Nobia Holdings UK Limited

Annual Report and Consolidated Financial Statements
for the year ended 31 December 2022

Registered Number 04184676

Contents

Chief Executive's Statement

The fiscal year 2022 presented numerous challenges for Nobia UK. Emerging from a demanding period during the covid pandemic, the company faced the impact of unprecedented price inflation on raw materials, elevated energy prices and notably subdued markets due to the cost of living crisis.

In response to these challenges and declining returns, a new management team was introduced in the second half of 2022, with a clear objective to restore profitability by refocusing on the core business and capitalizing on being the leading supplier of mass premium kitchens in the UK.

Attention and efforts have been directed towards the fundamental aspects of our business, all whilst navigating a challenging market environment. To return the company to profitable growth, the business underwent a comprehensive restructure during the latter part of the year. This involved significant cost reductions, write-downs of non-performing assets and the exit from unprofitable ventures.

As a result, one-off expenses were incurred during the year, including the write-down of assets and goodwill in Commodore and projects and onerous leases in our Magnet store network and other costs. The cumulative impact of these one-off items is estimated to negatively affect the yearly result by £41.5m. However, as we enter the new year, the cost position is anticipated to be significantly lower, and gross margins are expected to be higher. Due to continued difficult market conditions, primarily in the project business, the business carried out a further cost reduction programme which resulted in a number of redundancies and an announcement of the closure of two factories with a NBV of £4.8m in the first half of 2023. The cost reduction programme is expected to cost £3.4m and return annual savings of £13.4m.

Post-restructure, the business is poised for profitable growth primarily by improving the mass premium proposition and a drive towards higher average selling prices. This strategy involves exiting lower-end segments, boosting sales in the mass premium category through the Magnet brand and reinforcing partnerships with core customers and suppliers through Gower.

During 2022/23 significant positive changes were made to the Magnet brand proposition to reach the mass premium consumer. An upgraded product portfolio was launched featuring the award-winning kitchen "Wardley," alongside Ambleside, Duxbury and Portobello, with a strong emphasis on design, customization and sustainability. For Magnet, the brand revitalization under the identity "Better by Design" has provided clarity and an aspirational direction across the businesses and this ethos will continue to guide our brand and marketing investments in 2024 onwards.

Investments were also made in brand-driving activities in the mass premium market, enhanced websites, and improved product availability. New stores were opened in premium locations with an upgraded store format to reach the new targeted customer base.

Nobia AB continues to take actions to strengthen the financial position of the group and to focus resources on its core markets in the Nordics and the UK. We remain confident in the efficiency of our strategic initiatives, which involve a focused return to our core competencies and a targeted expansion into the mass premium market. Our expectation is that this approach will yield robust returns, bolster profitable growth, and ensure a consistent cash flow trajectory from next year and beyond.

I would like to thank all our colleagues, suppliers, partners, and customers for the continued support.

Kristoffer Ljungfelt
Chief Executive
20 February 2024

Strategic report
for the year ended 31 December 2022

The directors present their strategic report on the Group for the year ended 31 December 2022.

Principal activities

The principal activities of the Group are the manufacture and distribution of high quality self-assembly and rigid kitchens and the manufacture, merchanting and retailing of kitchens, joinery, and related products under a number of brands including Magnet.

Business Review

Performance
The results for the year are set out on page 16. The Group's loss for the financial year was £62.4m *(2021: Loss £9.6m)*. Turnover was 2% higher than the previous year. NHUK Company's loss for the financial year was £74.7m *(2021: Loss £11.7m)*.

Elevated macroeconomic uncertainty continued to affect markets, with direct material inflation and increasing energy prices impacting across retail, trade and projects. This led to a number of price increases and a cost reduction programme. Due to market circumstances the performance in our project business through Magnet CKS, Magnet Projects and Commodore has been particularly weak. Consequently, measures to right size this business and stepping out of unprofitable segments like social housing was carried out in the second half of the year. This has resulted in the decision to write off some of our non-performing assets in these divisions totalling £24.0m. £5.1m of store assets were also written off in the year and an onerous lease provision of £9.7m booked.

Despite the loss for the year of £62.4m the balance sheet as at 31 December 2022 demonstrates that the financial position of the Group remains strong with net assets of £67.0m (2021: £144.4m). This includes a £14.2m defined benefit pension liability decreasing net assets (2021: £2.3m surplus). Post year end the Group received a £20m loan from the parent company.

Measurement
The Group uses a number of financial and non-financial Key Performance Indicators (KPIs) to measure performance, and these are reported both at board level and to employees at briefing sessions. These KPIs include production plan achievement, delivery performance, manufacturing achievement, customer satisfaction, employee engagement and a number of health and safety and employee related KPIs. The board considers that the Group has a very effective measurement and reporting system, consistent with its size and complexity.

Nobia UK are certified to ISO 14001, 45001, and 50001. Health & Safety achievements in 2022 included six International Safety Awards from the British Safety Council (five with distinction). A UK record of seven years without a lost time accident was achieved by the Leeds 27 Warehouse in Morley.

Key Performance Indicators
As far as financial performance is concerned the key measurements used by the Group are shown below:

Turnover	2022:	*£424.4m*	2021:	*£417.4m*
Gross profit margin	2022:	*40.4%*	2021:	*39.2%*
(Loss) before tax	2022:	*£(69.0)m*	2021:	*£(9.9)m*
Net assets	2022:	*£67.0m*	2021:	*£144.4m*
Cash at bank and in hand	2022:	*£1.1m*	2021:	*£1.1m*
Bank loans and overdrafts	2022:	*£5.9m*	2021:	*£nil*
Average No. of employees	2022:	*2,671*	2021:	*2,623*

Strategic report (continued)
for the year ended 31 December 2022

Business review (continued)

Principal risks and uncertainties
The directors have carefully considered the principal risks and uncertainties facing the business. The Group operates in a competitive marketplace where continuing growth is dependent on maintaining existing customer relationships and developing new business by offering high quality products and services. The key to success is to leverage the Group's position through the premium which its service offering demands. Competition within the markets is a continuing risk to the Group, which could result in it losing sales to its key competitors. The Group mitigates this risk by providing value added services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

The risk of inflationary pressure in the supply chain continues, with raw material and transport costs impacting on product costs. This risk is mitigated by working with strategic suppliers and passing on price increases to customers where necessary.

The directors continue to monitor market trends and customer requirements whilst remaining flexible in matching capacity and production costs to actual demand.

The Group also has an obligation to pay pension benefits, under a defined benefit pension scheme, to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, asset valuations and returns and the discount rate on corporate bonds.

Future developments
The markets in which the Group operates remain highly competitive and the impact of price inflation and labour shortages are still impacting the UK economy. However, the directors are confident that the Group is in a strong position in the market and particularly with significant planned strategic investment it is well placed to prosper in future years.

The directors consider that climate change will have an increasingly important impact on UK business and our customers. In order to play our part, we have implemented a sustainability strategy which encompasses our product development and design as well as our choice of materials and manufacturing processes.

Nobia is the first European kitchen company to adopt science-based climate targets in accordance with the Science Based Targets initiative, with a group target to reduce scope 1 and scope 2 emissions by 72% from a 2016 baseline. 100% of electrical energy used in UK production facilities and stores is from renewable sources. 99% (by volume) of our wood and wood materials originate from responsible sources, either FSC® (Forest Stewardship Council® FSC-C100100) or PEFC™ (Programme for the Endorsement of Forest Certification™) certified. All UK manufacturing Operations are certified to ISO14001, ISO45001 and ISO 50001.

Post Balance Sheet Events
Due to continued difficult market conditions, primarily in the project business, the business carried out a further cost reduction programme which resulted in a number of redundancies and an announcement of the closure of two factories with an NBV of £4.8m in the first half of 2023. The cost reduction programme is expected to cost £3.4m and return annual savings of £13.4m. On 19th January 2024 the Group provided £20m of cash into the UK business that is not repayable for beyond 12 months from the signing of the financials. In management's base case and downside scenario this will provide sufficient funds to support the company over the next 12 months.

Strategic report (continued)
for the year ended 31 December 2022

Section 172(1) statement

The Board of Directors, in line with their duties under s172(1) of the Companies Act 2006, act in a way they consider, in good faith, to promote the success of the Group for the benefit of its parent company, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Group are appropriately informed by s172 factors.

The Group maintains a reputation for high standards in products, services, and compliance. This is evidenced by the awards received in the year referred to in the Business Review.

Through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture. As part of the Board's decision-making process, the Board and its management teams consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Group's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term. Environmental factors are covered further in the Future Developments section of the Business Review.

The Group comprises of a number of business units, all of which have extensive engagement with their own unique stakeholders as well as other businesses in the Group. The governance framework delegates authority for local decision-making at business unit level up to defined levels of cost and impact which allows the individual businesses to take account of the needs of their own stakeholders in their decision-making. Nobia UK board meetings are held regularly where business unit Managing Directors communicate views upwards.

The leadership teams of each business unit make decisions with a long-term view in mind and with the highest standards of conduct in line with Group policies. In order to fulfil their duties, the Directors of each business unit and the Group itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken.

Details of our key stakeholders and how we engage with them are set out below.

Colleagues
Our people are key to our success and we want them to be successful individually and as a team. The Group strives to build a culture of inclusion, integrity and safety, creating a work environment in which both our colleagues and our operations can develop.

We invest to develop organisational and colleague capability for now and the future, identifying and closing skills gaps is a focus. Areas of focus in 2022 have been around investment in our store colleagues, with particular focus on the recruitment and training of our kitchen designers.

Colleague surveys are conducted regularly to monitor issues concerning employee commitment, management and team efficiency. The surveys form the basis for creating local action plans. We work closely with our colleagues' work councils to discuss colleagues' concerns and raise issues to the leadership team.

We monitor closely People metrics that inform the board on engagement and retention matters. Each local leadership team also includes a people and culture professional to inform and debate the relevant people issues in the short and medium term. Managers are encouraged to focus on colleagues' wellbeing by checking in with their teams and peers regularly and support was provided by the people and culture business partners.

Discrimination issues are also an important focus area in our Code of Conduct training. Equality and diversity are an integral part of our recruitment process, succession planning and leadership development. We aim to work on creating an inclusive business culture in all parts of our operations, where people can make use of their full potential.

Strategic report (continued)
for the year ended 31 December 2022

Section 172(1) statement (continued)

Customers
Our ambition is to deliver best-in-class products and service to trade, retail, merchant and project customers. The product design team monitor, develop and test new products and services to enable innovative products to be offered to our customers.

Suppliers
We build good relationships with our suppliers and work to develop transparent and efficient partnerships with them. Centralised sourcing provides a structured work method in terms of setting requirements and monitoring and developing suppliers' work.

Purchased materials and components are carefully specified and suppliers are risk assessed, inspected and evaluated in accordance with our guidelines on the environment, work environment, human rights, business ethics and quality.

Our Supplier Assessment Program is managed by the Group Central Supplier Quality Assurance Team. The purpose of the Supplier Assessment Program is to ensure all material suppliers meet the requirements of our Customers, Shareholders, Employees, Corporate & Sustainability compliances.

Although Purchasing is a central function, deploying centralised processes, the team is structured and located to support the different needs and requirements of the Nobia Regions (Nordic, UK and Central Europe).

Supplier Assessment tools are subject to constant review and in line with applicable National and International Legislative and Regulatory updates. To ensure continued compliance, all material Suppliers are assessed annually. Any Supplier which fails to meet the requirements of the Supplier Assessment and Audit program will be delisted in the event that they fail to implement appropriate measures within a timely manner.

Nobia UK Supplier Performance KPI's are established, reported, monitored and reviewed on a monthly and annual basis by Group and UK Sourcing and Group Sustainability functions.

Nobia UK will always endeavour to work with and develop local suppliers with a high proportion of our factory and raw materials sourced from within the UK.

Nobia UK participate in the Group Corporate Social Responsibility Programme which includes sustainable product development, responsible sourcing, reducing CO_2 emissions, resource efficiency and employee wellbeing.

Government and regulators
We engage with the government and regulators through a range of industry consultations, forums and meetings. Key areas of focus are compliance with laws and regulations, health and safety and product safety. Senior management with expertise in each area ensure that the Board is updated on legal and regulatory developments at UK board meetings. The Board takes these updates into account when considering future actions.

Approved by the board and signed on its behalf by

G Doyle
Director
20 February 2024

Directors' report
for the year ended 31 December 2022

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2022 together with the balance sheet of the company as at that date.

Dividends
The directors do not recommend the payment of a dividend in relation to the year ended 31 December 2022. No dividend was proposed or paid in 2022.

Political donations and political expenditure
The Group made no political donations nor incurred any political expenditure during the year *(2021: £nil).*

Financial risk management
In the opinion of the directors the most significant financial risks, which might impact the Group, relate to foreign currencies, interest rates, credit granting and liquidity.

Foreign currency risk
The Group's operations are materially exclusive to the UK. However, an element of the Group's purchases is denominated in Euros and US Dollars.

The Group is party to the Nobia AB group system of hedges, based on forecast transactions, using forward exchange contracts undertaken by Nobia AB. As a result, the Group believes that it has effectively managed its exposure to foreign currency risks to a minimal level as at the balance sheet date.

Price risk
The Group constantly liaise with key suppliers to ensure purchases are at competitive market rates.

Interest rate risk
Interest rate exposure is managed centrally by Nobia AB, meaning that the head office is responsible for identifying and managing interest rate risks. Nobia uses short, fixed interest terms to generate the desired interest profile.

Credit risk
The Group's customer base comprises professional customers, consumers and retailers. Credit policies are aimed at minimising losses and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure the company's exposure to bad debts is not significant.

Aggregate and individual overdue debts are monitored closely by management to reduce the likelihood of an unmanaged concentration of credit risk.

Liquidity risk
Liquidity is controlled centrally by Nobia AB with the aim of using available liquidity effectively, at the same time as necessary reserves are available. Daily liquidity is tracked with the help of carefully prepared liquidity forecasts.

Future Developments
The future developments of the Group are discussed in the Strategic Report.

Directors' report (continued)
for the year ended 31 December 2022

Directors
The directors who held office during the year and up to the signing of these financial statements were as follows:

N J Hardcastle	(Resigned 31.05.2022)
D A E Carr	(Resigned 17.01.2023)
P D Woolston	(Resigned 01.12.2022)
K Ljungfelt	
C Smith	(Resigned 22.09.2022)
G Doyle	(Appointed 17.01.2023)
L Fawcus	(Appointed 01.03.2023)

Qualifying third-party indemnity provisions
All the Directors benefited from qualifying third-party indemnity provisions in place during the year and at the date of the financial statements. These provisions also relate to all Directors of subsidiary entities.

Research and development
It is the policy of the Group to continually investigate and develop new and improved methods of manufacturing and to evaluate, manufacture and distribute new products complementary to the Group's existing range.

Employees
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee engagement statement
Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are considered when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole. Improving and investing in employee communication is a focus, with a new dedicated communication team ensuring our communication methods evolve. Activities include the Group's Intranet, digital roadshows, listening groups, notice boards, newsletters, team briefings and sharing of financial information. The introduction of an internal communications team has seen a number of key improvements across the business in terms of communication and engagement with colleagues. Following the engagement survey, we have introduced "Town-hall" events giving all leaders at every level the opportunity to understand the Group's performance alongside what actions the company is taking to improve performance through our business-as-usual and strategic initiatives. We have also introduced listen and learn sessions with colleagues of all levels across the different business units seeking their feedback and support in developing initiatives for the future. Senior Leaders across the business have also introduced regular business review meetings with all of the Store Manager population giving them an opportunity to understand the performance of the overall business during the specific period, what their own area performance looks like and where improvements can be made, gaining commitment and engagement into the continued improvement of the business. Insights sessions with the Group CEO, Jon Sintorn have also formed part of our overall commitment to continually communicating with our colleagues alongside localised meetings with business leaders alongside more digital communication direct to colleagues.

Directors' report *(continued)*
for the year ended 31 December 2022

Streamlined energy and carbon reporting (SECR) (continued)

Sustainability is a business-critical area for the Group. The Group has commenced a strategy to increase electric fleet cars, targeting >30% by 2025.

Wood is the main component of our products. Metal and plastic materials are other key materials categories. We want to offer kitchen products and solutions that will function in the more circular economy of the future.

The Groups overall goal is to promote sustainable resource utilisation through circular business models, renewable and recycled materials, by maintaining biodiversity and reducing waste, and facilitating future recycling through clean material flows.

Nobia has adopted science-based climate targets in line with the Paris Agreement, which are approved by the Science Based Targets initiative (SBTi). Our climate targets comprise both our own operations and our value chain. Since 2016, which is the base year for our climate target, we have transitioned our energy consumption to be more renewable, and at year-end we had achieved a 77% reduction.

The Group have been looking into more renewable energies and initiatives which could reduce our climate impact. There is also regular communication with key stakeholders such as 3rd party hauliers regards climate impact and the initiatives, they are adopting to reduce our footprint. Of our target for the value chain outside our direct control – that 70% of our suppliers based on their greenhouse gas emissions are to have adopted science-based climate target by 2025 – Nobia Group have currently achieved a score of 49% of suppliers.

All climate-based risk and opportunities are embedded at multiple levels of governance, this is done at top level by group and driven down throughout the organisation to all levels, with local reports of any risk and opportunities identified on trackers and communicated through monthly communications to both senior management and also shop floor colleagues.

When risks are identified there could be a person with specific ownership of this area (such as a Chief Risk Officer) or there could be a specific committee set up to address this risk or part of existing established committees. There are a group of sustainability ambassadors that are responsible for addressing the climate related risks in the various subsidiaries of the business. These ambassadors report directly to the sustainability director at group level on all climate related risks and opportunities. The Organisation have varying levels of skill in relation to climate control and the necessary competencies in each area of the business which is headed up by the director of sustainability. Governance is verified and monitored through ISO standards.

Many initiatives have been undertaken to enhance the efficiency of energy consumption of both electricity and heating at our production facilities. In the UK, all production units have ISO 50001 energy management system certification, including monitoring and continuous improvements. Furthermore, production planning is optimised to create situations in which high-energy machinery can be switched off. We have 100% renewable electricity in our production and in our own stores. We have also converted to more fossil-free and more effective heat. At the end of the year, 76% of Nobia's total generated heat in production and in own stores was renewable, which represents a total share of 89% renewable electricity and heating.

Further information about the sustainability principles by which the Group operates can be found at www.Nobia.com

Methodology

GHG emissions from all of the Groups subsidiaries activities are included in the reporting. The GHG emissions are based on fuel consumption re-calculated based on conversion factors from DEFRA UK 2021: conversion-factors-2021-full-set-advanced-users.xlsm (live.com).

Directors' report *(continued)*
for the year ended 31 December 2022

Streamlined energy and carbon reporting (SECR) (continued)

Energy Consumption:

			2022	2021
Scope 1	Gas and vehicle fuel	tCO2e	**3,232**	5,083
Scope 2	Electricity	tCO2e	**4,622**	4,383
Total			**7,854**	9,466
Turnover			**424**	417
Total CO2e/£m			**18.5**	22.7
Total Energy		kWh	**31,444,305**	38,376,526
% of group emissions generated in the UK			**100%**	100%
% of group energy consumed in the UK			**100%**	100%

Prior year figures have been restated to include all energy including green energy which were excluded in error in the prior year.

Statement of engagement with suppliers, customers and others in a business relationship with the Group

Further information relating to our engagement with suppliers, customers and others in a business relationship with the Group can be found in the Section 172(1) statement contained within the Strategic report.

Corporate Governance

Nobia Holdings UK Limited considers the Wates Corporate Governance Principles in setting its standards of corporate governance and considers its standards to be at a high level. Its parent company Nobia AB applies the Swedish Corporate Governance Code to which there were no reported breaches.

The Nobia Group also monitors developments in the area of corporate governance and continuously adapts its corporate governance principles to create value for its owners and other stakeholders. All subsidiary entities are also governed by these principles.

An Audit Committee is in place at a at parent company level and holds at least four meetings per year. The Group's results are scrutinised by that committee and the Board of Directors are required to comment on any audit matters.

A Remuneration Committee is in place at a parent company level and is responsible for determining remuneration to senior executives and agreeing variable remuneration schemes.

The UK Board of Directors meet at least quarterly, and the CEO of the UK Group is required to attend Nobia Group Board meetings six times per year. Results are also reported monthly and are scrutinised by both the UK and Nobia Boards.

Strategy, operating practices, and risk management are agreed at group level and policies and internal controls are set to enforce the agreed practices. The Corporate Strategy is cascaded throughout the business by way of briefings, meetings, e-learning and the Group intranet to ensure that all colleagues understand the Group culture and how they contribute to the success of the Group.

Directors' report *(continued)*
for the year ended 31 December 2022

Further information about the corporate governance principles by which the Group operates can be found at www.Nobia.com

Going Concern

The company is a wholly owned subsidiary of Nobia AB.

The company participates in a group credit facility operated by its ultimate parent. This is a long-standing arrangement operated by Nobia AB to manage the liquidity needs of NHUK and subsidiary companies. The company has been party to this arrangement for several years. The company is in an overdraft position within this group facility at the balance sheet date.

During the year and up to the date of signing the financial statements the company was dependent on daily access to this facility for access to the cash flows for day-to-day running of the company and to support the going concern assertion. The provision of and amount of this facility is not formally committed for a specific period of time, and therefore could be withdrawn during the period of 12 months from the date of approval of the financial statements. Since inception of the group overdraft facility, the company has never experienced any issue being able to draw upon its cash and available facility. The directors have received a letter of support from the parent company that indicates their commitment to providing sufficient funding for a period of no less than 12 months from the date of these financial statements.

In addition, on 19 January 2024 the Group provided £20m of cash into this facility that is not repayable for beyond 12 months from the signing of the financials. In management's base case and downside scenario this will provide sufficient funds to support the company over the next 12 months.

On 20 February 2024, the parent company announced the details and progress it has made on a revised financing package for the Group. Nobia Group announced the proposal of a continued financial strengthening of the Group, in order to allow for operational and financial flexibility and provide for the future development and stability of the Group. This includes a fully guaranteed (by the Group's three largest owners) rights issue of new shares of approximately, but no less than, SEK 1,250 million with preferential rights for existing shareholders. Additionally, an agreement with Nobia's lenders has been reached regarding an amendment and extension of the Group's revolving credit facilities until June, 2027. The types and level of covenants that have been agreed between Nobia and the Lenders reflect Nobia's current and reasonably expected financial position. The announced financing package follows the three recently communicated measures taken also to strengthen the Group's balance sheet; the sale and leaseback transaction of the factory property in Jönköping and the divestures of non-core operations of Bribus and Ewe in the Netherlands and Austria respectively.

There are several steps which need to be completed before finalisation of the refinancing package in April 2024, including obtaining approval of the share issue from the Swedish Financial Supervisory Authority and approval by shareholders at the EGM. These are considered formalities with no material uncertainties remaining and therefore there is no significant doubt around the successful completion of this. The Group's three largest shareholders, representing 45.5 per cent of the capital and votes in Nobia, have undertaken to vote in favour of the rights issue as well as for subscribing for their share of the Rights Issue, and further enter into guarantee undertakings for the remaining part of the Rights Issue. Thus, the Rights Issue is covered in its entirety by subscription and guarantee undertakings. This, together with the three other recently announced measures, will ensure the group is in a position to support the funding for the UK operations for greater than 12 months from the signing of these financial statements.

The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the company will continue to have full and immediate access to its pooled credit facility, the £20m cash injection will not be repatriated as part of any future group facilities, and that group management actions over the assessment period will be sufficient to enable the group to complete on the refinancing package such that adequate financing will remain in place and that the company will continue to operate for the foreseeable future.

Directors' report *(continued)*
for the year ended 31 December 2022

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Independent auditors
The board appointed PricewaterhouseCoopers LLP as the Group's auditors during the financial year.

Approved by the board and signed on its behalf by

K Ljungfelt
Director
20 February 2024

Independent auditors' report to the members of Nobia Holdings UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Nobia Holdings UK Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated balance sheet and Company balance sheet as at 31 December 2022; *the Consolidated statement of comprehensive income, Consolidated statement of cash flows, Consolidated statement of* changes in equity and Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Nobia Holdings UK Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

Independent auditors' report to the members of Nobia Holdings UK Limited (continued)

Auditors' responsibilities for the audit of the financial statements(continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law and health and safety legislations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and

opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions. Audit procedures performed by the engagement team included:

- enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- testing journal entries meeting specific risk criteria, *including unexpected account combinations impacting revenue*;
- testing accounting estimates that we deemed to present a risk of material misstatement, including assessing the data, methods and assumptions applied by management in the development of each estimate including the carrying value of goodwill, onerous lease provisions and impairment of fixed assets; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Nobia Holdings UK Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Rachel Greveson

Rachel Greveson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
20 February 2024

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	5	**424,360**	417,350
Cost of sales		**(252,909)**	(253,637)
Gross profit		**171,451**	163,713
Administrative expenses		**(241,456)**	(176,397)
Other operating income	6	**673**	2,557
Operating loss	7	**(69,332)**	(10,127)
Interest receivable and similar income	10	**534**	2,683
Interest payable and similar expenses	10	**(170)**	(2,476)
Net interest income		**364**	207
Loss before taxation		**(68,968)**	(9,920)
Tax on loss	11	**6,555**	327
Loss for the financial year		**(62,413)**	(9,593)
Other comprehensive (expense)/income:			
Remeasurements of net defined benefit obligation	19	**(19,710)**	23,967
Currency translation differences		**-**	28
Deferred tax on other comprehensive (expense)/income	11	**4,736**	(4,692)
Other comprehensive (expense)/income for the year, net of tax		**(14,974)**	19,303
Total comprehensive (expense)/income) for the year		**(77,387)**	9,710

The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

Consolidated balance sheet
as at 31 December 2022

	Note	**2022** £'000	2021 £'000
Fixed assets			
Intangible assets	12	**5,352**	37,190
Tangible assets	13	**50,657**	48,905
		56,009	86,095
Current assets			
Inventories	15	**65,644**	56,902
Debtors	16	**63,329**	79,791
Post-employment benefits	19	**-**	2,299
Cash at bank and in hand		**1,111**	1,056
		130,084	140,048
Creditors: amounts falling due within one year	18	**(93,742)**	(80,124)
Net current assets		**36,342**	59,924
Total assets less current liabilities		**92,351**	146,019
Post-employment benefits	19	**(14,213)**	-
Deferred tax liability	17	**-**	(195)
Other provisions	20	**(11,132)**	(1,431)
Net assets		**67,006**	144,393
Capital and reserves			
Called up share capital	21	**72,600**	72,600
Capital contribution reserve	21	**1,089**	1,089
Capital redemption reserve	21	**32**	32
Other reserves	21	**21,999**	21,999
Retained earnings		**(28,714)**	48,673
Total equity		**67,006**	144,393

The notes on pages 22 to 56 are an integral part of these financial statements.

The financial statements on pages 16 to 19 were authorised for issue by the board of directors on 20 February 2024 and were signed on its behalf by:

G Doyle
Director

Company Registration Number: 04184676

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Note	Called up share capital £'000	Capital contribution reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2021		**72,600**	**1,287**	**32**	**21,999**	**38,940**	**134,858**
Loss for the year		-	-	-	-	(9,593)	(9,593)
Other comprehensive income for the year		-	-	-	-	19,303	19,303
Total comprehensive income for the year		-	-	-	-	**9,710**	**9,710**
Charge relating to equity-settled share-based payments	9	-	(175)	-	-	-	(175)
Transfer between reserves		-	(23)	-	-	23	-
Total transactions with owners, recognised directly in equity		-	**(198)**	-	-	**23**	**(175)**
Balance as at 31 December 2021 and 1 January 2022		**72,600**	**1,089**	**32**	**21,999**	**48,673**	**144,393**
Loss for the year		-	-	-	-	(62,413)	(62,413)
Other comprehensive expense for the year		-	-	-	-	(14,974)	(14,974)
Total comprehensive expense for the year		-	-	-	-	**(77,387)**	**(77,387)**
Balance as at 31 December 2022		**72,600**	**1,089**	**32**	**21,999**	**(28,714)**	**67,006**

Consolidated statement of cash flows

for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Net cash from/(used in) operating activities	22	**9,055**	(17,576)
Taxation refunded		**380**	3,015
Net cash generated from operating activities		**9,435**	(14,561)
Cash flow from investing activities			
Purchase of tangible assets		**(15,370)**	(6,281)
Purchase of intangible assets		**(503)**	(381)
Proceeds from disposals of tangible assets		**368**	361
Interest received		**534**	2,683
Net cash used in investing activities		**(14,971)**	(3,618)
Cash flow from financing activities			
Interest paid		**(170)**	(2,475)
Net cash used in financing activities		**(170)**	(2,475)
Net decrease in cash and cash equivalents		**(5,707)**	(20,654)
Cash and cash equivalents at the beginning of the year		**1,056**	21,378
Exchange gains / (losses) on cash and cash equivalents		**(151)**	332
Cash and cash equivalents at the end of the year		**(4,802)**	1,056
Cash and cash equivalents consist of:			
Cash at bank and in hand		**1,111**	1,056
Bank loans and overdrafts		**(5,913)**	-
Cash and cash equivalents		**(4,802)**	1,056

The Group is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under paragraph 1.12(b) of FRS 102 not to present the Company statement of cash flows.

Company balance sheet
as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	12	**4,989**	30,482
Tangible assets	13	**45,975**	43,989
Investments	14	**51,157**	73,734
		102,121	148,205
Current assets			
Inventories	15	**62,926**	54,302
Debtors	16	**54,891**	69,500
Post-employment benefits	19	**-**	2,299
Cash at bank and in hand		**108**	61
		117,925	126,162
Creditors: amounts falling due within one year	18	**(133,725)**	(121,901)
Net current (liabilities)/assets		**(15,800)**	4,261
Total assets less current liabilities		**86,321**	152,466
Post-employment benefits	19	**(14,213)**	-
Deferred tax liability	17	**-**	(399)
Other provisions	20	**(11,132)**	**(1,431)**
Net assets		**60,976**	150,636
Capital and reserves			
Called up share capital	21	**72,600**	72,600
Other reserves	21	**22,903**	22,903
Merger reserve		**(8,010)**	(8,010)
Retained (deficit)/earnings		**(26,517)**	63,143
Total equity		**60,976**	150,636

The notes on pages 22 to 56 are an integral part of these financial statements.

The loss for the financial year dealt with in the financial statements of the parent Company was £74.7m (2021: £11.7m loss)

The financial statements on pages 20 to 21 were authorised for issue by the board of directors on 20 February 2024

G Doyle
Director

Registered number: 04184676

Company statement of changes in equity

	Called up share capital £'000	Other reserves £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2021	**72,600**	**23,078**	-	**55,579**	**151,257**
Total comprehensive expense for the year					
Loss for the year	-	-	-	(11,739)	(11,739)
Other comprehensive income for the year	-	-	-	19,303	19,303
Total comprehensive income for the year	-	-	-	7,564	7,564
Credit relating to equity-settled share-based payments	-	(175)	-	-	(175)
Merger	-	-	(8,010)	-	(8,010)
Total transactions with owners, recorded recognised directly in equity	-	(175)	(8,010)	-	(8,185)
Balance as at 31 December 2021 and 1 January 2022	**72,600**	**22,903**	**(8,010)**	**63,143**	**150,636**
Total comprehensive expense for the year					
Loss for the year	-	-	-	**(74,686)**	**(74,686)**
Other comprehensive expense for the year	-	-	-	**(14,974)**	**(14,974)**
Total comprehensive expense for the year	-	-	-	**(89,660)**	**(89,660)**
Balance as at 31 December 2022	**72,600**	**22,903**	**(8,010)**	**(26,517)**	**60,976**

Notes to the consolidated financial statements

for the year ended 31 December 2022

1. General information

Nobia Holdings UK Limited ('the company') and its subsidiaries (together 'the Group') carry out the manufacture and distribution of high quality self-assembly and rigid kitchens and the manufacture, merchanting and retailing of kitchens, joinery, and related products under a number of brands including Magnet.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is C/O Magnet Limited, 3 Allington Way, Yarm Road Business Park, Darlington, County Durham, DL1 4XT.

2. Statement of compliance

The Group and individual financial statements of Nobia Holdings UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Group and the company have adopted FRS 102 in these financial statements.

a. Basis of preparation

The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the company will continue to have full and immediate access to its pooled credit facility, the £20m cash injection will not be repatriated as part of any future group facilities, and that group management actions over the assessment period will be sufficient to enable the group to complete on the refinancing package such that adequate financing will remain in place and that the company will continue to operate for the foreseeable future.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 from presenting its individual profit and loss account.

The Group's ultimate parent undertaking, Nobia AB, includes the Group in its consolidated financial statements. The consolidated financial statements of Nobia AB are available to the public and may be obtained from the address provided in note 25.

b. Going concern

The company is a wholly owned subsidiary of Nobia AB.

The company participates in a group credit facility operated by its ultimate parent. This is a long-standing arrangement operated by Nobia AB to manage the liquidity needs of NHUK and subsidiary companies. The company has been party to this arrangement for several years. The company is in an overdraft position within this group facility at the balance sheet date.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

b. Going concern (continued)

During the year and up to the date of signing the financial statements the company was dependent on daily access to this facility for access to the cash flows for day-to-day running of the company and to support the going concern assertion. The provision of and amount of this facility is not formally committed for a specific period of time, and therefore could be withdrawn during the period of 12 months from the date of approval of the financial statements. Since inception of the group overdraft facility, the company has never experienced any issue being able to draw upon its cash and available facility. The directors have received a letter of support from the parent company that indicates their commitment to providing sufficient funding for a period of no less than 12 months from the date of these financial statements.

In addition on 19 January 2024 the Group provided £20m of cash into this facility that is not repayable for beyond 12 months from the signing of the financials. In management's base case and down side scenario this will provide sufficient funds to support the company over the next 12 months.

On 20 February 2024 the parent company announced the details and progress it has made on a revised financing package for the Group. Nobia Group announced the proposal of a continued financial strengthening of the Group, in order to allow for operational and financial flexibility and provide for the future development and stability of the Group. This includes a fully guaranteed (by the Group's three largest owners) rights issue of new shares of approximately, but no less than, SEK 1,250 million with preferential rights for existing shareholders. Additionally, an agreement with Nobia's lenders have been reached regarding an amendment and extension of the Group's revolving credit facilities until June, 2027. The types and level of covenants that have been agreed between Nobia and the Lenders reflect Nobia's current and reasonably expected financial position. The announced financing package follows the three recently communicated measures taken also to strengthen the Group's balance sheet; the sale and leaseback transaction of the factory property in Jönköping and the divestures of non-core operations of Bribus and ewe in the Netherlands and Austria respectively.

There are several steps which need to be completed before finalisation of the refinancing package in April 2024, including obtaining approval of the share issue from the Swedish Financial Supervisory Authority and approval by shareholders at the EGM. These are considered formalities with no material uncertainties remaining and therefore there is no significant doubt around the successful completion of this. The Group's three largest shareholders, representing 45.5 per cent of the capital and votes in Nobia, have undertaken to vote in favour of the rights issue as well as for subscribing for their shares of the Rights Issue, and further enter into guarantee undertakings for the remaining part of the Rights Issue. Thus, the Rights Issue is covered in its entirety by subscription and guarantee undertakings. This, together with the three other recently announced measures, will ensure the group is in a position to support the funding for the UK operations for greater than 12 months from the signing of these financial statements.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

c. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

In these financial statements the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosure requirements:

- the company taken advantage of the exemption, under paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- from disclosing share-based payment arrangements, required under FRS 102paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments; and
- from disclosing the company key management personnel compensation, asrequired by FRS 102 paragraph 33.7.

Where required, equivalent disclosures are given in the Group disclosures included in these financial statements.

d. Parental guarantee exemption

For the year ending 31 December 2022 the following subsidiaries of the company were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

Name	**Companies House Registration Number**
Charco Ninety-Nine Limited	02305906
CIE plc	00620180
CIE UK (Holdings) Limited	02249369
Commodore Kitchens Limited	01418535
Essenza Interiors Limited	07333974
Gower Furniture Limited	01536818
Gower Group Limited	04083229
Magnet Limited	02762625

e. Consolidated financial statements

The Group consolidated financial statements include the financial statements of the company and all subsidiary undertakings.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

f. Foreign currency

i. Functional and presentation currency
The Group and company's functional and presentation currency is the pound sterling and all amounts are rounded to the nearest £1,000.

ii. Transactions and balances
Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. At each reporting period end, foreign currency monetary items are translated using the closing exchange rates prevailing on the reporting period end date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

iii. Hedges
The Group's operations are materially exclusive to the UK. However, an element of the Group's purchases is denominated in Euros and US Dollars. The Group is party to the Nobia AB group system of hedges, based on forecast transactions, using forward exchange contracts undertaken by Nobia AB.

g. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, trade discounts, settlement discounts and volume rebates agreed by the Group and value added taxes.

The Group bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group's sales channels have been met, as described below.

i. Sale of goods – retail
The Group operates retail shops for the sale of a range of branded and own branded products. Sales of goods are recognised on delivery to or collection by the customer, which is considered the point of delivery. Retail sales are usually by cash, credit or payment card.

Sales are made to retail customers with a right to return, subject to certain conditions regarding the usage. Accumulated experience is used to estimate and provide for such returns at the time of sale.

ii. Services rendered
Revenue for services is recognised using the percentage of completion method. If services are performed by an indeterminate number of acts over a specified period, revenue is recognised on a straight-line basis.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

g. Revenue recognition (continued)

iii. Contract revenue
Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Stage of completion is determined by time expected to complete the contract.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a contract cannot be estimated reliably, contract costs are recognised as expenses in the year in which they are incurred, and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

iv. Interest income
Interest income is recognised in profit or loss as it accrues, using the effective interest method.

v. Dividend income
Dividend income is recognised in the profit and loss account when the right to receive payment is established.

vi. One-off supplier receipts
From time to time, the Group receives payments from suppliers which are not related to the volume of product that is purchased. These receipts are held in the balance sheet as deferred income and released on a straight-line basis, over the length of the contract. Rebates received which are related to volume of product are accounted for immediately through the profit and loss account.

h. Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

i. Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Defined contribution pension plans
The Group operates a defined contribution pension scheme for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense in the profit and loss account when they are due. Amounts not paid are shown in accruals in the balance sheet.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2022

h. **Employee benefits** (continued)

iii. Defined benefit pension plan

A defined benefit plan is a pension plan that is not a defined contribution plan. The company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during prior periods, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability / (asset) is recognised in other comprehensive income in the period in which it occurs.

iv. Annual bonus plan

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

v. Long term incentive plans

The Group operates cash-settled long term incentive plans at an operating business level for certain members of management. The plans are based on the business's performance over a three-year period against budget on a variety of measures, including revenue growth, an adjusted operating profit measure, cash targets and an individual's personal targets in developing the business. A liability for the plan is raised on the estimated amount payable in terms of the incentive scheme plans.

vi. Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of an employee before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

i. Government grants

Government grants are recognised only when there is reasonable assurance that the company will comply with the conditions attached to them and the grants will be received. A grant received before the recognition criteria are satisfied is recognised as a liability.

A government grant that becomes receivable as compensation for expenses already incurred is recognised in profit or loss of the period in which it becomes receivable.

Government grants related to assets are included in accruals and deferred income and credited to the statement of comprehensive income over the expected useful life of the asset to which they relate to or in periods in which related costs are incurred.

Amounts recognised in the statement of comprehensive income are presented under the heading 'Other operating income'.

g. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax
Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

ii. Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

h. Business combinations and goodwill

Business combinations are accounted for by applying the purchase method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group recognises goodwill at the acquisition date as the fair value of the consideration (excluding contingent consideration) transferred, the estimated amount of contingent consideration (see below), the fair value of the equity instruments issued; directly attributable transaction costs; less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill is amortised over its expected useful life which is estimated to be 20 years on a straight-line basis. Goodwill has no residual value. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account.

i. Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Computer software is amortised over its estimated useful life of between three and five years on a straight line basis.

Where factors such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual life, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

j. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

i. Depreciation and residual values

Land is not depreciated. Depreciation is charged to the profit and loss account over the estimated useful lives as follows:

Freehold and long leasehold buildings	10 - 50 years
Short leasehold and buildings	10 years
Plant, equipment, and vehicles	3 - 10 years straight line and 25% reducing balance
Fixtures, fittings and displays	5 - 8 years

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

m. *Tangible fixed assets* (continued)

Leased assets are depreciated over the shorter of the lease term and their useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

ii. Assets in the course of construction
Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use and the asset is reclassified into one of the above fixed asset categories.

iii. Derecognition
Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the sale proceeds and the carrying value of the asset is credited or charged to profit or loss.

n. Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i. Operating leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

ii. Lease incentives
Incentives received are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

o. Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit (CGU)) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's CGU) is compared to the carrying amount of the asset (or asset's CGU).

The recoverable amount of the asset (or asset's CGU) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's CGU) continued use. These cash flows are discounted using a pre-tax rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's CGU) is higher than the carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognised in the profit and loss account.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

o. Impairment of non-financial assets (continued)

The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to the CGU that is expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

A reversal of an impairment loss is recognised in the profit and loss account only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

p. Investments

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

q. Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in first-out (FIFO) method except where stock is made to order and this will then be held until delivery is required. Cost includes the purchase price of materials, direct labour and an attributable proportion of manufacturing overheads (based on normal levels of activity).

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

r. Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

s. Provisions and contingencies

i. Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

s. Provisions and contingencies (continued)

In particular:

- Where the unavoidable costs of meeting the obligations of a lease under a contract exceed the economic benefits expected to be received under it the Group make an onerous lease provision. The Group recognises and measures the present obligation under the contract as a provision. The 'unavoidable costs' under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The current provision will be utilised against costs incurred on a store-by-store basis over the next one to five years.

- As part of the Group's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The dilapidations provision consists primarily of dilapidations costs relating to stores that are either closed or closing. The costs are generally expected to be incurred on a store-by-store basis over the next five years. Due to the significant number of leased properties in the group and the difficulties in predicting expenditure that will be required on return of a property to the landlord many years into the future, the dilapidations provision is considered a source of significant estimation uncertainty. The provision has been calculated using historical experience of actual expenditure incurred on dilapidations and estimated lease termination dates.

- The Group announced a cost saving programme in March 2022, at the year end there was an immaterial amount left in the restructure provision that will be fully utilised in one year.

Provisions are measured at the present value of expenditure expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit and loss account.

ii. Contingencies
Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

t. Financial Instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

t. Financial Instruments (continued)

i. Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and amounts owed from fellow group companies are initially recognised at transaction price less attributable transaction costs. If the arrangement constitutes a financing transaction, the transaction is measured at the present value of future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

ii. Impairment of financial assets

At the end of each reporting period, financial assets held at amortised costs are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed through profit or loss.

iii. Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when substantially all the risks and rewards of the ownership of the asset are transferred to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

iv. Financial liabilities

Basic financial liabilities, including trade and other payables and amounts owed to or loans from fellow group companies are initially recognised at transaction price plus attributable transaction costs. If the arrangement constitutes a financing transaction, the transaction is measured at the present value of future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

v. Derecognition of financial liabilities

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expired.

vi. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously.

u. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2022

4. Critical accounting judgements and estimation uncertainty (continued)

v. Distributions to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Group's shareholders. These amounts are recognised in the statement of changes in equity.

w. Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the preparation of the financial statements, it is necessary for the management of the Group to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

a) Critical judgements in applying the Group's accounting policies

In the view of the directors, there are no critical accounting judgements in the preparation of these financial statements.

b) Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i. Defined benefit pension scheme (note 19)

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension liability in the balance sheet. The assumptions reflect historical experience and current trends. See note 19 for the disclosures relating to the defined benefit pension scheme.

ii. Property provision (note 20)

Provision is made for dilapidations. This requires management's best estimate of the expenditure that will be incurred based on contractual requirements. In addition,the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement. For further details and range of potential provision values see note 20.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2022

5. Critical accounting judgements and estimation uncertainty (continued)

iii. Inventories (note 15)
At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

iv. Onerous Lease (note 20)
Where the unavoidable costs of meeting the obligations of a lease under a contract exceed the economic benefits expected to be received under it the Group provide an onerous lease provision. The Group recognises and measures the unavoidable costs under the contract as a provision assuming a 5% sales and costs growth and flat margin to the end of the lease discounted. This is discounted using a risk-free pre tax rate. The 'unavoidable costs' under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

v. Goodwill (note 12)
Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised. An impairment is recorded where the present value of the future cash flows are less than the carrying value of the goodwill. See details in note 12 of the assessment performed in the current year along with the significant assumptions used within that.

vi. Investments (note 14)
At the end of each reporting period investments are assessed for impairment. If the present value of future cash flows is less than the carrying value of the investment an impairment is recognised in the income statement.

vii. Exceptional items
Items of an exceptional nature are not disclosed separately in the income statement but analysis is provided in the operating profit note (note 7).

5. Turnover

Analysis of turnover by category:

	2022	2021
All turnover is derived in the UK	**£'000**	£'000
Sale of goods	**405,730**	396,788
Rendering of services	**14,816**	15,230
Kitchen installation contracts	**3,814**	5,332
	424,360	417,350

6. Other operating income

	2022	2021
	£'000	£'000
Government grant - CJRS	-	1,090
Other local council grants	**119**	1,212
Foreign exchange gains	**554**	-
Contribution towards contract exit costs	-	255
	673	2,557

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

7. Operating loss

Operating loss is stated after charging / (crediting):

	Note	**2022** £'000	2021 £'000
Wages and salaries		**96,450**	92,954
Social security costs		**9,834**	8,863
Other pensions costs	19	**3,590**	3,597
Share-based payments	9	**-**	(175)
Staff costs charged to profit and loss		**109,874**	105,239
Loss on disposal of tangible assets		**60**	98
Loss on disposal of intangible assets		**329**	-
Government grants	6	**-**	(1,090)
Inventory recognised as an expense		**196,141**	188,978
Operating lease charges		**28,947**	28,124
Impairment of trade receivables	15	**1,422**	1,140
Impairment of inventory		**1,547**	1,956
Foreign exchange (gains)/losses		**(555)**	1,348
Impairment of intangible asset	12	**26,652**	-
Increase of onerous lease provision	20	**9,699**	-
Impairment of PPE	13	**5,126**	-
Fees payable to the company's auditor and its associates for the audit of the parent company and the Group's consolidated financial statements		**259**	184
Fees payable to the company's auditor and its associates for other services:			
- Audit of the company's subsidiaries		**-**	56
- Non-audit services		**-**	-
Total amount payable to the company's auditor and its associates		**259**	240

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

8. Employees and directors

Employees

The average monthly number of persons (including executive directors) employed by the Group during the year was:

	2022	2021
	No.	No.
Manufacturing and distribution	**709**	766
Sales and marketing	**1,696**	1,588
Office management	**266**	269
	2,671	2,623

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2022	2021
	No.	No.
Manufacturing and distribution	**658**	755
Sales and marketing	**1,665**	1,564
Office management	**216**	216
	2,539	2,535

Directors

The directors' emoluments were as follows:

	2022	2021
	£'000	£'000
Aggregate remuneration	**927**	1415
Company pension contributions to defined contribution schemes	**133**	52
Compensation for loss of office	**987**	320

	No.	No.
Post-employment benefits are accruing to the following number of directors under:		
Defined benefit scheme	**-**	-
Defined contribution scheme	**3**	3
Number of directors who received shares under a long-term incentive scheme	**-**	-
Number of directors who exercised share options in the parent's shares during the year	**-**	-

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

8. Employees and directors (continued)

Highest paid director

The highest paid director's emoluments were as follows:

	2022	2021
	£'000	£'000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	**347**	497
Company pension contributions to defined contribution schemes	**37**	-
Compensation for loss of office	**670**	320

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2022	2021
	£'000	£'000
Salaries and other short-term benefits	**3,031**	2,966
Post-employment benefits	**336**	265
Share based payments	**-**	(175)
Compensation for loss of office	**1,175**	320

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2022

9. Share-based payments

Certain employees of the Group have been awarded share options in the ultimate parent undertaking, Nobia AB. These share options are equity settled and awarded directly by the ultimate parent undertaking.

The Group recognises the share-based payment expense based on an allocation of its share of the Group's total expense, calculated in proportion to the number of participating employees. The expense recognised in the profit and loss during the year to 31 December 2022 is £nil *(2021: income £0.2m).*

Further details relating to the Nobia AB employee share option scheme can be found in the financial statements of Nobia AB, available from the address given in note 25. The nature and extent of share-based payments that existed during the year were as follows:

Performance share plan 2019-2022

At the 2019 Nobia AB Annual General Meeting, resolutions were made in accordance with the Board's proposal to implement an incentive scheme in the form of a Performance Share Plan. The Performance Share Plan contains performance share rights which give entitlement to Nobia shares if the participant remains in employment and the accumulated earnings per share are sufficiently high during the vesting period.

The terms and conditions of grants are as follows, whereby all options are settled by physical delivery of shares.

a) Participation in the plan requires an investment in Nobia shares corresponding to 25, 50, 75 or 100 per cent of the employee's monthly salary.
b) At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled.
c) A participant's entitlement to receive shares in Nobia for matching share rights requires continued employment in the Nobia Group during the vesting period, three years, and that entire investment in Nobia shares has remained during the same period.
d) Each Saving Share carries entitlement to a maximum of seven share rights for the President of Nobia AB, six share rights for other members of Group Management and four share rights for other senior executives.
e) 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.

Share options, granted to executives and senior managers of the Company, that existed at the end of the year were as follows:

Shares	No. of share options at the end of the year	No. of share options at the beginning of year	Exercise price (£)	Expiry date
2019 - 2022	-	-	Nil	April / May 2022

The 2019-2022 share plan failed to meet its performance targets and expired during 2021.

No new performance share plan was launched in 2022.

Performance share plan 2021-2024

At the 2021 Nobia AB Annual General Meeting, resolutions were made in accordance with the Board's proposal to implement an incentive scheme in the form of a Performance Share Plan. The Performance Share Plan contains performance share rights which give entitlement to Nobia shares if the participant remains in employment and the accumulated earnings per share are sufficiently high during the vesting period.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

9. **Share-based payments** (continued)

The terms and conditions of grants are as follows, whereby all options are settled by physical delivery of shares.

a) Participation in the plan requires an investment in Nobia shares corresponding to 25, 50, 75 or 100 per cent of the employee's monthly salary.
b) At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that certain conditions are fulfilled.
c) A participant's entitlement to receive shares in Nobia for matching share rights requires continued employment in the Nobia Group during the vesting period, 3 years, and that entire investment in Nobia shares has remained during the same period.
d) Each Saving Share carries entitlement to a maximum of six share rights for the President of Nobia AB, five share rights for other members of Group Management and four share rights for other senior executives.
e) Allotment of shares requires that the performance targets related to average operating profit (EBIT) have been achieved.

Share options, granted to executives and senior managers of the Company, that existed at the end of the year were as follows:

Shares	No. of share options at the end of the year	No. of share options at the beginning of year	Exercise price (£)	Expiry date
2021 - 2024	-	-	Nil	April / May 2024

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

10. Net interest income

a) Interest receivable and similar income

	2022	2021
	£'000	£'000
Net interest income on post-employment benefits	85	-
Interest on short-term deposits	4	124
Interest on amounts owed by ultimate parent undertaking	445	2,559
	534	2,683

b) Interest payable and similar expenses

	2022	2021
	£'000	£'000
Net interest expense on post-employment benefits	-	(350)
Interest on bank overdrafts and loans	-	(4)
Interest on amounts owed to ultimate parent undertaking	(170)	(2,122)
	(171)	(2,476)

c) Net interest income

	2022	2021
	£'000	£'000
Interest receivable and similar income	534	2,683
Interest payable and similar expenses	(170)	(2,476)
Net interest income	364	207

11. Tax on loss

a) Tax expense included in profit or loss

	2022	2021
	£'000	£'000
Current tax:		
- UK Corporation tax on losses for the year	(812)	(1,628)
- Adjustment in respect of prior periods	(459)	645
Total current tax	(1,271)	(983)
Deferred tax:		
- Current year credit	(2,722)	-
- Origination and reversal of timing differences	-	(1,537)
- Impact of Change in tax rate	(881)	-
- Adjustment in respect of prior periods	(1,681)	1,093
- Current tax deductions allocated to actuarial losses	-	1,100
Total deferred tax	(5,284)	656
Tax on loss	(6,555)	(327)

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

11. Tax on loss (continued)

b) Tax expense included in other comprehensive (expense)/income

	2022 £'000	2021 £'000
Deferred tax		
- Origination and reversal of timing differences	**(3,745)**	6,339
- Impact of change in tax rate	**(991)**	(1,647)
Total tax expense included in other comprehensive (expense)/income	**(4,736)**	4,692

c) Reconciliation of tax credit

Tax assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021:19%). The differences are explained below:

	2022 £'000	2021 £'000
(Loss) / profit before tax	**(68,968)**	(9,920)
Loss multiplied by the standard rate of tax in the UK of 19% (2021: 19%)	**(13,104)**	(1,885)
Effects of:		
- Expenses not deductible for tax purposes	**8,868**	2,068
- Adjustments in respect of prior periods	**(2,140)**	1,739
- Short term timing differences	-	(1,171)
- Permanent capital allowances in excess of depreciation	**(26)**	(611)
- Impact of Change in tax rate	**(881)**	-
- Origination and reversal of timing differences	-	(1,562)
- Current tax deductions allocated to actuarial losses	-	1,100
- Other	**728**	(5)
Tax credit for the year	**(6,555)**	(327)

d) Tax rate changes

In the Budget 2020, the government announced that the corporation tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023 will go ahead.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

12. Intangible assets

Group	Goodwill £'000	Computer Software £'000	Total £'000
Cost			
At 1 January 2022	**116,939**	**17,913**	**134,852**
Additions	-	186	186
Transfers	-	318	318
Disposals	-	(1,607)	(1,607)
At 31 December 2022	**116,939**	**16,810**	**133,749**
Accumulated amortisation and impairment			
At 1 January 2022	**83,758**	**13,904**	**97,662**
Amortisation for the year	4,737	624	5,361
Disposals	-	(1,278)	(1,278)
Impairment	24,000	2,652	26,652
At 31 December 2022	**112,495**	**15,902**	**128,397**
Net book value			
At 31 December 2022	**4,444**	**908**	**5,352**
At 31 December 2021	33,181	4,009	37,190

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

12. Intangible assets (continued)

Company	Goodwill £'000	Computer Software £'000	Total £'000
Cost			
At 1 January 2022	**86,657**	**16,985**	**103,642**
Additions	-	34	34
Disposals	-	(1,607)	(1,607)
Transfers	-	318	318
At 31 December 2022	**86,657**	**15,730**	**102,387**
Accumulated amortisation and impairment			
At 1 January 2022	**59,393**	**13,767**	**73,160**
Amortisation for the year	4,619	498	5,117
Disposals	-	(1,278)	(1,278)
Impairment	17,747	2,652	20,399
At 31 December 2022	**81,759**	**15,639**	**97,398**
Net book value			
At 31 December 2022	**4,898**	**91**	**4,989**
At 31 December 2021	27,264	3,218	30,482

Goodwill is being amortised on a straight-line basis over 20 years for the Group and Company. This is the period over which the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets. The remaining useful life of the goodwill in the Company is 2 years and in Group 1 year.

The amortisation charge is recognised within administrative expenses in the profit and loss account.

The recoverable amount of the cash-generating unit is a source of significant estimation uncertainty. The recoverable amount was determined using a value-in–use calculation which required the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the directors covering a three-year period. Cash flows beyond the three-year period are extrapolated using an estimated growth rate. The key assumptions in the value-in-use calculation are the revenue growth assumptions over the next 4 years of between 5% and 3% and margin improvements of 1%-2% over the next 2 years. The post tax discount rate used in the calculations is 12.5%; as a result of this £24.0m (Group) and £17.7m (Company) impairment has been recorded to the remaining goodwill.

During the year software with a net book value of £2.7m was impaired. The software has been superseded by more advanced software acquired by the Group and there's an ongoing project to move the Group to the new software.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

13. Tangible assets

Group	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant, equipment and vehicles £'000	Fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
Cost						
At 1 January 2022	**13,154**	**41,731**	**71,094**	**2,795**	**7,024**	**135,798**
Additions	-	336	50	25	15,276	**15,687**
Disposals	(25)	(655)	(5,178)	(220)	-	**(6,078)**
Transfers	4,238	(3,929)	3,003	-	(3,630)	**(318)**
At 31 December 2022	**17,367**	**37,483**	**68,969**	**2,600**	**18,670**	**145,089**
Accumulated depreciation and impairment						
At 1 January 2022	**5,553**	**25,126**	**54,540**	**1,674**	-	**86,893**
Charge for year	847	1,901	5,065	251	-	**8,064**
Disposals	-	(595)	(4,835)	(220)	-	**(5,650)**
Impairment	-	2,296	551	308	1,970	**5,125**
At 31 December 2022	**6,400**	**28,728**	**55,321**	**2,013**	**1,970**	**94,432**
Net book value						
At 31 December 2022	**10,967**	**8,755**	**13,648**	**587**	**16,700**	**50,657**
At 31 December 2021	7,601	16,605	16,554	1,121	7,024	48,905

Company	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant, equipment and vehicles £'000	Fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
Cost						
At 1 January 2022	**13,154**	**34,298**	**68,833**	**1,812**	**7,016**	**125,113**
Additions	-	332	20	-	15,216	15,568
Disposals	(25)	(655)	(5,179)	(128)	-	(5,987)
Transfers	4,238	(3,929)	3,004	-	(3,631)	(318)
At 31 December 2022	17,367	30,046	66,678	1,684	18,601	134,376
Accumulated depreciation and impairment						
At 1 January 2022	**5,553**	**21,310**	**52,904**	**1,357**	-	**81,124**
Charge for year	847	1,802	4,956	105	-	7,710
Disposals	-	(594)	(4,836)	(128)	-	(5,558)
Impairment	-	2,296	551	308	1,970	5,125
At 31 December 2022	6,400	24,814	53,575	1,642	1,970	88,401
Net book value						
At 31 December 2022	**10,967**	**5,232**	**13,103**	**42**	**16,631**	**45,975**
At 31 December 2021	7,601	12,988	15,929	455	7,016	43,989

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

13. Tangible assets (continued)

An impairment loss of £5.1m (2021: nil) was recorded in administrative expenses in the income statement in the year against store assets in non-performing stores.

14. Fixed asset investments

Company	Investments £'000	Total £'000
Cost		
At 1 January 2022	**73,734**	**73,734**
At 31 December 2022	73,734	73,734
Accumulated impairment		
At 1 January 2022	-	-
Impairment	22,577	22,577
At 31 December 2022	22,577	22,577
Net book value		
At 31 December 2022	**51,157**	**51,157**
At 31 December 2021	73,734	73,734

Due to the subsidiary companies', CIE Plc and Commodore Kitchens Ltd, recent losses management assessed the carrying value of the investment for impairment. An impairment loss of £22.6m was recognised in administrative expenses in the company income statement during the year.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

14. Fixed asset investments (continued)

The list of subsidiaries is as follows:

Name	Address of the registered office	Nature of business	Interest
CIE plc	Note [5]	Supply and installation of kitchens	100% ordinary*
Commodore Kitchens Limited	Note [5]	Supply and installation of kitchens	100% ordinary
Gower Furniture Limited	Note [2]	Act as an agent specialising in the manufacture, and sale of kitchen related products under the Gower brand	100% ordinary*
Magnet Limited	Note [1]	Act as an agent specialising in the manufacture, merchanting and retailing of kitchens, joinery and related products under the Magnet brand	100% ordinary
Magnet (Isle of Man) Limited	Note [4]	Retailing of fitted kitchens and related products	100% ordinary*
Charco Ninety-Nine Limited	Note [2]	Holding company	100% ordinary*
CIE UK (Holdings) Limited	Note [5]	Holding company	100% ordinary
Essenza Interiors Limited	Note [5]	Dormant	100% ordinary
Gower Group Limited	Note [2]	Holding company	100% ordinary
Rixonway Kitchens Limited [6]	Note [3]	Kitchen manufacturer	Dissolved 04.01.2022
Rollfold Holdings Limited [6]	Note [3]	Holding company	Dissolved 04.01.2022
Rollfold Group Limited [6]	Note [3]	Holding company	Dissolved 04.01.2022
Magnet & Southern Limited	Note [1]	Dormant	100% ordinary
Magnet Distribution Limited	Note [1]	Dormant	100% ordinary
Magnet Furniture Limited	Note [1]	Dormant	100% ordinary
Magnet Group Limited	Note [1]	Dormant	100% ordinary
Magnet Group Trustees Limited	Note [1]	Dormant	100% ordinary*
Magnet Industries Limited	Note [1]	Dormant	100% ordinary
Magnet Joinery Limited	Note [1]	Dormant	100% ordinary
Magnet Kitchens Limited	Note [1]	Dormant	100% ordinary
Magnet Manufacturing Limited	Note [1]	Dormant	100% ordinary
Magnet Retail Limited	Note [1]	Dormant	100% ordinary
Magnet Supplies Limited	Note [1]	Dormant	100% ordinary
Nobia UK Trustees Limited	Note [1]	Pension trust	100% ordinary*

* shares held indirectly

[1] registered office: 3 Allington Way, Yarm Road Business Park, Darlington, County Durham, DL1 4XT.
[2] registered office: Holmfield Industrial Estate, Halifax, West Yorkshire, HX2 9TN.
[3] registered office: Churwell Vale, Shaw Cross Business Park, Dewsbury, West Yorkshire, WF12 7RD.
[4] registered office: Millennium House, Victoria Road, Douglas, Isle of Man, IM2 4RW.
[5] registered office: Acorn House, Gumley Road, Grays, Essex, RM20 4XP.
[6] the company was dissolved on 4 January 2022

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

15. Inventories

	Group		Company	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Raw materials and consumables	**8,409**	7,524	**7,837**	7,062
Work in progress	**802**	805	**761**	694
Finished goods and goods for resale	**56,433**	48,573	**54,328**	46,546
	65,644	56,902	**62,926**	54,302

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Inventories are stated after provisions for impairment of Group: £6.5m *(2021: £6.9m); Company £6.4m (2021: £6.6m).*

16. Debtors

		Group		Company	
		2022	2021	**2022**	2022
	Note	**£'000**	£'000	**£'000**	£'000
Trade debtors		**35,867**	38,985	**30,414**	32,298
Amounts recoverable on contracts		**688**	1,093	**-**	-
Corporation tax recoverable		**1,646**	926	**475**	567
Amounts owed by group undertakings		**-**	20,654	**2,851**	23,117
Other debtors		**5,087**	5,114	**1,837**	1,196
Deferred tax asset	17	**9,927**	-	**9,723**	-
Prepayments and accrued income		**10,114**	13,019	**9,591**	12,322
		63,329	79,791	**54,891**	69,500

Trade debtors includes £1.3m (2021: £1.5m), deferred tax asset £9.8m (2021: £nil) and other debtors includes £1.1m (2021: £1.6m) falling due after more than one year.

Trade debtors are stated after provisions for impairment of Group: £0.8m (2021: £0.9m); Company: £0.5m (2021: £0.6m).

Amounts owed by group undertakings are unsecured loans and receivables, which are interest bearing and are repayable on demand.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

17. Deferred tax assets and liabilities

Deferred tax assets / (liabilities) are attributable to the following:

	Group		Company	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Post-employment benefits	**3,553**	(575)	**3,553**	(575)
Capital allowances	**20**	(3,610)	**20**	(3,605)
Accelerated depreciation	**11**	-	-	-
Corporation tax losses carried forward	**6,085**	3,413	**5,892**	3,413
Other timing differences	**258**	577	**258**	368
Net tax assets / (liabilities)	**9,927**	(195)	**9,723**	(399)

At the end of the reporting period there were £28.2m (2021: £11.1m) tax losses brought forward.

18. Creditors: amounts falling due within one year

		Group		Company	
		2022	2021	**2022**	2021
	Note	**£'000**	£'000	**£'000**	£'000
Bank loans and overdrafts		**5,913**	-	**6,348**	3,421
Trade creditors		**49,560**	45,125	**48,049**	42,280
Amounts owed to group undertakings		**7,714**	1,496	**50,053**	43,678
Other taxation and social security		**6,901**	6,395	**6,706**	6,139
Other creditors		**6,724**	6,803	**6,680**	6,564
Accruals and deferred income		**16,930**	20,305	**15,889**	19,819
		93,742	80,124	**133,725**	121,901

Amounts owed to group undertakings are unsecured, unsecured loans and payables, which are interest free and are repayable on demand. Value of loans included in amounts owed to group undertakings is £7.6m. The Company has received a letter saying that the £50m intercompany debtor will not be called in unless the Company has the funds to do so.

The company is party to an unlimited guarantee with Nobia AB, the ultimate parent company, and fellow subsidiaries with regards to the overdraft facility disclosed above.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

19. Post-employment benefits

The Company operates a defined benefit pension scheme which has been closed to new members since 1 November 1999 and the Group operates a defined contribution scheme for its UK employees.

The amount recognised in the profit and loss account is as follows:

		Group		Company	
		2022	2021	**2022**	2021
	Note	**£'000**	£'000	**£'000**	£'000
Defined benefit scheme					
- Current service cost		**1,295**	982	**1,295**	982
Defined contribution scheme	7	**3,590**	3,597	**3,313**	3,281
Total charge in operating loss		**4,885**	4,579	**4,608**	4,263
Defined benefit scheme					
- Net interest (income)/expense	10	**(85)**	350	**(85)**	335
Total charge		**4,800**	4,929	**4,523**	4,598

a) Defined contribution pension scheme
The Group operates a defined contribution pension scheme, the Nobia UK Retirement Plan (formerly Magnet Money Purchase Plan). This plan is a qualifying auto enrolment vehicle.

The amount recognised as an expense for the defined contribution scheme was:

	Group		Company	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Current year contributions	**3,590**	**3,597**	**3,313**	3,281

b) Defined benefit pension scheme
Until 31 December 2012 Magnet Limited, a subsidiary undertaking also provided pension arrangements to employees through a defined benefit scheme, the Magnet Group Pension Scheme. During 2013 the Company entered into a Deed of Substitution with Magnet Limited and the trustees of the Magnet Group Pension Scheme, *pursuant to which the Company was substituted as the participating employer in relation to* Magnet Limited's defined benefit pension scheme. The liabilities of Magnet Limited to the pension scheme were apportioned to the Company.

The scheme has been closed to new members since 1 November 1999. The scheme closed to future accrual with effect from 31 December 2009 and for active members of the scheme the link to salary was removed. Active members are entitled to join the Nobia UK Retirement Plan.

Costs in relation of the Company's defined benefit scheme are assessed in accordance with the advice of professionally qualified actuaries. The pension scheme is funded by the payment of contributions to separately administered trust funds.

The valuation used for FRS 102 disclosures has been based on a full formal actuarial valuation as at 31 October 2020 and was updated for FRS 102 purposes to 31 December 2022 by a qualified independent actuary. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method. The next valuation is to be completed by January 2025.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

19. Post-employment benefits (continued)

Employer contributions over the accounting period amounted to £4.4m *(2021: £7.1m)*. It has been agreed that employer contribution of £5.5m per annum from January 2023 to 31 July 2026 will apply plus payment of the PPF levy.

The information disclosed below is in respect of the Magnet Group Pension Scheme as a whole for which the Company is legally responsible throughout the periods shown.

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2022	2021
	%	%
Discount rate	***5.0***	1.80
Rate of increase to pensions in payment		
- benefits accrued pre 6 April 1997	-	-
- benefits accrued between 6 April 1997 and 6 April 2006	**4.90**	3.00
- benefits accrued post 6 April 2006	**2.50**	1.90
Deferred revaluation	**2.40**	2.30
RPI inflation	**3.15**	3.25
CPI inflation	**2.15**	2.25

The mortality assumptions used were as follows:

	2022	2021
	%	%
Longevity at age 65 for current pensioners		
- Men	***20.9***	20.7
- Women	***22.5***	23.6
Longevity at age 65 for future pensioners		
- Men	***22.5***	22.4
- Women	***25.7***	25.4

If actuarial assumptions changed, the value of the reported liabilities at 31 December 2022 would have varied by £'000

	Increase	**Decrease**
Sensitivity analysis:		
Discount rate (1% change)	(21,068)	22,132
Life expectancy (1 year change)	16,704	(16,704)
Future pension increased (1% change)	10,996	(11,080)

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2022

19. Post-employment benefits (continued)

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
At 1 January 2022	279,508	(277,209)	2,299
Benefits paid	(18,549)	18,549	-
Employer contributions	4,408	-	4,408
Current service cost	(1,295)	-	(1,295)
Interest income / (expense)	4,995	(4,910)	85
Remeasurement gains / (losses)			
- Actuarial gains	-	83,127	83,127
- Return on plan assets excluding interest income	(102,837)	-	(102,837)
At 31 December 2022	**166,230**	**(180,443)**	**(14,213)**

Total cost recognised as an expense:

	2022 £'000	2021 £'000
Current service cost	**(1,295)**	(982)
Interest income/(cost)	**85**	(350)
	(1,210)	(1,332)

Gains and losses recognised directly in equity:

	2022 £'000	2021 £'000
Actuarial gain on defined benefit obligation	**83,127**	19,172
Return on plan assets excluding interest income	**(102,837)**	4,795
(Losses)/Gains recognised in the year	**(19,710)**	23,967

No amounts (2021: *nil*) were included in the cost of assets.

The fair value of the plan assets was:

	2022 £'000	2021 £'000
Equity instruments	**22,177**	39,964
Debt instruments	**140,434**	208,040
Cash and cash equivalents	**3,619**	31,504
	166,230	279,508

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

19. Post-employment benefits (continued)

At 31 December 2022, none of the fair value of scheme assets related to self-investment.

The return on the plan assets was:

	2022	2021
	£'000	£'000
Interest income	**4,995**	3,799
Return on plan assets excluding interest income	**(102,837)**	4,795
Total return on plan assets	**(97,842)**	8,594

20. Provision for other liabilities

Group and Company	**Restructure Provision**	**Dilapid-ation provision**	**Onerous lease provision**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At 1 January 2022	-	**885**	**546**	**1,431**
Additions dealt with in profit and loss	5,552	480	9,700	**15,732**
Amounts utilised	(3,540)	(770)	(121)	**(4,431)**
Unused provision Reversed to P&L	(1,600)	-	-	**(1,600)**
At 31 December 2022	412	595	10,125	**11,132**

Restructure Provision
In March 2022, the Group announced a cost reduction programme. The restructure provision consists primarily of staff restructure costs. A small amount of the provision was left at year end that is expected to be fully utilised by December 2023.

Dilapidation provision
As part of the Group's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The dilapidations provision consists primarily of dilapidations costs relating to stores that are either closed or closing. The costs are generally expected to be incurred on a store-by-store basis over the next five years. Due to the significant number of leased properties in the group and the difficulties in predicting expenditure that will be required on return of a property to the landlord many years into the future, the dilapidations provision is considered a source of significant estimation uncertainty. The provision has been calculated using historical experience of actual expenditure incurred on dilapidations and estimated lease termination dates.

Onerous lease provision
Where the unavoidable costs of meeting the obligations of a lease under a contract exceed the economic benefits expected to be received under it the Group provide an onerous lease provision. The Group recognises and measures the unavoidable costs under the contract as a provision assuming a 5% sales and costs growth and flat margin to the end of the lease discounted. This is discounted using a risk-free pre tax rate. The 'unavoidable costs' under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

21. *Called-up share capital and other reserves*

Ordinary shares of £1 each	**Group and Company**	
Allotted and fully paid	**No.**	**£'000**
At 1 January 2022	72,600,000	72,600
At 31 December 2022	72,600,000	72,600

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Capital contribution reserve
Prior to 1 January 2013, certain employees of the Group were awarded share options in the ultimate parent undertaking, Nobia AB. The fair value of employee services received in exchange for grant of the options was recognised as an employee expense with a corresponding increase in the capital contribution reserves.

Capital redemption reserve
The capital redemption reserve balance is in relation to the historic company purchase of its own shares.

Other reserve
The other reserve comprises negative goodwill arising on acquisitions made prior to 1 October 1999.

Dividends

A dividend of £nil was paid during the year *(2021: £nil)*.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2022

22. Notes to the cash flow statement

	2022	2021
	£'000	£'000
Loss before taxation	**(68,968)**	(9,920)
Finance costs	**170**	2,475
Finance income	**(534)**	(2,683)
Operating profit	**(69,332)**	(10,128)
Amortisation of intangible assets	**5,361**	6,817
Impairment of receivables	**1,422**	1,140
Impairment of inventory (included in 'cost of sales')	**1,547**	1,956
Impairment of Intangible Assets	**26,652**	-
Depreciation of tangible assets	**8,064**	8,773
Impairment of tangible assets	**5,126**	-
Loss on disposal of tangible assets	**60**	98
Loss on disposal of intangible assets	**329**	-
Share-based payment (credit) / charge	**-**	(175)
Pension liability payments	**(2,831)**	(6,773)
Other provisions less payments	**9,699**	(298)
Working capital movements:		
– Decrease / (Increase) in inventories	**(10,286)**	820
– Increase in debtors	**25,757**	5,806
– (decrease) / increase in payables	**7,487**	(25,612)
Cash flow from operating activities	**9,055**	(17,576)

Analysis of changes in net debt

	At 1 Jan 2022	**Cash flows**	**At 31 Dec 2022**
	£'000	**£'000**	**£'000**
Cash at bank and in hand	1,056	55	1,111
Overdrafts	-	(5,913)	(5,913)
Total	1,056	(5,858)	(4,802)

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2022

23. Operating leases

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Company	
	2022	2021	**2022**	2021
Payments due	**£'000**	£'000	**£'000**	£'000
Not later than one year	**20,408**	22,003	**19,862**	21,258
Later than one year and not later than five years	**41,449**	35,081	**41,225**	34,836
Later than five years	**12,994**	5,345	**12,994**	5,345
	74,851	62,429	**74,081**	61,439

The Group and Company had no other off-balance sheet arrangements.

As a result of the Company entering into an agency agreement with Magnet Limited during 2013, commitments which were previously reported by Magnet Limited are now included in the balances above.

24. *Related party transactions*

The company is controlled by Nobia AB by virtue of their majority shareholding. The ultimate controlling party is Nobia AB.

In accordance with FRS 102 Section 33, as the company is a wholly owned subsidiary of Nobia AB, the company has not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

25. *Controlling parties*

The immediate parent undertaking, controlling party and the largest and smallest group to consolidate these financial statements is Nobia AB, a company incorporated in Sweden. Copies of the consolidated financial statements of Nobia AB can be obtained from the Company Secretary at its registered address, Nobia AB, PO Box 70376, SE-107 24, Stockholm, Sweden.

26. Events after the reporting period

Due to continued difficult market conditions, primarily in the project business, the business carried out a further cost reduction programme which resulted in a number of redundancies and an announcement of the closure of two factories with an NBV of £4.8m in the first half of 2023. The cost reduction programme is expected to cost £3.4m and return annual savings of £13.4m. Post year end the Group received a £20m loan from the parent company.