports (Scope 1 and 2) by 2026 (2016 baseline).		According to plan. At the end of 2021 we had achieved a 71 per cent (72) reduction compared with 2016, and we are continuing our efforts to reduce our CO_2 emissions, primarily in production and transports.
	70 per cent of our suppliers (based on CO_2 emissions), related to purchased goods and services and customer use of purchased goods, must have scientific climate targets by 2025.		According to plan. Dialogues have been held with the largest appliance suppliers as well as our wood suppliers to encourage them to adopt scientific climate targets. At year-end, 56 per cent (48) of the suppliers, based on emissions, had adopted their own scientific climate targets.
 4 Promoting a sustainable culture	Skills development in sustainability such as training courses, support and tools are to be available for all employees in all markets by 2023.		According to plan. Eight target group-specific Group-wide training courses were held during the year, including leadership programmes and "train the trainer" courses for our sustainability ambassadors. Several brands held specific trainings for their stores and salespeople in order to improve their knowledge about Nobia's sustainability efforts as a whole and the brand's initiatives in particular.
	We will include critical subcontractors in our risk assessment by 2023.		According to plan. To date, 62 per cent of suppliers in material groups such as stone and surface-treated metal are willing to share information on relevant subcontractors. Assessment and analysis of each supplier will begin in 2022.

Long-term value creation

Nobia generates value for our customers and other stakeholders through the development and manufacturing of kitchen products and the sale and distribution of complete kitchen solutions to end customers. The economic value generated primarily consists of sales of products. The economic value generated is then distributed among suppliers, employees, society, lenders and owners. Distributed economic value is equivalent to generated economic value. The largest share of our distributed economic value pertains to payments to suppliers for products and services that we purchase.

Direct economic value generated and distributed, SEK m	2109	2020	2021
Net sales	13,930	12,741	13,719
Operating expenses	8,955	8,633	8,951
Employee wages and benefits	2,750	2,769	2,899
Social security contributions and pensions	593	588	604
Taxes to state and municipality	229	100	201
Interest to lenders	17	24	41
Dividends to shareholders	675	0	338
Economic value retained	711	627	685

About our sustainability reporting

Report premises
This sustainability report has been prepared in accordance with the Core level of the GRI Standards. The sustainability report encompasses all principles of the UN Global Compact and explains Nobia's sustainability impact, the Group's work to reduce this impact and results. Nobia has published GRI-based sustainability reports since 2012. This report refers to the 2021 calendar year. The sustainability report has not been subject to review or audit by an external party, beyond the auditor's statutory statement that a sustainability report has been prepared. Nobia does not report any activities in 2021 under the framework of the EU Taxonomy Regulation, read more on page 33.

Scope
The report encompasses the entire Group. Specific boundaries for each material topic are presented on pages 86–98. The content of the Sustainability Report and the sustainability topics presented are based on a materiality analysis and summarise the sustainability initiatives of the past year. Environmental data such as energy, CO_2 emissions and waste is based on operations in our production facilities and own stores, and on activities and products in the value chain to the extent possible.

Omitted information: GRI 301-1 Only wood is reported on since it is our most extensive material flow. GRI 305-7 Only emissions of volatile organic compounds (VOCs) from painting facilities are reported. GRI 403-8 Data on accidents and hours worked encompasses all employees at our production facilities, but not local sales companies. Training courses and health/safety data do not apply to consultants.

Changes to the report
Since GRI updated its guidelines for reporting waste, wood waste for own incineration is now included in total waste quantities, and the total quantity of waste has been updated for all years reported. When data per unit was collected, minor deviations were discovered and adjusted for previous years. This primarily concerns waste, recycled wood in incoming material, number of workplace accidents and the share of sales for Nordic Swan eco-labelled products.

As a result of the refined and expanded calculations of Scope 3 emissions and updated conversion factors for wood, the distribution between upstream and downstream emissions has been adjusted.

Calculations
Calculations of carbon emissions from energy consumption and transportation were based on the guidelines of the GHG Protocol's Corporate Accounting and Reporting, and they encompass all greenhouse gases converted to carbon dioxide equivalents, CO_2e. We apply an operational control strategy. Calculations on internal sustainability data are based on actual data from meters and invoices as far as possible. Information for electricity, heating, business travel and goods transport is based on supplier-specific information. Conversion factors for energy consumption and carbon emissions are based on data from the Swedish Environmental Protection Agency and Swedenergy. Conversion factors for CO_2 emissions for oil: 2.69 tCO_2e/m^3, gas 2.32 $kgCO_2e/m^3$, diesel 2.55 tCO_2/m^3, petrol: 2.38 tCO_2/m^3, natural gas for vehicles: 2.86 $kgCO_2e/kg$, biomass (wood): 0.0276kg CO_2e/kg. Amounts of HVO in consumed fuel are not included in current calculations. Calculation of Scope 3 emissions is based on a hybrid approach, with actual values when available, otherwise on generic data. We continually work to improve data quality by replacing secondary data with primary data. For further information and data on energy and climate calculations, refer to Nobia's CDP Climate Investor Response 2021.

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1) Our tool for supplier assessment comprises several parameters, meaning that it is currently not possible to specify the environmental or social grounds on which reviews and audits are based. For example, a decision on an audit may be the result of a supplier not having a certified management system, combined with a high-risk production process.

The share and shareholders

» The Nobia share is listed on Nasdaq Stockholm in the Mid Cap segment under the ticker NOBI.

» Nordstjernan is the largest owner with 24.9 per cent.

The Nobia share is listed on Nasdaq Stockholm and is included in the Consumer Products and Services sector in the Mid Cap segment. In 2021 the share price declined by 17 per cent. Market capitalisation at the end of 2021 was SEK 9.3 billion.

Listing and turnover

The Nobia share has been listed on Nasdaq Stockholm since 2002. In 2021 the share was included in the Consumer Products and Services sector in the Large Cap segment. In January 2022 the share was moved to the Mid Cap segment since its average market capitalisation in November was below a value corresponding to EUR 1 billion. The majority of the shares are traded on Nasdaq Stockholm, but some shares are also traded on other marketplaces.

In 2021, a total of 80 million Nobia shares (80) were traded on Nasdaq Stockholm at a value of SEK 5.1 billion (6.9). The average turnover per day was approximately 317,000 shares (552,000), corresponding to a value of SEK 20m (27). The Nobia share's liquidity, measured as rate of turnover, totalled 46 per cent (75). The average rate of turnover on the Stockholm exchange was 55 per cent (52).

Share performance

The share price declined 17 per cent, compared with the Stockholm exchange in total, which rose approximately 35 per cent in the same period. The closing price for the Nobia share in 2021 was SEK 54.50. The highest price paid in 2021 was SEK 81.50 on 12 June. The lowest price paid during the year was SEK 48 on 20 December.

Share capital

On 31 December 2021, Nobia's share capital amounted to SEK 56.7m divided between 170,293,458 shares with a quotient value of SEK 0.33. Each share, with the exception of bought-back treasury shares, entitles the holder to one vote, and carries the same entitlement to the company's capital and profits.

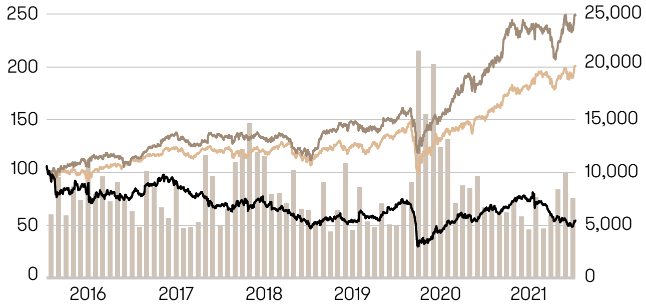
Dividend policy

Nobia's dividend policy is that the dividend should comprise a minimum of 40 per cent of net profit after tax. Investment requirements, acquisition opportunities, liquidity and the financial position of the company in general are taken into consideration when preparing dividend proposals.

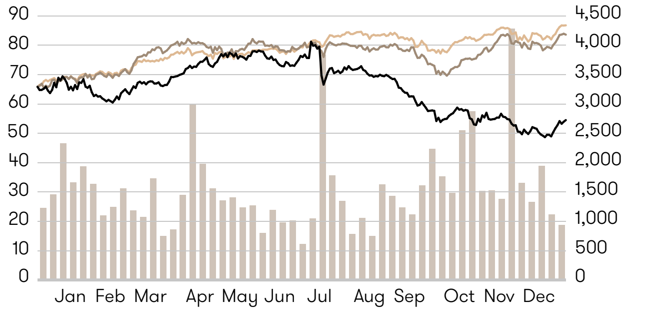
Share data
Listing: Nasdaq Stockholm, Mid Cap
Ticker: NOBI
Sector: Consumer Products and Services
ISIN code: SE0000949331

Analysts that follow Nobia

Company	Analyst
Carnegie	Kenneth Toll Johansson
DNB Markets	Mattias Holmberg
Handelsbanken	Adela Dashian
Nordea	Victor Hansen
Pareto	Fredrik Moregård



Nobia
OMX Stockholm Benchmark PI
OMX Stockholm Consumer Goods PI
Turnover number of shares, thousand each month
Source: WebfinancialGroup



Nobia
OMX Stockholm Benchmark PI
OMX Stockholm Consumer Goods PI
Turnover number of shares, thousand each week
Source: WebfinancialGroup

Proposed dividend
The Board's proposal for the 2021 dividend is SEK 2.50 per share (2.00). The total dividend is SEK 421m, corresponding to 60 per cent of net profit after tax.

Treasury shares
At the and of 2021, Nobia owned 2,040,637 treasury shares, corresponding to 1.2 per cent of the total number of shares issued. 600,000 shares were bought back during the year. The purpose of treasury shares is to safeguard Nobia's commitments under the Group's share-based remuneration plan.

Ownership structure
At year-end, Nobia had approximately 17,000 shareholders. Swedish ownership was 71 per cent (73). The largest foreign shareholdings were in the US, with approximately 13 per cent, and the UK and Belgium, with approximately 5 per cent each. The five largest owners together owned 54 per cent of shares at year-end.

Shareholdings among persons in senior positions
At the time of publication of this Annual Report, Group management owned, directly and indirectly, 2,137,249 shares and call options in Nobia (2,053,140). On the same date, Nobia's Board members had total direct and indirect holdings of 391,000 shares and call options (30,500).

Ownership structure, 31 December 2021

	Number of shareholders	Percentage of shareholders	No. of shares	Percentage of capital
1–500	13,062	75.2	1,698,026	1.0
501–1,000	1,853	10.7	1,524,171	0.9
1,001–5,000	1,817	10.5	4,161,108	2.4
5,001–10,000	317	1.8	2,352,814	1.4
10,001–15,000	66	0.4	846,557	0.5
15,001–20,000	46	0.3	815,949	0.5
20,001–	207	1.2	158,816,156	93.3
Total	**17,368**		**170,214,781**	

Largest owners, 31 December 2021

Shareholder	No. of shares	Percentage of capital, %
Nordstjernan AB	42,432,410	24.92
IF Skadeförsäkring AB	18,200,000	10.69
Fourth Swedish National Pension Fund	14,789,018	8.68
State Street Bank and Trust	8,270,695	4.86
Swedbank Robur funds	8,032,890	4.72
BNY Mellon SA/NV	6,054,352	3.56
Lannebo funds	5,564,522	3.27
JP Morgan Chase Bank NA	3,983,358	2.34
BNY Mellon NA	3,976,601	2.34
First Swedish National Pension Fund	3,466,610	2.04
The 10 largest owners	**114,770,456**	**67.4**

Source: Euroclear Sweden

At year-end, Nobia held 2,040,637 treasury shares, corresponding to 1.2 per cent of shares.

Data per share

	2017	2018	2019	2020	2021
No. of shares at year-end (millions)	175.3	170.3	170.3	170.3	170.3
No. of shares at year-end after dilution (millions)	168.7	168.7	169.3	169.3	168.6
Average no. of shares at year-end after dilution (millions)	168.7	168.7	169.0	169.3	170.0
Share price at year-end, SEK	69.40	49.24	69.80	65.85	54.50
Earnings per share after dilution, SEK	6.02	4.46	4.79	1.50	4.18
Shareholders' equity per share, SEK	25	23	25	24	29
Dividend per share, SEK	7.00	4.00	0	2.00	2.50[1]
P/E ratio, multiple	12	11	15	44	8
Direct yield, %	10.0	8.1	0	3.0	4.6
Share of dividend, %	116	90	0	133	60

1) Proposed dividend.

Five-year overview

SEK m	2017	2018	2019	2020	2021
Income statement					
Net sales	12,744	13,209	13,930	12,741	13,719
Change in %	1	4	5	–9	8
Gross profit	5,014	5,090	5,305	4,444	5,278
Operating profit	1,286	1,018	1,132	437	1,009
Financial income	9	10	1	7	148
Financial expenses	–45	–42	–94	–91	–250
Profit after financial items	**1,250**	**986**	**1,039**	**353**	**907**
Tax on net profit for the year	–256	–233	–229	–100	–201
Profit for continuing operations	994	753	810	253	706
Profit from discontinued operations, net after tax	21	–	–	–	–
Net profit for the year	**1,015**	**753**	**810**	**253**	**706**
Net profit for the year attributable to:					
Parent Company shareholders	1,015	753	810	253	706
Non-controlling interests	0	–	–	–	–
Net profit for the year	**1,015**	**753**	**810**	**253**	**706**
Balance sheet					
Fixed assets	4,034	4,759	7,641	6,806	7,212
Inventories	908	962	1,145	1,035	1,211
Current receivables	1,765	1,917	1,803	1,609	1,784
Cash and cash equivalents	473	128	257	635	422
Assets held for sale	–	–	–	–	–
Total assets	**7,180**	**7,766**	**10,846**	**10,085**	**10,629**
Shareholders' equity	4,154	3,897	4,277	4,034	4,923
Non-controlling interests	–	–	–	–	–
Non-interest-bearing liabilities	2,453	2,440	2,487	3,027	3,268
Interest-bearing liabilities	573	1,429	4,082	3,024	2,438
Liabilities attributable to assets held for sale	–	–	–	–	–
Total shareholders' equity and liabilities	**7,180**	**7,766**	**10,846**	**10,085**	**10,629**
Net debt including pensions	77	1,266	3,819	2,387	2,014
Capital employed	4,727	5,326	8,359	7,058	7,368
Operating capital	4,231	5,163	8,096	6,421	6,937

SEK m	2017	2018	2019	2020	2021
Performance measures					
Gross margin, %	39.3	38.5	38.1	34.9	38.5
Operating margin, %	10.1	7.7	8.1	3.4	7.4
Operating profit before depreciation/amortisation and impairment (EBITDA)	1,573	1,344	1,967	1,426	1,809
Operating margin before depreciation/amortisation and impairment, %	12.3	10.2	14.1	11.2	13.2
Profit after financial items as a percentage of net sales	9.8	7.5	7.5	2.8	5.1
Turnover rate of operating capital, multiple	3.0	2.6	1.7	2.0	2.0
Return on operating capital, %	31.5	21.7	14.2	6.0	15.1
Return on equity, %	27.8	20.2	20.4	6.1	15.9
Debt/equity ratio, %	2	32	89	59	41
Equity/assets ratio, %	58	50	39	40	46
Cash flow from operating activities	987	1,001	1,633	2,068	1,540
Investments	319	414	465	308	892
Earnings per share after dilution	6.02	4.46	4.79	1.50	4.18
Dividend per share, SEK	7.00	4.00	0.00	2.00	2.50[1]
Personnel					
Average number of employees	6,178	6,178	6,161	5,977	6,041
Net sales per employee, SEK thousands	2,094	2,172	2,280	2,159	2,267
Personnel expenses	2,939	3,135	3,343	3,357	3,503
Number of employees at year-end	6,087	6,081	6,109	5,901	6,052

1) The Board's proposal.

Reconciliation of alternative performance measures

Nobia presents certain financial performance measures in the Annual 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 page 103.

Analysis of net sales Nordic region, Jan–Dec

	%	SEK m
2020		6,801
Organic growth	10	689
Currency effect	–2	–94
2021	**9**	**7,396**

Analysis of net sales UK region, Jan–Dec

	%	SEK m
2020		4,649
Organic growth	6	275
Currency effect	0	1
2021	**6**	**4,925**

Analysis of net sales Central Europe region, Jan–Dec

	%	SEK m
2020		1,291
Organic growth	12	148
Currency effect	–4	–41
2021	**8**	**1,398**

Operating profit before depreciation/amortisation and impairment, Jan–Dec

	2017	2018	2019	2020	2021
Operating profit	1,286	1,018	1,132	437	1,009
Depreciation/amortisation and impairment	287	326	835	989	800
Operating profit before depreciation/amortisation and impairment (EBITDA)	**1,573**	**1,344**	**1,967**	**1,426**	**1,809**
Net sales	12,744	13,209	13,930	12,741	13,719
% of net sales	**12.3**	**10.2**	**14.1**	**11.2**	**13.2**

Operating profit excluding items affecting comparability, Jan–Dec

	2017	2018	2019	2020	2021
Operating profit	1,286	1,018	1,132	437	1,009
Items affecting comparability	–	66[1]	–	144[2]	–
Operating profit excluding items affecting comparability	**1,286**	**1,084**	**1,132**	**581**	**1,009**

Profit after tax excluding items affecting comparability, Jan–Dec

	2019	2020	2021
Profit/loss after tax	810	253	706
Items affecting comparability net after tax	–	129[2]	–
Profit after tax excluding items affecting comparability	**810**	**382**	**706**

1) Recognised on the line "Other operating expenses" and pertained to pension adjustments in the UK.

2) Attributable to the closure of the Tidaholm plant, which will be replaced by a new plant in 2024, as well as a pension adjustment in the UK.

Net debt

SEK m	2020	2021
Provisions for pensions (IB)	556	223
Other long-term liabilities, interest-bearing (IB)	2,063	1,844
Current liabilities, interest-bearing (IB)	405	371
Interest-bearing liabilities	**3,024**	**2,438**
Long-term receivables, interest-bearing (IB)	0	0
Current receivables, interest-bearing (IB)	–2	–2
Cash and cash equivalents (IB)	–635	–422
Interest-bearing assets	**–637**	**–424**
Net debt	**2,387**	**2,014**

Net debt excl. IFRS 16 Leases

SEK m	2020	2021
Net debt	**2,387**	**2,014**
Of which, IFRS 16 Leases	2,183	1,815
Of which, provisions for pensions	556	223
Net debt excl. IFRS 16 Leases	**204**	**199**
Net debt excl. IFRS 16 Leases and provisions for pensions	**–352**	**–24**

Operating capital

SEK m	2020	2021
Total assets	**10,085**	**10,629**
Other provisions	–45	–46
Deferred tax liabilities	–35	–31
Other long-term liabilities, non-interest-bearing	–	0
Current liabilities, non-interest-bearing	–2,947	–3,191
Non-interest-bearing liabilities	**–3,027**	**–3,268**
Capital employed	**7,058**	**7,361**
Interest-bearing assets	–637	–424
Operating capital	**6,421**	**6,937**

Average operating capital, Jan–Dec

SEK m	2020	2021
OB Operating capital	8,096	6,421
CB Operating capital	6,421	6,937
Average operating capital before adjustments of acquisitions and divestments	**7,259**	**6,679**
Average operating capital	**7,259**	**6,679**

Average shareholders' equity, Jan–Dec

	2020	2021
OB Equity attributable to Parent Company shareholders	4,277	4,034
CB Equity attributable to Parent Company shareholders	4,034	4,923
Average shareholders' equity before adjustments for capital increases/decreases	**4,156**	**4,479**
Adjustments for capital increases/decreases that did not occur in the middle of the period	–	–
Average shareholders' equity	**4,156**	**4,479**

Definitions – Performance measures

Performance measures	Definition/calculation	Use
Return on equity	Profit after tax 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 equity shows the total return on shareholder's 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-efficiency 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 view the Group's profitability over time.
Gross margin	Gross profit as a percentage of net sales.	This measure reflects efficiency of the part of the operations that is primarily linked to production and logistics. It is used to monitor cost efficiency in this part of the operation.
EBITDA	Earnings before depreciation/amortisation and impairment.	To simplify, this measure shows the earnings-generating cash flow in the operation. It provides a view of the ability of the operation, 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 operation.
Net debt	Interest-bearing liabilities less interest-bearing assets. Interest-bearing liabilities also include pension liabilities and lease liabilities.	Net debt is used to monitor the debt trend and see the level of the refinancing requirement, pension and lease liabilities. 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 operation. This is the capital that generates operating profit. 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, increase/decrease in interest-bearing assets.	The measure comprises the cash flow generated by the underlying operation. The measure is used to show the amount of funds at the Group's disposal for paying financiers of loans and equity or for use in growth through acquisitions.

Performance measures	Definition/calculation	Use
Organic growth	Change in net sales excluding acquisitions and 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.	The measure reflects the operating profitability of the operations. It is used to monitor the profitability 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.
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 the 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 ratio	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/assets 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 differences 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).	

2022 Annual General Meeting

The shareholders of Nobia AB (publ) are summoned to the Annual General Meeting to be held on 5 May 2022 at 4:00 PM at Finlandshuset Konferens, Sibelius Hall, Snickarbacken 4, Stockholm Sweden. Due to the coronavirus, the Board has decided that shareholders will also have the opportunity to vote by postal vote prior to the AGM.

Right to participate at the AGM
Shareholders who wish to participate in the AGM by postal vote must:

- firstly be registered as a shareholder in the shareholders' register maintained by Euroclear Sweden AB ("Euroclear") as of Wednesday 27 April 2022, and
- secondly notify Nobia of their participation in the Annual General Meeting not later than Friday 29 April 2022 according to the directions under the heading "Notice of in-person participation or participation by proxy", or cast a postal vote according to the instructions under the heading "Instructions for postal voting" not later than Friday 29 April 2022.

Nominee shares
In order to be entitled to vote at the AGM, a shareholder whose shares are registered with a nominee must re-register their shares in their own names so that the shareholder is recorded in the shareholders' register by the record date of Wednesday 27 April 2022. Such re-registration (known as voting right registration) may be temporary and can be requested from the nominee in accordance with the nominee's procedures in such good time as the nominee decides. Voting right registration that has been carried out by the nominee not later than 29 April 2022 will be counted when preparing the shareholders' register.

Notice of in-person participation or participation by proxy
Notice of in-person participation in the AGM must be made in one of the following ways:

- By e-mail: GeneralMeetingService@euroclear.com
  By telephone: 08-402 91 33
- By post: Nobia AB, "Årsstämma", c/o Euroclear Sweden, Box 191, SE-101 23 Stockholm, Sweden
- Via Euroclear's website: https://anmalan.vpc.se/EuroclearProxy

The shareholder's notification must state:

- Name or company name
- Personal Identification Number/Corporate Registration Number
- Address, daytime telephone number
- Shareholding
- Any assistants, although no more than two, and agents are to accompany the shareholder to the general meeting

Instructions for postal voting
A special form must be used for postal voting. The form is available on Nobia's website at https://www.nobia.com/about-us/corporate-governance/shareholders-meeting/annual-general-meeting-2022/. A completed and signed postal voting form may be sent by post to Nobia AB, "Årsstämma", c/o Euroclear Sweden, Box 191, SE-101 23 Stockholm, Sweden or by e-mail to GeneralMeetingService@euroclear.com. The completed form must have been received by Euroclear not later than Wednesday 27 April 2022. Shareholders who are natural persons may also cast their postal vote electronically, using their BankID as verification, via Euroclear Sweden AB's website https://anmalan.vpc.se/EuroclearProxy. Such electronic votes must have been cast not later than Wednesday 27 April 2022.

Dividend
For 2021, the Board proposes a dividend of SEK 2.50 per share. The dividend proposal entails a total share dividend of approximately SEK 421m. The record date for the right to receive a dividend is 9 May 2022 and the last day for trading in Nobia shares including the right to receive a dividend is 5 May 2022. If the Annual General Meeting resolves in accordance with the Board's proposal, the dividend is expected to be paid through Euroclear Sweden AB on Thursday 12 May 2022.

Annual Report
The Nobia Annual Report is published in Swedish and English, and both versions are available for download at nobia.com.

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

Financial calendar 2022
5 May, Interim report January–March 2022.
19 July, Interim report January–June 2022.
2 November, Interim report January–September 2022.

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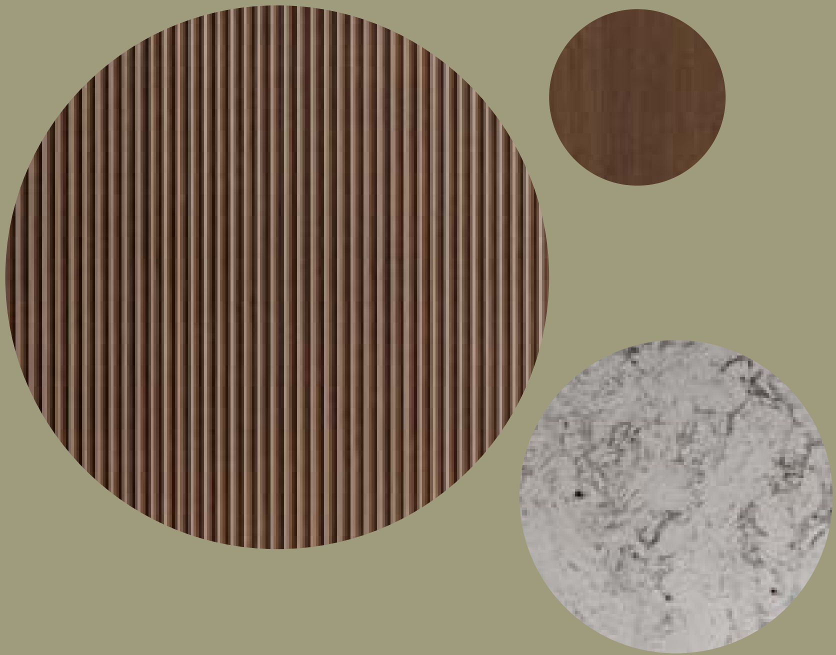

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