Report by the Board of Directors of Nobia AB (publ), reg. no. 556528-2752 on the proposal regarding appropriation of the company's profits, pursuant to Chapter 18 Section 4 of the Swedish Companies Act

With regards to the Board of Directors' proposal on distribution of profits, the Board hereby submits the following report pursuant to Chapter 18 Section 4 of the Swedish Companies Act. At distribution of profits, consideration shall be taken to the requirements on the amount of the parent company's and the Group's equity in light of the nature, scope and risks associated with the business; and the parent company's and the Group's consolidation requirements, liquidity and financial position in general.

The nature, scope and risks of the business

The nature and the scope of the business is stated in the articles of association and annual reports. As regards risks and significant events, please refer to what is stated in the annual report. The macroeconomic uncertainty in the United Kingdom, as a result of Brexit, has continued to affect the demand negatively during 2018. In addition to macroeconomic uncertainty, the price competition has continued to increase. In the Nordics, the demand within the project segment has been strong during 2018, although it was somewhat weakened during the last quarter of the year. The demand for Nobia's products in Austria has increased during 2018, but the competition is tough.

All in all, following an intact demand, the Group's operating result for 2018 has remained unchanged compared to the previous year in all material aspects. The cash flow during 2018 was affected by the acquisition of Bribus and a resolved extra distribution of dividend, which led to the net debt increasing. The company's dependence on the cyclicality of the economy does not deviate from what is the case in the industry as a whole.

The parent company's and the Group's financial position

The Board of Directors proposes an ordinary dividend of SEK 4.00 (3.50) per share, corresponding to approximately 46 per cent of the parent company's non-restricted equity, which amounts to SEK 1,456 million before the dividend. After the dividend it is proposed that SEK 781 million is carried forward.

Taking the proposed dividend of SEK 675 (1 180) million into consideration, there is room for the Group to continue to take the appropriate measures and take advantage of opportunities that arise under the existing market conditions.

The Group's consolidated retained earnings including this year's profit, attributable to the parent company's ownership, amount to SEK 2,527 million before dividends and SEK 1,852 million after dividends.

The Board of Directors therefore holds that there is full coverage for the parent company's restricted equity after the proposed dividend.

The parent company's and the Group's financial status as well as applied valuation principles, as of 31 December 2018, are stated in the latest annual report.

The justification of the dividend proposal

The proposed dividend constitutes 21 per cent of the parent company's equity and 17 per cent of the Group's equity. In the drawing up of the proposal, consideration has been given to investment plans, the need for consolidation, liquidity and the financial position in general.

The parent company's equity debt ratio amounts to negative 67 per cent before dividends and negative 58 per cent after dividends. The Group's equity debt ratio amounts to 32 per cent before dividends and 39 per cent after dividends, which does not exceed the Group's target that the equity debt ratio shall not exceed 100 per cent. The Group's equity debt ratio does not deviate from the industry as a whole. The proposed dividend does not jeopardize the fulfilment of necessary investments.

The Board's assessment is that the size of the equity, as reported in the latest annual report, is reasonable in proportion to the scope of the company's business and the risks attached to the business, taking the proposed dividend into consideration.

The situation on the financial markets has been stable during 2018, which means that the risk for increasing costs and lack of capital for refinancing is deemed to be low. Nobia has, during 2018, refinanced its syndicated loan. The new facility of SEK 2,000 million has a duration of five years and was drawn by SEK 842 million at year-end 2018. The Group’s undrawn credit facilities and liquid funds amounted to SEK 1,563 million at year-end. Undrawn credit facilities may be used, provided that the performance measures agreed with the creditors have been fulfilled. The proposal on attribution of profits does not affect the company’s capacity to meet its current and anticipated payments on time. The parent company’s and the Group’s readiness to pay are also deemed to be satisfactory after the proposed dividend.

The parent company’s and the Group’s financial situation does not give rise to another assessment than that the parent company may continue its business and is expected to be able to fulfil its obligations in both the short and long terms.

The Board of Directors has considered other known conditions which have not been mentioned above and which may have an impact on the financial position of the parent company and the Group. No other circumstance has emerged which does not cause the proposed dividend to appear as justifiable.

With reference to the above and what has come to the knowledge of the Board of Directors, the Board’s judgement is that a comprehensive assessment of the company’s and the Group’s financial position leads to the dividend being justifiable, pursuant to Chapter 17 Section 3 second and third paragraphs of the Swedish Companies Act, with regards to the requirements on the amount of equity by the nature, scope and risks associated with the business; and the company's consolidation requirements, liquidity and financial position in general.

Board of Directors in April 2019

Proposal by the Board of Directors of Nobia AB (publ), reg. no 556528-2752, regarding the appropriation of profits[1]

The following profits in Nobia AB (publ) are at the disposal of the Annual General Meeting (amounts in SEK):

Share premium reserve	52,225,486
Unappropriated profit carried forward	586,241,165
Net profit for the year	817,302,343
SEK total	**1,455,768,993**

The Board of Directors proposes that the profits at the disposition of the Annual General Meeting are appropriated as follows (amounts in SEK):

Ordinary dividend of SEK 4.00 per share to be paid to the shareholders	674,747,560
To be carried forward	781,021,433
SEK total	**1,455,768,993**

The Board of Directors proposes that the ordinary dividend for the financial year 2018 of SEK 4.00 per share is adopted.

The record date to be entitled to receive dividends is proposed as Monday, 6 May 2019. If the Annual General Meeting resolves in accordance with the proposal, the dividend is expected to be paid through Euroclear Sweden AB on Thursday, 9 May 2019. The last trading day in the Nobia share including the right to receive dividend will be Thursday, 2 May 2019, and the first trading day in the Nobia share not including a right to receive dividend will be Friday, 3 May 2019.

Board of Directors in April 2019

[1] Based on the number of outstanding shares as of 31 December 2018.