ANNUAL REPORT 2021

North Investment Group AB (publ)

BOARD OF DIRECTORS' REPORT FOR NORTH INVESTMENT GROUP

The Board of Directors and CEO of North Investment Group AB (publ), corp. ID no. 556972-0468, with registered office in Tranås, hereby submits the annual report and consolidated accounts for 2021. Unless otherwise stated, the report is presented in thousand Swedish kronor (TSEK). Amounts in parentheses refer to the previous year.

OPERATIONS

Sono Group is the leading Scandinavian supplier of quality furniture and wardrobe solutions for schools, offices and industry. North Investment Group AB (publ.) is the parent company in the group Sono Group, which name comes from the operations common trade mark Sono.

Sono Group can offer its customers the broadest product range in the industry and offer its own proprietary brands such as Ergoff, Form o Miljö, GBP, Sarpsborg Metall, Sonesson Inredningar and Tranås Skolmöbler. Sono Group´s core competence and competitive advantage is development and sourcing of products from an extensive network of several hundred qualified manufacturers in Europe and Asia. The operations consists of the business areas Sono Sweden and Sono Norway.

Sono Group is one of Scandinavia's leading groups for developing and selling ergonomic workplace solutions, furniture for schools and pre-schools, industry- and construction businesses, sport and leisure, as well as public offices and health care. The Group has seasonal variations, mostly related to one of its categories, School furniture. A high share of these deliveries happens during 3rd quarter.

Legal structure

Sono Group consist of parent company North Investment Group AB (publ.) and its fully owned daughter companies. For detailed information, see note 12.

Segment

The Group is divided into two segments; Sono Norway (Norway) and Sono Sweden (Sweden).
Sono Norway consists of the Norwegian companies Sono Holding Norge AS, Sarpsborg Metall AS, Sono Norge AS, Sørlie Prosjektinnredninger AS and Sono Norop AS. In addition, consists the Norwegian segment of the Swedish company Sarpsborg Metall AB, the Danish companies Sono Denop ApS and Sono Danmark A/S, and Sono IPO Ltd in Hong Kong.
Sono Sweden consists, after this year's mergers, of the Swedish companies NIG Sverige AB, Sonesson Inredningar AB, Sono Brands AB, Sono Sverige AB, and Sono Sweop AB.

NET SALES AND RESULTS

Net sales were SEK 833 (785) million and EBITDA was SEK 81 (87) million in 2021 for the Group. The order intake was SEK 830 (786) million, an increase of 5.6% compared to 2021. The Groups EBIT was SEK 35.5 (42.8) million and the net result was SEK -18.9 (-1.1) million. The Groups gross margin in 2021 was 38.8% (39.3%). The gross margin is defined as the difference between net sales and direct cost inclusive direct wages. The main cause to the reduced gross margin is increased purchase prices during 2021 that has taken time to pass forward to customers.

The split between the groups different segment was as follows; Sono Norway generated net sales of SEK 418.1 (386.4) million and EBITDA of SEK 47.8 (45.8) million during the year, while Sono Sweden generated net sales of SEK 439.3 (407.5) million and EBITDA of SEK 34.2 (41.0) million.

SIGNIFICANT EVENTS DURING THE YEAR

2021 has been a challenging year. The effects of Covid-19 have still had certain impacts on the Groups turnover, mainly during the 1st half year, but thanks to adapting the organization the effects on the Groups results been limited. Quickly rising raw material prices on mainly wood and steel has affected products within all of our categories, whereas record high freight costs on containers from Asia mainly affects category Office. Despite increased raw material prices the gross margins for 2021 is close to historical levels. Even though the order income during 4th quarter was somewhat lower than last year, the order backlog is higher than previous year. The activity level is good in all countries and there are several interesting opportunities within all the Groups categories.

A new business area has been established in the Swedish segment during 2021. Offering of 3PL-services (third party logistics) has since a modest start during the first half year grown to a turnover between SEK 20 and 30 mill, consisting of both warehouse rent and services. The Group experience a high demand for 3PL and with Sono's long experience and setup within logistics, we see this as an interesting business area for the Group to grow within.

Sono Group has during 2021 intensified its sustainability work and put it high on its agenda. In June 2021 a chief sustainability officer was employed and gave sustainability a more defined place in the groups business strategy. The purpose with a dedicated resource is in an effective manner meet the accelerating demands from the various business partners in terms of sustainability questions. During autumn the sustainability strategy, Sustainable workday, was approved by the board of directors. The strategy sets the ground for the changes deemed necessary to make Sono a competitive player in the market. During 2021 Sono Sweden AB signed agreements with e.g., Adda (communes) and Kammarkollegiet (State government) regarding refurbished furniture. Refurbishment business has been implemented in cooperation with partners to offer all the Groups customers high quality refurbished furniture as an alternative. The expectation is that this area will have a strong growth the coming years.

The 1st of November the merge of the three Swedish companies Sono Sverige AB, Form o Miljö AB and GBP Ergonomics AB was finalized. Through the merger remains one Sono Sverige AB that sells products from all of the Group's categories to all regions. A complete reorganization of the personnel force was done, and three strong geographical hubs was created in Sweden. Together with the merge a new graphical expression was launched for the Group's logo, Sono.

In May 2021 Sono Group was refinanced with a new three-year bond loan and a credit line of SEK 30 mill. The bond loan was listed on Nasdaq in November 2021.

SHAREHOLDERS

The company was owned 88.6% by Frigaard Industries AS, corp. ID no. 999 210 384, with registered office in Sarpsborg, Norway. The consolidated financial statements for the group as a whole are prepared by Soland Invest AS, corp. ID no. 987 521 465, with registered office in Sarpsborg, Norway. A description of the ownership of the company at the balance sheet date is found in Note 23.
The remaining shareholders each hold less than 10 per cent of the company.

MULTI-YEAR SUMMARY

Three-year summary for the group:

(SEK million)	2021	2020	2019	2018
Net sales	814.1	766.7	899.2	735.3
Profit/loss after net financial income (expense)	-12.6	3.4	-25.2	19.9
Total assets	689.4	737.7	813.3	795.6
Equity/assets ratio (%)	4.0%	4.4%	6.7%	6.2%
Number of employees	217	220	268	245

INVESTMENTS AND CASH FLOWS

Gross investments in intangible assets totaled SEK 5.3 million and referred mostly to investment in Software/IT-projects. Gross investments in property, plant, and equipment (equipment) totaled SEK 0.7 million.

ENVIRONMENT

In one of its subsidiaries, Sono Sweden is engaged in activities that are notifiable to the local authority. The notification requirement refers to manufacturing activities in a 5,000 sqm space for the manufacture and painting of storage units, school furniture and ergonomic workplace furniture that was in operation to certain extent in the first part of 2021. The activities affect the external environment mainly through emissions from boiler, processing of metals and water-based degrease of steel to air, and emission from surface treatment of wood and steel to water. In the production process it is used powder and organic solvent. The activities that are notifiable to the authorities is less than 10% of the company's activities. The emissions are below the levels approved by the authorities. Sono Norway is not engaged in notifiable activities.

RESEARCH AND DEVELOPMENT

The group is not engaged in research and development activities other than continued development of existing sales and ERP systems and products.

USE OF FINANCIAL INSTRUMENTS

The group has short-term borrowings, which are measured at amortized cost.

EMPLOYEES

The group had an average of 217 employees, of whom 29 per cent were women. Around 56 per cent of the employees are employed in Sweden.

SIGNIFICANT RISKS AND UNCERTAINTIES

The group's operations are exposed to various types of financial risk – currency risk, interest rate risk, refinancing risk and general liquidity risk. Interest rate risks are considered to be limited. The group's currency risk and liquidity risk have increased in the past few years due to a higher share of imported goods. The group uses a multi-currency group account structure to control the use of EUR and USD. On 31 December, the group had no open forward contracts. For further information, see note 3.

EVENTS AFTER THE END OF THE PERIOD

The extent the Russian invasion of Ukraine has on our operations is difficult to tell as of now. In short term we experience increased raw material prices on steel and wood, as well as increased energy- and transportation cost. The general uncertainty in the world may have a negative impact on the Group's turnover and result.

In March 2022 Sono Group replaced the Chief Executive Officer.

Other than the above, there are no changes to important aspects or occurred significant effects after the end of the accounting period that affects the financial statement.

OUTLOOK FOR 2022

The outlook for our main markets remains positive for the whole year 2022. The remaining Covid-19 effects are relatively small, and the Group will likely have a positive effect in 2022 since the investments has to some extent been delayed. The cost reductions that have been executed during 2020 and 2021 gives us good foundations to secure the profitability for 2022.

Sono Group will continue to focus on sustainability going forward. The increased demands from its stakeholders, mostly public sector, is met through an active sustainability effort. The signed agreements with Adda and Kammarkollegiet has been increased to one other agreement signed in the beginning of 2022 and the Group sees great business opportunities within refurbishment.

APPROPRIATION OF RETAINED EARNINGS

The Board of Directors proposes the following appropriation of retained earnings (Swedish kronor):

Retained earnings	17 157 777
This year's loss	- 29 171 576
Appropriations	-12 013 799

CORPORATE GOVERNANCE REPORT 2021

Principles for corporate governance report

The Corporate Governance Report for North Investment Group AB (publ) are prepared according to the Swedish law for annual statement. The Swedish code of corporate governance is not applied.

Ownership

North Investment Group AB (publ) is the parent company in the Group. The company is owned 88.6% by Frigaard Industries AS, org.no: 999 210 384, registered in Sarpsborg, Norway. The financial statement for the whole group is prepared in the company Soland Invest AS, org.no: 987 521 465, registered in Sarpsborg, Norway. None of the other share owners' controls, directly or indirectly, more than 10% of the shares in the company. Detailed description of ownership at the balance date can be found in note 23. Each share owner can give one vote for each share at the shareholders meeting. The company are not familiar with any limitations in voting rights.

Shareholder meeting

The company's highest decision organ is the shareholder meeting, where the shareholders carry out its influence. In the parent company the shareholders meeting shall be held on an annual basis, no later than six months after the end of the accounting year. On the shareholders meeting the shareholders decides i.e. the financial statements for the parent company and the group, appropriation of the results, as well as discharge for the board members and CEO. It is also the shareholders meeting that elects the board and the director of the board, as well as elect the auditor and decides the renumeration to the board and other senior executive directors. The shareholder's meeting has not given authority to the board to decide if the company shall issue or acquire new shares.

The parent company held its shareholders meeting 30th April 2021. At the meeting 1 shareholders attended, which is approximately 89% of the votes.

Articles of associations

The parent company's articles of associations stipulates that the board shall consist of minimum three and maximum five ordinary board members and maximum three substitutes. The articles of associations have no articles that deviates from the Swedish limited company act.

The board

The board has according to the Swedish limited company act the overall responsibility for the group's organization and management, as well as control over that the accounting and financial relationship are sufficient. It is the boards that decides regarding the group's strategy and policies, as well as what overall goals that shall be the target. It is also the board that decides the groups financing, acquisitions, disposals and investments. In addition to the general task for the board set forth in the Swedish limited company act, the boards also decide each year the boards procedures and a work instruction for the CEO. The boards procedures contain amongst other things rules regarding the board's responsibility and tasks as well as how they shall be delegated, that the board normally shall meet four times per year and what shall be discussed on the respective meetings. During 2021 five board meetings were held. The work instruction for the CEO contains mainly the division of assignments and responsibility between the board and CEO, as well as instructions related to internal reporting to the board.

The parent company's board consists of three board members elected by the shareholders meeting; Helge Stemshaug (director of the board), Trond Frigaard and Simon Martinsen.

Committee

The parent company's audit committee, same as the board, is responsible for prepare, follow up and assess questions related to the financial reporting, audit of the financial statement, and review and surveillance of the auditor impartiality and independence.

Senior executives

The CEO for Sono Group is responsible to lead and develop the operations according to those guidelines and regulations that the board has decided, primarily through the written work instruction for CEO that yearly is decided by the board.

The CEO decides on his own the groups internal organization and appoints the senior management. For bigger organizational changes shall the CEO collect the board's view on the matter.

Sono Groups senior management consisted at year end of Ole Vinje (CEO), Tore Skedsmo (CFO), Hans Petter Borge (CPO wardrobe/industry), Torleif Tokle (COO Sono Norway), Pål Johnsen (CDO), Mathias Fogde (COO Sono Sweden) and Bengt Pettersen (CPO Industry/Office).

The CEO leads the senior managements work and make decisions together with the other management. The senior management meets at least twelve times per year to follow up on the operations and discuss group matters, as well as propose new strategic plans and budgets that the CEO then prepares for the board to decide.

Members of the senior management has created local management groups in their respective segments, Sono Norway and Sono Sweden, that meets quarterly. Quarterly business reviews are held for the respective companies within the segment. These forums are used for financial follow-up, business development and strategic questions on segment level.

Internal control and risk management

The internal control overall goal is to a reasonable extent make sure that the company and the group's operational strategies and goals are followed up and that the owner's investments are protected. The internal control shall further make sure that the external financial reporting with reasonable assurance is correct and according to general accepted accounting standards, that laws and regulations are followed, together with regulations related to listed companies. As a tool for the internal control there exists internal instructions, routines, systems, as well as a clear description of responsibilities both between the board and CEO, and within the operational activities. Policies and routines are documented and assessed on a regular basis.

Routines and activities have been developed to handle and reduce material risks that are related to the financial reporting. The operative management does monthly follow-ups and analysis together with respective business manager based on the executive management defined operative and financial key performance indicators. These reports are consolidated for the group and analyzed and followed up by the CEO, CFO and finally the board. The analyses of the key performance indicators are done towards budget, prognosis, and previous year's outcome.

The group's material risks and uncertainties include business risks such as high exposure to certain markets and financial risks. Financial risks such as currency-, interest-, financing- and liquidity risks is mainly handled centrally by the group's finance function.

Diversity policy

Diversity policy has been prepared and approved by Sono Group board of directors. The policy is published and communicated on the Group's intranet. The purpose of the policy is to emphasize the importance of human's equal value and that human equality enriches. The policy shall guide the work with diversity in Sono Group as well as which assessments the Group has to the topic. Sono Group will employ, keep and develop its employees with care and equality. Sono Group works to achieve equality in gender and increased diversity. All employees shall be assessed and valued on objective terms.

SUSTAINABILITY REPORT 2021

The sustainability report is the first that North Investment Group AB (publ.) publish and relates to financial year 2021.
This sustainability report covers the parent company North Investment Group AB (publ.) (org.no. 556972-0468) and all companies that is consolidated in the consolidated accounts for the same period. The underlying companies is specified in Note 12 in the financial statement. The Group is divided into two segments, Sono Norway and Sono Sweden. Which companies that belongs to the respective segment can be found on page 2 in the consolidated accounts.

The sustainability report is prepared in accordance with the regulations in ÅRL (the annual accounts act) 6th and 7th chapter. When preparing the sustainability report guidance has been collected from Global Reporting Initiatives (GRI) Standard for sustainability reporting, but the guidelines has not been fully adopted.

Since this is North Investment Group AB's first sustainability report no material changes in reporting principles or scope has been done. The company's board of directors has when signed the annual accounts also approved the sustainability report for 2021.

Business model

North Investment Group AB (publ.) is the parent company in the Group Sono Group, where its name is based on the business common brand SONO. Sono Group is on of Scandinavia's leading group for developing and sale of quality furniture and storage solutions for school, office and industry. Sono Group can offer its customer a wide range of products from its own brands such as Ergoff, Form o Miljö, GBP, Sarpsborg Metall, Sonesson Inredningar and Tranås Skolmöbler.

Sono Groups core competencies and competitive advantage is developing and purchase of products from a wide range of producers. Most of the purchases is from suppliers in Nordics and Europe, as well as a certain extent Asia. The primary raw material in the Group's products is steel and wood. Public sector is a material customer for the Group which demands high requirements on the Group's products in terms of quality and sustainability. The requirements is fulfilled through several quality tests and certifications, such as Möbelfakta, FSC certified wood, Svanen, Byggvarubedömningen, etc.

Deliveries from producers is mainly with boats and trucks to the Group's central warehouses or directly to end users. Sono Group has a close cooperation with its freight partners in order to contribute in order to reach Sweden's climate goals for transportation.

Significant events during the year

2021 was the year when the sustainability work within Sono Group was intensified and put up high on the agenda. This work has been important during the year and below follows some of the activities that the Group has focused on:

- ✓ **Chief sustainability officer**
  In June 2021 a sustainability officer was employed in Sono Group. Through this sustainability has been clearer in the Groups business strategy. The purpose with a dedicated resource is to effectively meet the increased demand from the business' stakeholders in relation to sustainability questions. These requirements are both related to the urgent climate crisis as well as the social dimension.

- ✓ **Sustainability strategy**
  During the autumn the sustainability strategy, Sustainable Workday, was approved by the board. In the strategy three prioritized areas was identified:
    - Suppliers
    - Employees
    - Customers and society

  The strategy is the foundation for the change necessary for Sono Group to be a competitive player in the market today, tomorrow and in the future.

- ✓ **Circular furniture flows – tenders won**
  During 2021 the requirements to climate friendly purchases has increased from the public sector and Sono Group has through this taken big steps into the circular business. During the year the Group was assigned four framework agreements within refurbished furniture and services. One of these framework agreements was signed with Sweden's biggest employer, the Swedish Government.

  The framework agreement gives the Group possibility to quickly contribute to the circular conversion. Sono Group offers high quality refurbished furniture and services related to the circular furniture flow, such as inventory, valuation, and renovation of furniture. By giving furniture a second chance creates possibilities for a sustainable development.

Supplier chain

Sono Group develops and offers quality furniture and storage solutions for school, office and industry. During the last years the requirements from Sono Group's stakeholders has increased in relations to sustainable products and sustainable chain of supply. The Group observe a clear change in the public sector that leads the conversion through its tenders where more requirements and more demanding requirements. Even legal requirements in connection to sustainability such as register of dangerous contents in products, EU taxonomy and demands towards Human Rights Due Diligence (HRDD) contributes to the conversion.

Sono Group's stakeholders sets high demands on the Group and on the suppliers they use. The demands are in terms of quality, environment, and responsible chain of suppliers:

Quality requirements

Requirements is set that certain furniture are constructed and produced so that they can adapt to the user environment they are produced for. To secure the quality an independent test institute (RISE, Research Institute of Sweden) tests the furniture towards applicable standards for the specific user environment.

Environmental requirements

Requirements are set so that the raw material comes from legal and sustainable sources and that the material do not contains hazardous substances.

Responsible chain of suppliers

Requirements are set so that furniture are produced in healthy surroundings in relation to human rights, labor law, environmental and anti-corruption.

Supplier pool

Most of the purchases is from suppliers in Nordics and Europe, as well as a certain part from Asia. The Group cooperates only with suppliers that fulfills its and stakeholders' requirements. As of today, twenty suppliers stand for approximately 70% of the purchase.

Systematic work in chain of supplies.

To meet the increased demands, the Groups work with these suppliers has been systemized during the last couple of years and we work with continuous improvements. During 2022 we will establish KPI's, and measurable goals connected to the chain of supplies will be defined. That implies goals and follow ups within the environmental and social dimensions such as respect for human rights, anti-corruption, reduced CO_2 emissions, quality, increased share of reused materials, etc.

Sono Group's pool of suppliers shall consist of suppliers that has basis to live up to the Group's stakeholders' requirements. The increased demands have led to that several suppliers have been rejected. Systematic audits of the Group's suppliers that has been executed the last years has led to a reduction in number of suppliers with approximately 20% from 2019 to 2021. The work with limiting the number of suppliers and at the same time fulfill stakeholders' requirements to have a broad range of products continues. With fewer suppliers the possibility to make sure suppliers fulfill requirements increases and to create a well-functioning systematic work.

Processes and routines related to suppliers.

To secure sustainable chain of supplies, a risk study based on Countries Risk Classification according to Amfori BSCI was done. The analysis and classification determine if the supplier audit shall be done by Sono Group or by a third party. In the next step the suppliers may take part of Sono Group's code of conduct. The supplier signs on the code of conduct where they state that they have read, understood, and acknowledge to work according to the code of conduct. After signing the code of conduct a supplier assessment is done in order to make sure that the supplier meet the demands the Group and it's stakeholders have.

The supplier assessment is done at the suppliers' premises. During the pandemic physical visits has been impossible to perform, whereas supplier assessments has been done via Teams during 2020 and 2021. After performed supplier assessment Sono Group does a risk analysis based on the answers and documents received. If the results show high risk, an action plan is prepared together with the suppliers in due time to mitigate the risk. If that is not possible, we end the cooperation with the supplier. New suppliers shall always go through the process described above.

The pool of suppliers is extensive, despite its reduction. Recurring audits is performed running on existing suppliers with focus on the suppliers with highest risk or stands for majority of the purchases. During 2021 nine supplier assessments has been performed on the strategic most important suppliers.

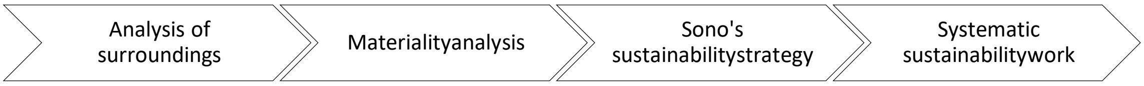
Materiality analysis

The world stands before huge environmental and social challenges. During the year the climate effects such as heat, storms, rain, dry and fire has occurred. The human impact has accelerated the development and more extensive effort is needed to achieve UN's global targets. There is therefore an urgent need to transpose to a more sustainable development. A development where all live within the frames of global boundaries and at the same time fulfill its social needs. Long term sustainable responsibility is not only a competitive advantage, but a necessity to secure survival and growth in the future.

Sono Group will contribute to a responsible consumption and sustainable business development by combining long term profitability with environmental and social responsibility. In order to succeed focus is needed towards those questions where our operations have biggest effect and the area's most material need to be defined.

Materiality

Sono Groups systematic sustainability work started with an analysis of our surroundings where materiality, stakeholders' perspectives, risk and influence analysis was the core.



Starting with the 17 global sustainable development goals an analysis of all 169 sub-goals was performed to identify which one that is central and material for Sono Group. Central means that the group has a high possibility to influence the sub-goal, either positive or negative. Central sub-goals mean great challenges and/or possibilities that gives us a bigger responsibility to contribute to that sub-goal. It is of great importance to integrate the goals in our business plan as well as follow up that they are measured. The central goals for Sono Group are:

- ✓ Goal 5 – Equality
  Avoid discrimination of women. Make sure that women have full and actual participation and equal opportunities to leadership on all decision levels.

- ✓ Goal 8 – Decent work and economic growth
  Work for a inclusive and long term economic growth, full and productive employment with decent working conditions for everyone.

- ✓ Goal 10 – Reduced inequalities
  Active work to avoid discrimination against gender, multi-gender identity or expression, ethnical origin, religion or other beliefs, disability, sexual orientation, or age.

- ✓ Goal 12 – Responsible consumption and production
  Ensuring sustainable consumption and production patterns.

- ✓ Goal 13 – Climate action
  Taking urgent action to combat climate change and its impact.

Stakeholders' analysis

Sono Groups stakeholders is all that is have impact or is affected by our business. With aim to identify the Groups key stakeholders, several interviews of management and key employees was conducted in 2021. Following this a poll related to sustainable development was sent out to all employees. The result from this gave valuable insight to address the Groups key stakeholders and knowledge to assess their impact, risk and business impact. Based on this a clearer picture of prioritization of stakeholder's sustainable focus came out. The most important stakeholders related to sustainability was:

- Customers
- Employees
- Owners
- Suppliers

- Bondholders/investors

Prioritized issues
Through risk and impact analysis related to stakeholders and UNs development goals the strategy Sustainable Workday was made. The strategy was approved by the board on October 2021. In Sustainable Workday Sono Group has identified three overall prioritized areas:

- Chain of suppliers
- Employees
- Customer and society

The identified central global goals are connected to each prioritized area and each area contains the most central sustainability areas for our Group. Focus on these issues together with measurable KPI's will lead the way for the transition and the work will be monitored continuously.

Focus areas	Linked Global Goals	Ambition	Essential sustainability issues
Suppliers	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	Take full responsibility throughout the supply chain	- Human rights, social conditions and anti-corruption - Environmental conditions - Sustainable product development and purchasing - Green logistics
Employees	5 GENDER EQUALITY; 10 REDUCED INEQUALITIES; 8 DECENT WORK AND ECONOMIC GROWTH	Attract, retain and develop our employees with care and equality	- Well-being and work-life balance - Equal opportunities - Be an inclusive business - Ensure the right skills and development
Customers and society	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	Work for a green direction and contribute to a better society	- Transform into a circular business - Make sustainable choices easy to make - Communicate our sustainability work - Give back to society

Governance and responsibility for sustainability in the business.

The board of directors have the overall responsibility for governance of Sono Group and that also applies for sustainability. The board has with three board meetings during the year had sustainability on the agenda. The first meeting to employ a Sustainability Director. At the second meeting it discussed the materiality analysis and at the third meeting it approved the sustainability strategy. At the other board meetings, the board have been informed on related topics to sustainability by the CEO. The CEO has the responsibility to adapt the boards decisions and strategies. As support to the CEO and the business, Sono Group has a sustainability officer that is part of the management. The sustainability officer is responsible for prepare basis for decisions, perform analysis, and support the rest of the management to implement the board decisions. The sustainability officer also is in charge of preparing the sustainability report.

Sono Groups ambition is to have all employees to feel ownership to questions related to sustainability and has during the year started educating the employees. Management has taken part in a workshop to increase knowledge in the Group related to sustainability. The work to educate all employees within Sono Group in sustainability and the Groups code of conduct will prevail in 2022.

Governing documents and guidelines

The board of directors has approved a new sustainability strategy during the year. The main goal for Sono Group sustainability work is to minimize the negative effects of the business and exploit the possibilities that lies in sustainable actions. The strategy includes the three dimensions within sustainability; ecological, social and the economical. Part of the strategy such as goals and ambitions can be read in this sustainability report. The strategy is published during first half year of 2022 and will be found on our intranet as well as our homepage www.sono-group.com.
Sono Group's code of conduct is built on UN's Global Compacts ten principles for sustainable behavior. Special attention has been on clarify the Group's standing in questions related to human rights, inequality, and diversity, as well as healthy business relations and anti-corruption. New employees will be met with the code of conduct and signs it. The code of conduct will be published on the Group's intranet as well as homepage www.sono-group.com during the first half year of 2022.

Most of the companies in Sono Group are certified and approved according to quality system, ISO 9001 and ISO 14001.

Material sustainability related risks and risk assurance.

Risk	Riskmanagement
Climate change The Earths median temperature has increased that amongst other things leads to more extreme weather. Depending on how the global greenhouse gases emission develops the earth will most likely increase its global median temperature. This will affect most part of the earth in different ways. For Northern Europe, where Sono Group conducts most of its business, the winters will be milder, the summers will be warmer and the rainfall increase. The Group also imports goods from part of the world where changed climate is a risk.	Sono Group has a responsibility to lead the transition towards a more sustainable company. That is done through take active measures to reduce the effect it has on climate change. Transportation and production of products is a major part of the Group's emissions. During the year several actions has been taken to reduce its effects. A green car policy and a policy for environmental care with business travels has been implemented in part of the Group. Close dialogue with transportation partners is taking place to secure that their work is in line with Sweden's climate goals of 70% reduction in emissions in 2030. During the year a new business area has been established, Sono Sustainable, where the Group offers refurbished furniture online and services such as renovating and inventory. By increased life length on furniture and give them a chance to create business opportunities and foundations for a sustainable development. Before decisions related to investing in new locations or move, considerations for such things as flood and rainfall is considered together with our insurance companies.
More regulations related to climate There is both risks and opportunities related to Europes goal relating to climate neutrality in 2050. There is continuous implementation of new regulations to reach this goal. With the rapid change and implementation that comes from new directives and regulations there is a risk not to be in line with the requirements. Risk is also that the conversion is not in line with stakeholders demands and, in this way, loose its position.	During 2021 Sono Group's sustainable strategy was established, called Sustainable Workday. A strategy that clearly puts sustainability and climate high on the agenda. A new role in the Senior management was established to dedicate the work with Sustainable questions on a strategic level together with other management and personnel. A systematic approach has been implemented to perform yearly materiality analysis, risk analysis and stakeholder analysis to set the course and lead towards a sustainable development. Risks are even dealt with by continuously figure out new potential innovations and business opportunities. An example is how Sono Group during the last years has developed the circular business and has been approved on several tenders. Sono Group has for several years had a Quality and environment manager that secures those routines regarding fulfilling regulations and updating processes and routines connected to that. The aim is to further streamline and coordinate this work.

Work environment risk In a Group like Sono Group that consists of coworkers within warehouse, assembly, sales and administration there is a risk for accidents with injuries and risk related to social and organizational work environment. Sick leaves or accidents related to deficiencies in work environment may lead to serious consequences for both the specific individual, but also for the Group in the sense of costs or fines for lack of following the laws.	All employees in the Group have a right to a secure work environment. The guidelines and routines that is the basis for the systematic work with work environment comes from the existing laws. Cooperation between management, safety representative and coworkers are vital to achieve a sustainable work environment on all level of the organization. The work with work environment relates to all companies and employees within the Group. Sweden, Norway and Denmark have similar laws on this area, but certain adaptions is done in the respective countries. The ambition is to coordinate the work with work environment to harmonize and ease the work in the different companies and countries. Yearly risk assessments are done by safety- and fire inspections. In the more physical demanding and higher risk environment such as warehouse there is every second year a health examination is done connected to lifting, vibrations and rolls, etc. The Group has an ambition during 2022 to systemize the work related to organizational and psychosocial work environment.
Discrimination and lack of equality and diversity. The risk for discrimination increased with a too homogenous management- and coworker group. To be an attractive and modern workplace in order to recruit, keep and develop coworkers with the right competence there is a need for systematic work in order to increase diversity.	Sono Group has zero tolerance towards discrimination of any kind and works towards a culture for equality and diversity. This is clearly stated in the Groups code of conduct and diversity-policy. Plan for equality with salary analysis to investigate differences in benefits between women and men are implemented in part of the Group. During 2021 a whistle blowing function was established for employees and other stakeholders can anonymously report incidents of discrimination. Through Sono Group's sustainability strategy there is a clear coworker focus where to goal is to employ, keep and develop coworkers with care an equality. The Group has an ambition for a diversity that mirror the society. There is awareness that this is not the case today. Clear targets and sub-goals with action plans will be implemented during 2022.
Corruption and bribes Corruption is one of the greatest threats against human rights. Sono Group purchases certain goods from countries where the risk of corruption is higher.	Sono Group have a code of conduct that includes e.g., human rights, labor law, environment, and anti-corruption. This has been communicated to both employees and suppliers. All suppliers must follow the code of conduct and compliance is followed up through audits. An external whistle blowing function has been implemented where it is possible for employees and other stakeholders to anonymously report incidents for corrupt behavior. Policy for give and receive bribes is based on "the code against corruption in business" written by Swedish institute against bribes" (IMM) exists and has been implemented in part of the Group.
Sustainability risks in chain of suppliers The risk for breaches against the code of conduct regarding social responsibility, human rights, working conditions, work environment, environment, and corruption.	To secure sustainable chain of supplies there is performed a risk analysis originally based on Countries Risk Classification prepared by Amfori BSCI. All the Group's suppliers must sign and take part in Sono Group's Code of conduct. Furthermore, suppliers assessments is done on site at the suppliers to make sure they comply. During the pandemic the assessments has been done digitally with Teams. After performed supplier assessments Sono Group do recurring risk analysis based on the answers and documentation received. If the results show high risk, an action plan is prepared together with the supplier in order to comply going forward within reasonable time in order to reduce the risk. If that is not possible, the cooperation with the supplier is terminated.

Information security risks Threats against the Group's IT infrastructure and its data is a risk factor for the organization. A breakdown in the services could have severe consequences, with big economic losses as a result.	Information, data and information systems in all its shapes is a valuable asset for Sono Group. Information security is in that sense a part of the Group's total risk management and is a success factor. Governance documents for this area is Sono Group's information security policy with applicable routines for handling of security systems, security rules for safe workplace, risk analysis templates and checklists. The policy is approved by the corporate board of director. CIO is responsible for updating the security policy and relevant documents and the communication to all employees. CIO monitors also that the policy is followed and that all employees receive necessary training so that an increased awareness on information security and its relevance is spread out to the Group. Risk analysis is performed yearly on business-critical processes. These is done using the methods and templates prepared for this. The results of these risk analysis is presented to management and board of directors on aggregated level. This reporting is done yearly by the CIO. The security work is prepared in accordance with international guidelines for management of information security. The company shall follow relevant rules and regulations. Security is an integral part of the business.

Focus areas 2021 – activities and results

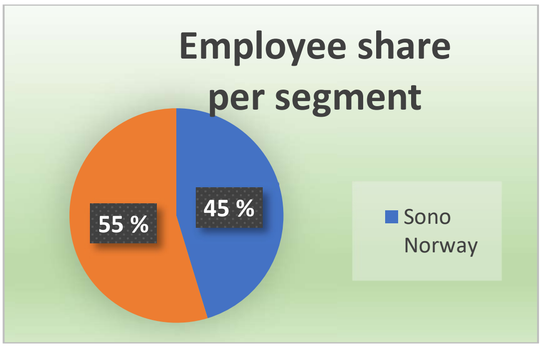
Below is listed central result indicators that are relevant for the business.

Whistleblowing
Sono Group implemented a whistleblowing function in June 2021. The Groups routine for whistleblowing encourage to whistleblowing in case of misconduct. Whistleblowing can be done through the link available at the Group's intranet and webpage so that both internal and external persons shall have access. The function makes full anonymity for the whistleblower possible. The routine lists up certain contact persons if someone wants to do this orally. The Groups routine decides how a whistleblowing case shall be handled within the Group, as well as timeframes for the whistleblower shall receive confirmation and further information regarding handling of the case.

During 2021 two cases has been sent in through the link, one within the category "Threat, theft and violence" and one within "conflict of interest". The first case had to little information to be handled. The second one was handled in accordance with the routine and was closed in December 2021.

Audits
During 2021 nine audits have been performed on the Groups companies. These have been both internal and external audits related to ISO 9001 and ISO 14001, and two related to social responsibility in chain of supplies. Only smaller deviations was discovered and those where mitigated.

Statistics from HR
All statistics regarding personnel has been collected according to the segments. Most of the information are collected from the salary system. All statistics is based on number of employees and not FTE (full-time equivalent). Sono Groups personnel force is evenly distributed between both segments, Sono Norway and Sono Sweden, although Sono Sweden is somewhat bigger.



Personnel force distributed between gender and age.

SONO GROUP	Sono Norway		Sono Sweden		TOTAL	
	Women	Men	Women	Men	Women	Men
Below 30 years	1	8	4	11	2 %	8 %
30-50 years	8	41	26	35	15 %	32 %
Above 50 years	10	38	14	38	10 %	32 %
	19	87	44	84	27 %	73 %

The composition of the board and management. Management is defined in Sono Groups statistics as employees with personnel responsibilities.

SONO GROUP	Board of Directors		Sr. Management		Management	
	Women	Men	Women	Men	Women	Men
Below 30 years	0	0	0	0	0	0
30-50 years	0	2	1	7	4	16
Above 50 years	0	1	0	4	0	7
	0	3	1	11	4	23

Sono Group has as a goal to reach a more equal gender composition within both senior management group as well as other management. The goal requires increased focus on inequality when recruiting, that has given results already during 2021. In the middle of 2021, the first woman entered the management group. Furthermore, two female leaders have started during the year. The change is ongoing, and this challenge will be high on Sono Groups agenda during the coming years.

Turnover during 2021.
During the year, twenty-five recruitments has been done in segment Sono Sweden, mainly related to the new business area within 3PL in the company Sono Sweop AB. In the Norwegian segment, nine new recruitments have been done during 2021.

The turnover, that is defined as number of employees at the end of the year, divided with number of employees at the start of the year, sums up to 2% for Sono Sweden and 5% for Sono Norway.

Work environment
All employees in the Group have the right to a safe and secure work environment. The guidelines and routines that forms the basis for the systematic work with the work environment comes from the applicable laws. Cooperation between management, safety representative, and employees is necessary to achieve a sustainable work environment on all levels of the organization. The work with the work environment is applicable for all companies and employees within the Group. Sweden, Norway and Denmark have similar work environment laws, but certain adaptations are done in the respective country. The ambition is to coordinate the work with the work environment by systemize the work related to organizational and psychosocial work environment to harmonize and ease the work in the different companies and countries. Yearly risk assessment is done with security and fire inspections together with quality and environment manager. In the more physical and risk filled environment, such as warehouse, we perform every second-year load assessments of vibration, noise, lifts etc. The work with the work environment is done in cooperation with employees and employer.

Work-related injuries
Sono Group register and examine incidents and accidents with the aim to avoid them in the future. Incidents occurs mainly in our warehouses and assembling departments where we have manual work. Risk analyses are systematically performed to avoid accidents. Certain work is difficult to fully secure and those incidents we have had the last years are first and foremost cuts and falls.

SONO GROUP	2021	2020	2019
Incidents	0	2	0
Work accidents	4	1	0
TOTAL	4	3	0

Sick leave
We see a marginal increase, below one percentage point, of sick leave compared to 2019. An explanation to this is the pandemic. Compared to national Swedish statistics from Employment directorate amongst government employees, Sono Group is +0,6% which is just above the national average. The long-term sick leave for women in Norway is higher than other in the Group. The percentage of female personnel is less than 20%, whereas a long-term sick leave affects the statistic significant.

SONO GROUP	2021		2020		2019	
Sick leave < 14 days	1,7%		2,3%		1,2%	
Sick leave > 14 days	2,7%		2,2%		2,2%	
Totals	4,4%		4,5%		3,5%	
PER SEGMENT	**Women**	**Men**	**Women**	**Men**	**Women**	**Men**
Sono Norway						
Sick leave < 14 days	1,2%	1,6%	2,8%	2,4%	1,1%	1,0%
Sick leave > 14 days	5,1%	4,0%	8,3%	2,1%	7,1%	3,2%
	6,3%	5,7%	11,0%	4,5%	8,2%	4,2%
Sono Sweden						
Sick leave < 14 days	2,0%	1,7%	1,7%	2,4%	1,1%	1,5%
Sick leave > 14 days	0,7%	1,7%	1,0%	1,2%	2,3%	0,4%
	2,6%	3,5%	2,8%	3,7%	3,4%	1,9%

Outlook for 2022
The Groups still see intensified demands related to sustainability from Sono Group's stakeholders during the coming years. During 2022 will several regulations come into force that has a direct or indirect effect on the companies in the Group. Some of these increased demands is:

- Changed laws in Sweden related to public tenders and sustainability
- New law related to risk analysis on human rights due diligence in Norway
- EU-directive that requires goods that has above 0.1% SVHC (Substances of Very High Concern) shall be registered in ECHA's SCIP-databases.
- Entry in to force of EU taxonomy

The start of an overall strategy was in 2021 when Sono's sustainability strategy, Sustainable Workday, was approved by the board. The work with implementing the strategy will go on during 2022. Focus will be put on identifying material areas and measurable key performance indicators during 2022. The strategy and the goal are shared, which makes the cooperation between the companies and the shared services is vital. The work to harmonize and prepare for a more unified work set within the group has started. The systematic common sustainability work will create good foundation for Sono Group to continue be an important player in the future.

Focus areas 2022
Sono Group's sustainability strategy, Sustainable Workday, contains all three dimensions related to sustainability; environment, social and economic. These dimensions are considered in the work connected to the prioritized areas:

- Chain of suppliers
- Coworkers
- Customers and society

During the spring 2022 several parallel projects will be initiated within the respective areas. The goal is to establish concrete KPI's to create a measurable clear progress that supports the strategy.

Within the area chain of suppliers, the focus will be towards development of the systematic work with sustainable chain of supplies related to human rights and anti-corruption, calculation of emissions of greenhouse gases according to GHG protocol, efficiency-measures related to logistics and sustainable product development and purchase, development of EPD's on several of our most sold products and continued certification of existing products.

Within the area coworkers a project related to implementing a digital HR system have been initiated and preparing a common employee survey to follow up and secure coworker involvement. Sono Group shall also harmonize the work that is done between the different companies related to systematic work environment to further streamline and improve the Group's work with the work environment.

Within the area customer and society, focus is on the business area Sono Sustainable, where reuse and refurbishment are implemented to the more traditional sale process. Furthermore, a clearer sustainability communication internal and external through media and our home page shall be implemented, coordinating the Group's social agenda and unifying where focus shall be put to contribute to a better society.

Final words

Sono Group has taken a clear stand in the sustainability area and will work dedicated for a progress that secure a sustainable business development for the Group. The Group has identified and prioritized those areas most central, and the work is vital for the overall strategy. The Group are optimistic, yet humble, to the challenge the world and the Group stands before. The first step has been taken through the sustainability strategy and now a huge work remains to take Sono Group to the set target.

CONSOLIDATED INCOME STATEMENT

All amounts in SEK thousand	Note	Jan-Dec 2021	Jan-Dec 2020
Revenue	5,6	814 152	766 720
Other operating revenue	6	19 149	17 978
Total operating revenue		**833 301**	**784 698**
Cost of goods sold		(498 326)	(445 461)
Other external cost	7,9	(71 565)	(73 031)
Salaries and personnel expense	8,27	(180 103)	(173 134)
Other operating expense	9	(2 297)	(6 596)
EBITDA		**81 010**	**86 476**
Depreciation and amortization expense	14,15,17	(45 491)	(43 638)
Operating profit		**35 519**	**42 838**
Interest income and similar	10,11	8 441	2 822
Interest expense and similar	10,11	(56 545)	(42 253)
Net financial income (expenses)		**(48 104)**	**(39 431)**
Profit before income tax		**(12 585)**	**3 407**
Income taxes	13	(6 285)	(4 522)
Net profit for the period		**(18 870)**	**(1 115)**

Consolidated statement of comprehensive income		
Items that may be reclassified subsequently to income statement		
Translation differences on net investment in foreign operations	14 380	(21 216)
Items that will not be reclassified to income statement		
Remeasurement of defined benefit pension plans	(586)	(48)
Income taxes	121	10
Other comprehensive income (loss), net of taxes	13 915	(21 254)
Total comprehensive income	**(4 955)**	**(22 369)**

Total comprehensive income attributable in full to

Equity holders of North Investment Group AB (publ)

CONSOLIDATED BALANCE SHEET

ASSETS All amounts in SEK thousand	**Note**	**2021** **31.12.**	**2020** **31.12.**
Software	15	11 713	8 787
Goodwill	15	240 606	229 875
Total intangible assets		**252 319**	**238 662**
Right of use assets	17	152 794	172 949
Land, buildings and other property	14	1 207	1 191
Machinery and plant	14	163	2 705
Office machinery, equipment and similar	14	1 428	2 346
Total property, plant and equipment		**155 592**	**179 191**
Other long term receivables		127	120
Total non-current financial assets		**127**	**120**
Deferred tax receivables	13	30 827	35 306
TOTAL NON-CURRENT ASSETS		**438 865**	**453 279**
Inventories			
Raw materials	19	12 531	13 358
Work in progress	19	787	3 587
Finished products	19	73 005	55 430
Advance payments to suppliers	19	1 720	1 063
Total inventories		**88 043**	**73 438**
Accounts receivables	18	105 009	106 636
Other short term receivables	20	3 704	9 363
Tax recoverables		1 932	2 255
Prepaid expenses and accrued income	21	6 271	4 076
Cash and cash equivalents	22	45 530	88 665
Total receivables		**162 446**	**210 995**
TOTAL CURRENT ASSETS		**250 489**	**284 433**
TOTAL ASSETS		**689 354**	**737 712**

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES All amounts in SEK thousand	Note	2021 31.12.	2020 31.12.
Share capital	23	105 619	105 619
Other equity		(11 871)	(11 871)
Retained earnings		(66 266)	(61 311)
Equity attributable to majority shareholders		**27 482**	**32 437**
Bonds	25	278 592	-
Pension liabilities	27, 28	30 250	30 530
Other provisions		4 254	5 432
Non-current Lease liabilities	17	122 787	152 509
Total non-current liabilities		**435 883**	**188 471**
Liabilities to financial institutions		-	14
Bonds current	25	-	317 322
Current lease liabilities	17	50 035	46 193
Prepayments from customers		5 669	3 222
Accounts payable		78 374	69 358
Tax payable		1 583	-
Other short-term liabilities		29 011	33 255
Accrued expenses and deferred income	26	61 317	47 440
Total current liabilities		**225 989**	**516 804**
TOTAL EQUITY AND LIABILITIES		**689 354**	**737 712**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent company				Total equity
All amounts in SEK thousand	Share capital	Other Equity	Retained earnings	Total other equity	
Equity as at 01.01.2020	**105 619**	**(11 871)**	**(38 942)**	**(50 813)**	**54 806**
Comprehensive income					
Profit for the year			(1 115)	**(1 115)**	**(1 115)**
Other comprehensive income					
Items that will not be reclassified in profit or loss					
Issue of share capital	**-**		**-**	**-**	**-**
Actuarial loss on pension obligations			**(48)**	**(48)**	**(48)**
Items that may be reclassified in profit or loss					
Translation difference, net assets in foreign currency		-	(21 216)	**(21 216)**	**(21 216)**
Deffered tax			10	**10**	**10**
Total comprehensive income	**-**	-	(22 369)	**(22 369)**	**(22 369)**
Total shareholders transactions	**-**	-	-	**-**	**-**
Equity as at 31.12.2020	**105 619**	**(11 871)**	**(61 311)**	**(73 182)**	**32 437**
Equity as at 01.01.2021	**105 619**	**(11 871)**	**(61 311)**	**(73 182)**	**32 437**
Profit for the year			(18 870)	**(18 870)**	**(18 870)**
Items that will not be reclassified in profit or loss					
Actuarial loss on pension obligations			(586)	**(586)**	**(586)**
Items that may be reclassified in profit or loss					
Translation difference, net assets in foreign currency		-	14 380	**14 380**	**14 380**
Deffered tax			121	**121**	**121**
Total comprehensive income	**-**	**-**	**(4 955)**	**(4 955)**	**(4 955)**
Total shareholders transactions			-		**-**
Equity as at 31.12.2021	**105 619**	**(11 871)**	**(66 266)**	**(78 137)**	**27 482**

CONSOLIDATED CASH FLOW STATEMENT

All amounts in SEK thousand	2021-12-31	2020-12-31
Cash flows from operations		
Profit/(loss) before income taxes	(12 585)	3 407
Taxes paid in the period	(223)	(119)
Adjustments for items without cash effects	-	595
Net (gains) losses from disposals of assets	(1 130)	(104)
Depreciation	45 491	43 638
Other adjustments	(280)	(564)
Currency (gains) losses not related to operating activities	1 284	(6 617)
Net cash flow from operations before changes in working capital	**32 557**	**40 236**
Change in inventory	(15 466)	17 524
Change in trade debtors	2 638	778
Change in trade creditors	9 835	1 268
Change in other provisions	19 430	8 821
Net cash flow from operations	**48 993**	**68 627**
Cash flows from investments		
Purchase of intangible assets	(5 295)	(5 351)
Purchase of fixed assets	(690)	(3 152)
Sale of fixed assets	3 546	290
Purchase of subsidiaries	-	-
Change in other short- and longterm investments	-	-
Net cash flows from investments	**(2 439)**	**(8 213)**
Cash flow from financing		
Issue of share capital	-	-
Net change in credit line	(15)	14
Proceeds from long term loans	285 000	-
Repayment of borrowings	(327 784)	(3 139)
Repayment of leasing liabilities	(46 934)	(47 183)
Net cash flow from financing	**(89 733)**	**(50 308)**
Net change in cash and cash equivalents	**(43 179)**	**10 106**
Cash and cash equivalents at the beginning of the period	88 665	79 303
Exchange rate differences in cash and cash equivalents	44	(744)
Cash and cash equivalents at the end of the period	**45 530**	**88 665**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 General information

North Investment Group AB (publ) (NIG), corp. ID no. 556972-0468 is a limited company with registered office in Tranås, Sweden. The address of the head office is North Investment Group AB (publ), Box 196, 573 22 Tranås, Sweden. These consolidated financial statements were approved for publication by the Board of Directors on 25 April 2022.
Unless otherwise stated, all amounts are expressed in thousands of Swedish kronor (TSEK).

Note 2 Summary of key accounting policies

The note contains a list of significant accounting principles that have been applied in preparing these consolidated financial statements. Unless otherwise stated, these principles have been applied consistently for all the years presented. The consolidated financial statements comprise the legal parent company North Investment Group AB (publ) and its subsidiaries.

Basis of preparation of financial statements
The consolidated financial statements of the Sono Group have been prepared in accordance with the Swedish Annual Accounts Act, Recommendation RFR 1 Supplementary Financial Reporting Rules for Corporate Groups of the Swedish Financial Reporting Board, the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC), as adopted by the EU.

The consolidated financial statements have been prepared using the cost method.

The preparation of financial statements in compliance with IFRS requires the use of critical accounting estimates. Management is also required to make certain judgements in applying the group's accounting principles. Areas which involve a high degree of judgement, are complex or where assumptions and estimates have a material impact on the consolidated financial statements are described in notes.

New and amended standards that have not yet been applied by the group
There has not been any new IFRS-standards or IFRIC interpretations that has material changed the group's results and balance sheet during financial year 2021. No new IFRS standards or interpretations has been early adopted. There are no changes to accounting principles that is likely to have a material impact on the Groups results and balance for financial year starting 1st January 2022.

Consolidation

(a) Subsidiaries
All entities over which the group has control are classified as subsidiaries. The group controls an entity when it is exposed to or has the right to a variable return on its investment in the entity and is able to influence the return through its interest in the entity. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the group. They are excluded from the consolidated financial statements from the date when control is lost.

The purchase method is applied in accounting for the group's business combinations. The consideration paid for the acquisition of a subsidiary comprises the fair value of the transferred assets and liabilities incurred by the group to previous owners of the acquired entity. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at fair value at the acquisition date. Goodwill refers to the amount by which the transferred consideration and any non-controlling interest in the acquired entity exceed the fair value of identifiable acquired net assets.

Acquisition-related costs are expensed as incurred. Intercompany transactions and balances, and unrealised gains and losses on transactions between group companies are eliminated. Where applicable, the accounting principles for subsidiaries have been amended to guarantee a consistent application of the group's principles.

Segment reporting

Operating segments are accounted for in a way that is consistent with the internal reports submitted to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the results of operating segments. Sono Group's Chief Executive Officer is the group's chief operating decision maker. The group has identified two operating segments: Sono Sweden and Sono Norway.

Translation of foreign currency

(i) Functional currency and reporting currency

The various entities in the group have the local currency as their functional currency, as the local currency has been defined as the currency of the primary economic environment in which each entity operates. Swedish kronor (SEK), the functional and reporting currency of the parent company and group, are used in the consolidated financial statements.

The group has as of 1.1.20 adapted IAS 21.15 related to exchange rate difference for the loan nominated in SEK between North Investment Group AB (publ.) and Sono Holding Norge AS. The loan is in substance a part of the entity's net investment in foreign operations and the exchange rate difference from this loan is recognized in other comprehensive income.

(ii) Transactions and balances

Transactions in foreign currency are translated to the functional currency at transaction date exchange rates. Foreign exchange gains and losses arising from such transactions and on translation of monetary assets and liabilities in foreign currency at closing rates are recognised in the statement of comprehensive income.

Foreign exchange gains and losses attributable to loans, and cash and cash equivalents are accounted for in the statement of comprehensive income as financial income or financial expense. All other foreign exchange gains and losses are recognised in the items other operating expenses and other operating income in the statement of comprehensive income.

(iii) Translation of foreign group companies

Results and financial position for all group companies that have a different functional currency than the reporting currency are translated to the group's reporting currency. Assets and liabilities for each balance sheet are translated from the functional currency of the foreign operation to the group's reporting currency, Swedish kronor, at the closing rate. Income and expenses for each of the income statements are translated to Swedish kronor at the average exchange rate at each transaction date. Translation differences arising on translation of foreign operations are recognised in other comprehensive income. The cumulative amount of gains and losses is recognised in profit or loss when the foreign operation is wholly or partially disposed of. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities in this operation and translated at the closing rate.

Recognition of revenue

The group's principles for recognition of revenue from contracts with customers are described below.

(i) Sales of goods

The group manufactures and sells interior design solutions for the school, office, industrial and construction, sport and leisure, and public environment and care sectors. Most of the group's customers are from the public sector. Sales of products are recognised as revenue when control of the goods is transferred, which occurs when risks and rewards are transferred to the customer in accordance with the applicable delivery terms.

The products are mainly sold under an arrangement in which most discounts are deducted directly in the price list. In a few cases, products are sold with volume discounts based on cumulative sales over a twelve-month period. Revenue from the sale of furniture is recognised based on the price in the contract less estimated volume discounts. Historical data is used to estimate the expected value of discounts and revenue is recognised only to the extent that it is highly probable that a significant reversal will not occur. A liability is recognised for expected volume discounts relative to sales up to and including the balance sheet date.

No significant financing component is considered to exist at the time of sale, as the credit period is normally 30 days.

The group's obligation to repair or replace defective instruments in accordance with normal warranty rules is accounted for through provisions.

(ii) Interest income

Interest income is recognised using the effective interest method.

Leases

The group leases warehouse-and office-type premises as well as production premises in Tranås. The group only acts as lessee. The leases are recognised as right-of-use assets with corresponding liabilities on the day when the leased asset is available for use by the group. Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortised on a straight-line basis over the shorter of the asset's useful life and the lease term.

Assets and liabilities arising from leases are initially stated at present value.

Lease liabilities include the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee to the lessor under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising the option to terminate the lease.

Lease payments are discounted using the interest rate implicit in the lease, but if this cannot be determined then the lessee's incremental borrowing rate is used.

Right-of-use assets are measured at cost, which includes the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- initial direct costs; and
- costs to be incurred in restoring the asset to the condition required by the terms and conditions of the lease.

Payments for short-term leases and leases of low-value assets are expensed on a straight-line basis in the statement of comprehensive income. Short-term leases are leases with a term of twelve months or less.

Current and deferred income tax

The tax expense for the year comprises current tax calculated on the taxable profit for the year at the applicable tax rates. The tax expense for the year is adjusted for changes in deferred tax assets and liabilities arising from temporary differences and unused tax losses.

The current tax expense is calculated based on the tax rules that have been enacted or substantively enacted at the balance sheet date in those countries where the parent company and its subsidiaries operate and generate taxable revenue. Management regularly evaluates claims made in tax returns which relate to situations where the applicable tax rules are subject to interpretation and, where this is deemed appropriate, makes provisions for amounts that will probably be payable to the tax authority.

Deferred tax is recognised for all temporary differences between the carrying amounts and tax bases of assets and liabilities in the consolidated financial statements. A deferred tax liability is not recognised if it is incurred as a result of initial recognition of goodwill. Deferred tax is also not recognised if it is incurred as a result of a transaction which constitutes the initial recognition of an asset or liability that is not a business combination and which at the time of the transaction affects neither the accounting profit nor the tax profit. Deferred income tax is calculated by applying tax rates (and tax laws) that have been enacted or announced at the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be wholly or partially offset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right of set-off for the tax assets and liabilities concerned, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and refer to either the same taxable entity or different taxable entities, and there is an intention to settle the balances on a net basis.

Current and deferred tax is recognised in the statement of comprehensive income, except when the tax refers to items which are recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity.

Government grants

Government grants has been recognised at fair value as there is reasonable certainty that the grants will be permanent and that the Group will meet the terms for the grants. The grants have been recognised as reduced personnel cost.

Intangible assets

(i) Goodwill

Goodwill arising from business combinations is included in intangible assets. Goodwill is not amortised but is tested for impairment at least annually if events or changes in circumstances indicate that the goodwill might be impaired. Goodwill is stated at cost less accumulated impairment losses. When an entity is sold, the carrying amount of goodwill is included in the resulting gain or loss. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill has been allocated represents the lowest level within the group at which the goodwill is monitored for internal management purposes, which for the Sono Group is the operating segment level.

(ii) Software

Software that has been acquired separately is recognised at cost less accumulated amortisation. The estimated useful life is 5–10 years, which is the estimated period during which the assets will generate cash flows.
The group amortises intangible assets with determinable useful lives on a straight-line basis over the following periods:

Software	5–10 years

Property, plant, and equipment

Property, plant, and equipment is stated at cost less depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the purchase and for bringing the asset to its place of use and preparing it for use in accordance with the purpose of the purchase.

Any additional expenditure is added to the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will accrue to the group and the cost can be reliably measured. The carrying amount of a replaced portion is removed from the balance sheet. All other forms of repairs and maintenance are expensed in the statement of comprehensive income in the periods in which they are incurred.

To distribute the cost of assets over their estimated useful lives down to the estimated residual value, assets are depreciated on a straight-line basis as follows:

- Buildings 10-25 years
- Land improvements 25 years
- Plant and machinery 5–10 years
- Equipment, tools, fixtures, and fittings 3–10 years

Residual values and useful lives of assets are tested at the end of each reporting period and adjusted where necessary.

An asset’s carrying amount is written down to the recoverable amount immediately if the carrying amount exceeds the estimated recoverable amount.

Gains and losses on the sale of an item of property, plant and equipment is determined by comparing the sale proceeds and the carrying amount. The difference is recognised in other operating income or other operating expenses in the statement of comprehensive income.

Impairment of non-financial assets

Goodwill is not amortised but is tested for impairment annually or if there are indications that the goodwill might be impaired. Assets which are depreciated or amortised are tested for impairment when an event or change of circumstance indicates that the carrying amount may not be recoverable. The difference between the carrying amount and recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of the fair value of the asset less costs to sell and value in use. In testing for impairment, assets are grouped to the lowest levels at which there are essentially independent identifiable cash flows (cash-generating units). For assets which have previously been written down, an impairment test is made at each balance sheet date to determine if a reversal is required.

Financial instruments

(i) Initial recognition

Financial assets and financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognised on the trade date, which is the date on which the group commits to purchase or sell the asset.

Financial instruments are initially recognised at fair value plus, in case of assets that are not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability, such as fees and commissions. Transaction costs directly attributable to financial assets at fair value through profit or loss are expensed directly in the statement of comprehensive income.

(ii) Classification and measurement

The group classifies its financial assets and liabilities in the categories amortised cost and fair value through profit or loss. The classification depends on the purpose for which the financial asset or liability was acquired.

Financial assets at amortised cost

The classification of investments in debt instruments depends on the group's business model for managing financial assets and their contractual cash flow characteristics. The group reclassifies debt instruments only when its business model for the instruments is changed.

Assets held for the purpose of collecting contractual cash flows that are solely payments of principal and interest are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit losses that have been recognised (see description below). Interest income from these financial assets is recognised using the effective interest method and is included in financial income in the statement of comprehensive income.

The group's financial assets at amortised cost consist of the items other long-term receivables, accounts receivable, other receivables, accrued income, and cash and cash equivalents.

Financial liabilities at amortised cost

After their initial recognition, the group's other financial liabilities are measured at amortised cost using the effective interest method.

The group's financial liabilities at amortised cost consist of liabilities to owners, liabilities to credit institutions (current and non-current), lease liabilities (non-current and current), bonds, accounts payable and portion of other liabilities and accrued expenses.

Derivatives that do not meet the criteria for hedge accounting

Derivatives are recognised in the statement of financial position on the trade date and are measured at fair value, both initially and on subsequent remeasurement at the end of each reporting period. All changes in fair value are recognised directly in the statement of comprehensive income in the line financial income and expenses.

(iii) Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised from the statement of financial position when the right to receive cash flows from the instrument has expired or been transferred and the group has transferred substantially all risks and rewards of ownership.

Gains and losses on derecognition from the statement of comprehensive income are recognised directly in the statement of comprehensive income in the item financial income and expenses.

Derecognition of financial liabilities

Financial liabilities are derecognised from the statement of financial position when the obligations are discharged, cancelled or expired. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

When the terms of a financial liability are renegotiated, and the liability is not derecognised from the statement of financial position, a gain or loss is recognised in the statement of comprehensive income or the loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

(iv) Offset of financial instruments

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not depend on future events and must be legally binding for the company and the counterparty both in case of normal business activities and in case of default, insolvency or bankruptcy.

(v) Impairment of financial assets

Assets at amortised cost

The group estimates expected future credit losses on assets at amortised cost. The group recognises a provision for such expected credit losses at each reporting date.

For accounts receivable, the group applies the simplified approach for expected credit losses, which means that it recognises a provision equal to the expected loss over the expected life of the accounts receivable. To measure expected credit losses, accounts receivable is grouped based on allocated credit risk characteristics and days past due. The group uses forward-looking variables for expected credit losses. Expected credit losses are recognised in the consolidated statement of comprehensive income in the item other external expenses. The primary inputs are historical losses. These have previously been insignificant.

Other than accounts receivable, the group has no other financial assets where the exposure to credit risk is significant.

Accounts receivable
Accounts receivable are amounts due from customers for goods sold or services provided in the ordinary course of business. Accounts receivable falling due within twelve months are classified as current assets. Accounts receivable is initially recognised at fair value (the transaction price). The group holds accounts receivable for the purpose of collecting contractual cash flows and therefore measures accounts receivable at subsequent accounting dates at amortised cost using the effective interest method.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first in, first out method (FIFO). Cost comprises direct costs of goods, direct salaries and attributable indirect manufacturing costs (based on normal manufacturing capacity). Borrowing costs are not included. The cost of merchandise is determined net of any discounts. Net realisable value is the estimated selling price in the ordinary course of business less any applicable variable selling expenses and net of provision for obsolescence.

Cash and cash equivalents
In the statement of financial position as well as the cash flow statement, cash and cash equivalents comprise cash and bank deposits.

Share capital
Ordinary shares are classified as equity. Transaction costs that are directly attributable to the issue of new ordinary shares are recognised, net of tax, in equity less a deduction from the proceeds of the issue.

Accounts payable
Accounts payable are financial instruments and refer to obligations to pay for goods and services purchased from suppliers in the ordinary course of business. Accounts payable are classified as current liabilities if they fall due within one year. If not, they are recognised as non-current liabilities.

Accounts payable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs. Subsequently, borrowings are recognised at amortised cost and any difference between the amount received (net of transaction costs) and the amount repayable is recognised in the statement of comprehensive income over the term of the loan using the effective interest method.

The liability is classified as current in the statement of financial position if the group does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the end of the reporting period.

Employee benefits

Pension obligations

The group has both defined contribution and defined benefit pension plans. Defined contribution pension plans are post-employment benefit plans under which the company pays fixed contributions to a separate legal entity. The group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to current and past service. The contributions are recognised as personnel expenses in the statement of comprehensive income as they fall due.

For salaried employees in Sweden, defined benefit pension obligations for retirement and family pensions under the ITP 2 plan are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Recognition of the ITP 2 Plan that is funded through insurance with Alecta, this is a multi-employer defined benefit plan. For the financial year 2021, Sono has not had access to information that would enable it to account for its proportionate share of the plan's obligations, assets and expenses. It has therefore not been possible to recognise the plan as a defined benefit plan. The ITP 2 pension plan secured through insurance with Alecta has therefore been accounted for as a defined contribution plan. The contribution for defined benefit retirement and family pensions is calculated individually and depends on factors such as salary, previously earned pension and expected remaining period of service. Expected fees in the next reporting period for ITP 2 insurance policies with Alecta are TSEK 2,539.

The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally permitted to vary between 125 and 175 per cent. If Alecta's collective funding ratio were to fall below 125 per cent or exceed 175 per cent, it would be necessary to take measures that will allow the ratio return to the normal range. In case of a low funding ratio, one measure that can be taken is to raise the agreed price for new policies and the expansion of existing benefits. If the funding ratio is high, contributions can be reduced. At the end of the financial year 2021, Alecta's surplus, defined as the collective funding ratio, was 172 per cent (2020: 148 per cent) on a preliminary basis.

One pension plan in Sweden is unfunded and are financed in-house by PRI. The liability recognised in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit pension obligation is calculated annually by independent actuaries by applying the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using the yield on high-quality corporate bonds/mortgage bonds issued in the same currency as that in which the payment will be made and with maturities comparable to that of the pension obligation.

Remeasurement gains and losses arising from experience adjustments and changes to actuarial assumptions are recognised in other comprehensive income in the period in which they arise. These are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Past service costs are recognised directly in the statement of comprehensive income.

Short-term benefits

Liabilities for salaries and benefits, including non-monetary benefits and paid leave which are expected to be settled within twelve months of the end of the financial year, are recognised as current liabilities at the undiscounted amount that is expected to be paid when the liabilities are settled. The cost is recognised as the services are performed by the employees. The liability is recognised as an employee benefit obligation in the statement of financial position.

Termination benefits

Compensation in case of termination is paid when an employee's employment has been terminated by the group before the normal time of retirement or when an employee accepts voluntary redundancy in exchange for such compensation. The group recognises termination benefits at the earliest of the following: (a) when the group can no longer withdraw the offer of such benefits; and (b) when the company recognises restructuring costs provided for under IAS 37 which involve the payment of severance pay. If the company has made an offer to encourage voluntary redundancy, termination benefits are calculated based on the number of employees that are expected to accept the offer. Benefits expiring more than twelve months after the end of the reporting period are discounted to present value.

Dividends

Dividend payments to the shareholders of the parent company are recognised as a liability in the consolidated financial statements in the period in which the payment is approved by the shareholders of the parent company. Group contributions made by North Investment Group AB (publ.) to a higher level in the group (Frigaard Industries) are recognised as dividends paid.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The reported cash flow only includes transactions which involve incoming or outgoing payments.

Non-GAAP financial measures reflect adjustments based on the following items:

The company applies the European Securities and Markets Authority's (ESMA) guidelines on Alternative Financial Ratios. The guidelines aim to make alternative key figures in financial reports more comprehensible, reliable, and comparable and thus promote their usefulness. An alternative key figure, according to these guidelines, means a financial measure of historical or future earnings trend, financial position, financial result or cash flows that are not defined or specified in the applicable rules for financial reporting: IFRS and the Annual Accounts Act. The guidelines are mandatory for financial reports published after July 3, 2016. North Investment Group AB believes that these alternative key ratios provide a better understanding of the company's financial trends and that they are widely used by the company's management team, investors, securities analysts and other stakeholders as complementary measures of earnings performance. In addition, such alternative key ratios, as defined by North Investment Group AB, should not be compared with other alternative key ratios with similar names used by other companies. This is because the key ratios given below are not always defined in the same way and that other companies can calculate them in a different way than North Investment Group AB. For definitions and description of the reason for the use of financial ratios, see below:

Financial measures	Definition	Justification
EBITDA	Earnings before deducting interest expense, taxes and depreciation charges.	Similar to the gross margin for the company, to be used as key performance indication to follow up for leaders on daughter company level
EBIT	Earnings before taxes and interest expense.	Indicates the company's profitability
Solidity	Equity divided on total equity and liability	Describes the company's ability to have losses.

Note 3 RISK AND RISK MANAGEMENT

3.1 Financial risks

Through its operations, the group is exposed to a wide variety of financial risks related to accounts receivable, accounts payable and loans: market risk (mainly comprising interest rate risk and currency risk), credit risk, liquidity risk and refinancing risk. The group strives to minimise potential adverse effects on the group’s financial results.

The objective of the group’s financial activities is to:

- ensure that the group can meet its payment obligations,
- manage financial risks,
- ensure access to the necessary financing, and
- optimise the group’s net financial income (expense).

The group’s risk management is handled by a central finance department, which identifies, assesses, and hedges financial risks in close collaboration with the operating units. The group has a financial policy which defines guidelines and limits for the group’s financial activities. Responsibility for the management of the group’s financial transactions and risks is centralised to the parent company.

(a) Market risk

Currency risk

The group is exposed to currency risks arising from exposures to various currencies, mainly the Norwegian krone (NOK), euro (EUR) and US dollar (USD). Currency risks arise from payment flows in foreign currency (transaction exposure) and from the translation of balance sheet items in foreign currency as well as from the translation of income statements and balance sheets of foreign subsidiaries to the group’s reporting currency, Swedish kronor (SEK) (balance sheet exposure).

In the group, currency risk arises from cross-border trade as well as the translation of foreign subsidiaries’ results and net assets. The group does not hedge net investments outside Sweden.

Sensitivity analysis

If the Swedish krona had weakened/strengthened by 10 per cent against EUR, with all other variables held constant, the translated profit after tax on 31 December 2021 would have been kSEK 8,811 lower/higher (2020: kSEK 5,476), mainly as a result of purchases in EUR.

If the Swedish krona had weakened/strengthened by 10 per cent against NOK, with all other variables held constant, the translated profit after tax at 31 December 2021 would have been kSEK 1,158 lower/higher (2020: kSEK 1,084), mainly as a result of the translation of surpluses in Norwegian companies.

Exposures

	31 Dec 2021		31 Dec 2020	
	EUR	USD	EUR	USD
Accounts payable	2,677	78	2,342	15
Liability to credit institutions (*)	0	0	0	0

(*) Gross currency exposure to banks in group account. At 31 December 2021, the group had agreed common credit facilities of SEK 30 mill. There is still a gross exposure within the group account structure.

Interest rate risk
The group's main interest rate risk arises from long-term borrowing at variable interest rates, which exposes the group to cash flow interest rate risk. The group does not hedge its future cash flow interest rate risk. The bond in balance sheet 31st December 2021 matures in May 2024 and have variable interest rates. For more information, see note 25. The Group has covenants attached to the bonds that all was met as of 31 December 2021.

If interest rates on borrowings on 31 December 2021 had been 100 basis points higher/lower, with all other variables held constant, the estimated profit after tax for the financial year would have been TSEK 3,000 lower/higher (2020: TSEK 3,250), mainly as an effect of higher/lower interest expenses for borrowings at variable rates.

(b) Credit risk
Credit risk is managed at group level, except for credit risk arising from outstanding accounts receivable, for which an analysis is made by each group company. Credit risk arises from cash and cash equivalents, deposits with banks, and credit exposures to customers. If no independent credit assessment exists, a risk assessment is made of the customer's creditworthiness based on the customer's financial position, previous experiences and other factors. The customers are spread over a large number. Expected losses on account receivables are provisioned based on historical losses as well as on forward-looking indicators. Sono Group impairs a receivable when there is no expectation for payments and active measures to collect payments has ceased.

At 31 December 2021, the provision for expected credit losses on accounts receivable was TSEK 735 (31 Dec 2020: TSEK 956). Historically, actual credit losses have been low. The reason for this is that most of the group's customers are public-sector organisations or large customers with strong credit histories.
The group only uses banks with a rating of AA or higher.
Cash and cash equivalents are included in assets subject to impairment but the potential impairment loss is immaterial.

c) Liquidity risk

The group defines liquidity risk as the risk that the group will have problems meeting its obligations related to financial liabilities. The group has liquidity as an important key performance indicator that are reported monthly to the board. The group has today two cash pools to use excess liquidity in the most efficient way. This cash pools are in our most used currencies. The liquidity risk is handled centrally in the group. Through cautious liquidity management, the group ensures that adequate cash is available to meet the group's operational requirements. Cash flow forecasts are prepared by the group's operating companies and aggregated at group level. Rolling forecasts for the group's liquidity reserve are monitored closely at group level to ensure that the group has sufficient cash to meet its operational requirements. Cash flow forecasts are prepared in the currencies SEK and NOK. The group also monitors the balance sheet-based liquidity measure cash and cash equivalents against internal requirements and secures access to external financing. Following the bond issue, the group has a credit facility in the group account structure.

(d) Refinancing risk

Refinancing risk is defined as the risk that it will be difficult to refinance the company, that financing cannot be obtained, or that it can only be obtained at increased cost. The group secures access to external financing through bonds. The group also have possibility to establish a revolving credit facility. This option is not yet put into use. The finance function does not have a formal policy for refinancing targets but reports the status to the board on a regular basis. The repayment date for our bond loan is May 2024. The Group has the possibility to call this bond after 18 months and replace with several alternatives. Some of these alternatives are; refinancing with a new bond loan, long term loan from credit institution(-s), emission from existing or new share owners, or a combination of the above.

The following table shows an analysis of the group's non-derivative financial liabilities that constitute the group's financial liabilities, broken down by remaining maturity from the balance sheet date. The amounts indicated in the table are the contractual, undiscounted cash flows. Future foreign currency cash flows related to variable interest rates have been calculated based on the balance sheet date exchange rate and interest rate.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total agreed cash flows	Amount in financial statement.
As of 31st December 2020							
Bond loan	-1 308	318 630	-				317 322
Accounts payables	69 358						69 358
Other liabilities	33 255						33 255
Accrued cost		47 440					47 440
Leasingliability (short and longterm)	10 037	36 146	42 345	46 518	63 656		198 702
Total financial liabilities	111 342	402 216	42 345	46 518	63 656	-	666 077
As of 31st December 2021							
Bond loan	-641	-1 922					278 592
Accounts payables	78 374						78 374
Other liabilities	29 011						29 011
Accrued cost		61 317					61 317
Leasingliability (short and longterm)	10 576	39 461	20 280	48 165	54 341		172 822
Total financial liabilities	117 320	98 855	17 717	331 883	54 341	-	620 116

Management of capital

The group’s goal in respect of capital structure is to secure its ability to continue as a going concern to generate a return for the shareholders and benefits for other stakeholders, and to maintain an optimal capital structure aimed at keeping the costs of capital down. Executive management regularly monitors the need to refinance external loans with the aim of renegotiating the group's credit facilities and long-term loans 6-12 months before the maturity date.

To maintain or adjust its capital structure, the group can issue new shares or sell assets to reduce its liabilities.

The group does not have any formal guidelines for assessing its capital.

3.2 Operational risks

Sono Group's material risks and uncertainties also includes business risks. Cyclical and structural risks could affect the group's revenue negatively. A changed competition environment can also affect the group's profitability negatively. The risk can include both new competitors and that existing competitor joins forces. Geopolitical and macro economical risks can also affect the group's profitability negatively. As of today, we mainly operate in stable countries when it comes to geopolitical risks, but terrorism, natural catastrophes, strikes, pandemics, etc can affect our business.

We also have risks more closely related to the operations, such as machinery breakdowns, labour conflicts, etc. Valuations risks related to our inventories will be incurrent due to change in customer preferences also applies. There is also a risk related to our suppliers, whereas availability, quality assurance and deliveries can give a negative effect on our business.

The Group has outsourced all production, mainly to suppliers outside the country, and the Groups main suppliers is in Poland. Therefore, the group's ability to serve its customers is to a certain extent dependent of the supplier's delivery accuracy. The Group is therefore dependent of its suppliers and there is a risk that the group cannot keep or replace its suppliers with other that can deliver products in time with breach in the delivery-chain caused by transport damages, delays, increased costs, strikes, complaints or other unforeseen events.

The cooperation with public sector gives in certain cases lower flexibility regarding length of contracts and pricing compared with the private sector, mainly because EU rules regarding tenders etc. If the group should not have the possibility to adjust its pricing model in public agreements there is a risk that this will have a negative effect on the groups business, financial statement, and results.

IT is a material part of Sono Group. We have today a common ERP-system in the group. There is a risk that the group's IT-system are influenced by software- or hardware problems, data virus, hacker-attacks, and physical damages. Such problems and disturbances can, depending of the magnitude, have a negative effect on Sono Group's operations.

The Group is exposed for all general risks in the business.

Note 4 SIGNIFICANT ESTIMATES AND ASSESSMENTS

The group makes estimates and assumptions about the future. The resulting accounting estimates will by definition seldom equal the related actual results. Estimates and assumptions which involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are addressed below.

(a) Goodwill impairment testing
Each year, the group tests goodwill for impairment in accordance with the accounting principle described in a note 15 to the accounts. The recoverable amounts for the cash-generating units (Sono Norway and Sono Sweden) have been determined by calculating value in use. For these calculations, certain estimates need to be made. The calculations are based on cash flows, as forecast in budgets adopted by management for the coming five years. Cash flows after the five-year period are extrapolated using the growth rate 2 (2020: 2). The assumed growth rate is consistent with industry forecasts for the industry of each cash-generating unit. For each CGU to which a significant amount of goodwill has been allocated, the material assumptions used in calculating value in use are indicated below.

- Pre-tax discount rate
- Long-term growth rate

Valuation of tax losses
The group has recognised deferred tax assets arising from tax losses. On 31 December 2021, the group had unused tax losses of TSEK 134,182. A deferred tax asset is recognised for tax losses only to the extent that it is probable that these can be used to offset future taxable profits and taxable temporary differences. The amount recognised TSEK 114,880 in balance sheet.

The group has not expected that all tax losses will be possible to use to offset future taxable profits, due to new regulations in Sweden related to limited possibility to deduct interest expenses, certain part of losses related to this has not been activated in the balance sheet. This assessment is based on the adopted business plans and budgets for Sono Norway and Sono Sweden. A thorough budget process has been performed on a company level to be used for considering the group's deferred tax assets. The budgets for respective companies were approved by the board on 9th December 2021. Material assessments and estimates has been done related to revenue, order income and costs. Essential information that has been considered in the budget process is such as customer agreements, organizational restructurings, and more synergies within the group. Several of the companies has gone through material reduced personnel cost during 2020 and 2021, which gives good foundations for better profitability in the years to come. Due to the cost reductions made, the group managed to go through last year with relatively good results, despite the demanding market conditions due to the pandemic. The measures taken will give a good reason for increased profitability when the market recovers. The effect of the cost reductions has not yet fully shown but will have a further positive effect in the coming year. The measures taken in the group's active companies, combined with the fact that the rental agreements in the passive companies soon will end, implies that we assess the likelihood that the group are able to use its tax loss carry forwards in the coming years as very high. The tax losses carry forward in the group is to a large part related to losses arose from restructurings and closing businesses. These costs had the character as one-offs and will not occur in the coming years. Our best estimate is therefore that the future profit ability to the group's companies and the deficits historical background, make it possible to use the groups deferred tax assets related to losses to be used in full during the year 2022-2026.

Several assumptions have been done related to what profits each company is expected to have and in what year the tax loss can be used. The new regulations related to deduction of interest expenses has been assessed on a company-by-company level, which also determines the decision to not recognize any deferred tax asset on this year's deficit in the parent company.

Right-of-use assets

The probability that premises will be sublet is considered in assessing right-of-use assets for loss-making contracts. Based on an assessment of the available information, the group believes it is highly likely that the leased premises will to some extent be sublet, which has been considered in determining the amount of the right-of-use asset.

The group also sublets premises related to the loss-making contracts. These subleases are classified as short-term leases and are treated as operating leases. Most of the leases expires in 2022 and our best estimate of this balance item is based on the contract for sublet that is valid in the same period.

Defined benefit pension obligations

An estimate of defined benefit pension obligations is presented in a note to the accounts. The company's costs and the value of the outstanding obligations are estimated using actuarial calculations.

Measurement of inventories

A significant item in the consolidated balance sheet is inventories. In determining inventories, the risk of obsolescence is taken into account. The company applies a central group principle for assessing obsolescence, which takes account of the individual products' turnover rates and estimated future sales volumes. The size of the obsolescence reserve is thus sensitive to changes in estimated future sales volumes. Information on inventory obsolescence is provided in Note 19.

Lease liability uncertainty of estimates due to variable lease payments:

Significant estimates and judgements concerning the lease term:

When the lease term has been determined, management considers all available information that creates an economic incentive to exercise an option to extend, or not to terminate, a lease. An option to extend a lease is included in the lease term only if it is reasonable to assume that the lease will be extended (or not terminated). When it is not reasonable to assume that the leases will be extended (or not terminated), potential future cash flows are not included in the lease liability. The assessment is reviewed in case of a significant event or change of circumstances that affects this assessment and the change is within the control of the lessee.

Note 5 Information on operating segments

Operating segments are accounted for in a way that is consistent with the internal reports submitted to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the results of operating segments. In the group, this function has been identified as the CEO of Sono Group.

Sono has identified two operating segments based on geographic location. These are consistent with the internal reporting. Reports on products or business activities are not produced, as no customer or product accounts for more than 10 per cent of net sales in any of the segments.
Shared overhead costs have been allocated to the segments and are based on an arm's length allocation. Other, unallocated costs for the parent company and consolidated eliminations are included in the Other item.

	2021			
	Sono Norway	Sono Sweden	Others/ Eliminations	Total
Revenue per segment	418 072	439 267	-	**857 339**
Net sales to other segment	-23 857	-19 330	-	**-43 187**
Revenue from external customers	**394 215**	**419 937**		**814 152**
EBITDA	**47 809**	**34 239**	**-1 038**	**81 010**
Amortisation and depreciation	-19 131	-26 360	-	-45 491
EBIT	**28 678**	**7 879**	**-1 038**	**35 519**
Financial items net	-8 886	-1 204	-38 014	-48 104
Profit before tax	**19 792**	**6 675**	**-39 052**	**-12 585**

	2020			
	Sono Norway	Sono Sweden	Others/ Eliminations	Total
Revenue per segment	386 415	407 499	-	**793 914**
Net sales to other segment	-13 682	-13 512	-	**-27 194**
Revenue from external customers	**372 733**	**393 987**		**766 720**
EBITDA	**45 789**	**40 955**	**-268**	**86 476**
Amortisation and depreciation	-18 060	-25 578	-	-43 638
EBIT	27 729	15 377	-268	42 838
Financial items net	-7 562	-2 682	-29 187	-39 431
Profit before tax	**20 167**	**12 695**	**-29 455**	**3 407**

Note 6 Revenue

	2021	2020
Income from contract with customers	**814 152**	766 720
Total revenues	**814 152**	766 720
Exchange-rate gains on operating receivables/liabilities	**4 879**	4 574
Rental income	**6 889**	6 595
Other	**7 381**	6 809
Total other income	**19 149**	17 978
Total operating revenues	**833 301**	784 698

Geographic distribution of external revenues based on customer location	2021	2020
Sweden	**424 547**	409 979
Norway	**309 238**	301 664
Denmark	**54 164**	31 161
Finland	**62**	184
Other Nordic	**289**	272
Great Britain	**1 909**	1 750
Other Europe	**23 763**	20 443
Other countries	**180**	1 267
Total revenues	**814 152**	766 720

Note 7 Auditors' fees

Specification auditor's fee PricewaterhouseCoopers	2021	2020
Statutory audit	**1 732**	**1765**
of which PWC Sweden	1 342	1320
Other assurance services	**112**	**3**
of which PWC Sweden	69	3
Other non-assurance services	**0**	36
of which PWC Sweden	0	9
Tax consultant services	**172**	**476**
of which PWC Sweden	160	366
Total	**2 016**	**2280**

Specification auditor's fee other companies	2021	2020
Statutory audit	**105**	101
Other assurance services	**0**	0
Other non-assurance services	**0**	0
Tax consultant services	**2**	19
Total	**107**	**120**

Of 2021 fees to auditors the following fees is to PriceWaterhouseCoopers AB:
Statutory audit 1.342k, Other assurance services 0k, Other non-assurance services 69k, and Tax consultant services 160k.

With audit assignment means audit of annual statement and accounting, as well as the Board of Directors and CEO's management, other assignments related to auditor to perform and other reviews that comes from the audit. Everyhting else is other services.

Note 8 Employees, personnel expenses, and Directors’ fees

	2021	2020
Salaries and other renumerations	137 095	137 859
Government grants	-	-5 487
Social security fee	30 155	29 934
Pension cost	12 051	10 828
Total renumeration to employees	**179 301**	**173 134**

Salaries and other renumerations incl soc. Sec fees	**2021**		**2020**		
	Salaries and other renumerations (whereas bonus = 1 215)	**Social security fee incl pension costs.**	**Salaries and other renumerations (whereas bonus = 1 297)**		**Social security fee incl pension costs.**
Board members, CEO and other management	12 491	2 581	12 224		3 486
Other employees	124 604	39 625	120 148	(*)	37 276
Group total	**137 095**	**42 206**	**132 372**		**40 762**

(*) Other employees includes government grants 5 487 TSEK.

Average number of employees by country	**2021**		**2020**	
	Total	of which men	Total	of which men
Sweden	121	77	129	87
Norway	88	71	84	69
Denmark	8	6	6	5
Other	1	1	1	1
Group total	**218**	**155**	**220**	**162**

Gender population in Group (incl subsidiary) for board members and other management in %

	2021		**2020**	
	Women	Men	Women	Men
Board members	0 %	100 %	0 %	100 %
CEO and other management	0 %	100 %	0 %	100 %

Salaries, renumeration and other 2020

	Salary	Bonuses etc	Other	Pension-cost	Consultancy	Totals
Board director	-	-	-	-	-	-
Board member Trond Frigaard	-	-	-	-	-	-
Board member Ellen Hanetho	-	-	-	-	-	-
Board member Mads Langaard	-	-	-	-	-	-
CEO	2 000	1 297	-	44	-	3 341
Other management (7 persons)	8 735	192	-	796	-	9 723
Total	**10 735**	**1 489**	**-**	**840**	**-**	**13 064**

Salaries, renumeration and other 2021

	Salary	Bonuses etc	Other	Pension-cost	Consultancy	Totals
Board director	-	-	-	-	-	-
Board member Trond Frigaard	-	-	-	-	-	-
Board member Mads Langaard	-	-	-	-	-	-
CEO	2 000	1 215	-	58	-	3 273
Other management (6 persons)	9 173	103	-	532	-	9 808
Total	**11 173**	**1 318**	**-**	**590**	**-**	**13 081**

Variable remuneration for 2021 (2020) refers to expensed bonuses that will be paid in 2021 (2020). For information on how bonuses have been calculated, see below.

Guidelines

The Chairman and other members of the Board of Directors receive fees in accordance with the resolution of the shareholders' meeting, 0 each.

The shareholders' meeting has adopted the following guidelines for remuneration of management. The remuneration paid to the Chief Executive Officer and other senior executives consists of a basic salary, variable remuneration, other benefits and pension contributions, etc. Other senior executives refer to the seven people who, together with the CEO, make up the senior management team.

The balance between basic salary and variable remuneration must be proportionate to the executive's responsibilities and authority. For the CEO, variable remuneration is not capped at any per cent of the basic salary. For other senior executives, variable remuneration is capped at 0–25 per cent of the basic salary. Variable remuneration is based on outcomes in relation to individually defined targets.

Pension benefits and other benefits for the CEO and other senior executives form part of the total remuneration.

The notice period for the CEO is 6 months. When termination from the company, without reason for termination, the CEO has the right to 6 months' severance pay. For other senior management there is a notice period between 3 and 6 months. Specific agreements related to retirement age, future pensions, severance pay to the board members or other senior management does not exist.

Bonus

For the CEO, the bonus is based on the consolidated operating profit. The bonus for 2021 represented 60 per cent of the basic salary (2020: 65%).

For other senior executives, the bonus is based on the consolidated operating profit. Bonuses for other senior executives for 2021 range from 0–25 per cent of the basic salary (2020: 0–25%).

Pension
The group has both defined benefit and defined contribution pension plans. Retirement benefit cost refers to the cost which affects profit for the year.

Defined contribution pensions
The pension contribution is 4–25 per cent of the pensionable salary. Pensionable pay refers to the basic salary plus average variable pay for the last three years. The retirement age for the CEO is 70 years. For other senior executives, the retirement age ranges from 65 to 70 years.

Defined benefit pensions
This type of pension applies only to former employees and is not offered to any new employees. All defined benefit plans are final salary pension plans, which give the employees benefits in the form of guaranteed pension payments during their lifetimes. The level of the benefit depends on the employee's period of service and salary at the time of retirement.

Note 9 Other external costs and operating expenses

All amounts in SEK thousand

	2021	2020
Freight costs	17 161	15 483
Exchange-rate losses on operating receivables/liabilities	1 425	6 731
Advertising	9 370	13 961
Travel costs	7 354	11 040
Consultancy fees and external personnel	3 710	7 612
	10 604	7 430
	6 735	4 117
Bad debts	333	268
Other operating costs	17 170	12 985
Total operating expenses	**73 862**	**79 627**

Note 10 Interest and similar income and expenses

Interest and similar income	2021	2020
Exchange rate gains	7 150	733
Gains repurchase of issued bonds	171	580
Other interest income	1 120	1 509
Total	**8 441**	**2 822**

Interest and similar expense	2021	2020
Exchange rate losses	9 947	1 448
Other interest expense	1 708	2 422
Interest expense, leasing liability	7 302	8 433
Interest expense bonds	37 588	29 950
Total	**56 545**	**42 253**

Note 11 Net foreign exchange differences

	2021	2020
Exchange rate differences affecting operating results	3 454	-2 157
Exchange rate differences in financial items	-2 797	-715
Total	**657**	**-2 872**

Note 12 Investments in group companies

On 31 December 2021, the group had the following subsidiaries:

Subsidiary	Corp. Reg. no	registered office	Ownership/ voting right	Carrying amount 2021-12-31	Carrying amount 2020-12-31
Directly owned					
Sono Holding Norge AS (prev. NIG Norge AS)	995 246 511	Borgenhaugen, NO	100 %	193 609	193 609
ACAP Invest AB	556087-7838	Tranås, SE	100 %	112 847	112 847
Indirectly owned					
Sono Norge AS (prev Altistore AS)	991 625 216	Borgenhaugen, NO	100 %		
Sono Denop ApS (prev Denop ApS)	30825764	Ikast, DK	100 %		
Sarpsborg Metall AS	929 567 528	Borgenhaugen, NO	100 %		
Sarpsborg Metall AB	556758-0344	Mölndal, SE	100 %		
Sono Danmark A/S (prev Sono SSG A/S)	29153205	Ikast, DK	100 %		
Sono Norop AS (prev Norop AS)	989 263 900	Borgenhaugen, NO	100 %		
Sono IPO Ltd (prev NIG IPO Ltd)	1698211	Hong Kong, CN	100 %		
NIG Sverige AB	556475-9545	Malmö, SE	100 %		
Sono Sweop AB (prev Sweop AB)	556591-2374	Tranås, SE	100 %		
Sono Brands AB	556862-5536	Tranås, SE	100 %		
Sono Sverige AB (prev Ergoff Miljö AB)	556595-7809	Uppsala, SE	100 %		
Sonesson Inredningar AB	556139-0336	Malmö, SE	100 %		
Sørlie Prosjektinnredninger AS	975 378 535	Sarpsborg, NO	100 %		
Total investments in subsidiaries				**306 456**	**306 456**

Note 13 Tax

	2021	2020
Income tax expense:		
Current tax:		
Tax payable	**-2 907**	**524**
Correction of previous years current income taxes		
Deferred tax		
Changes in deferred tax	**-3 378**	**-5 046**
Tax expense	**-6 285**	**-4 522**
Pre-tax profit		
Tax on profit for the year based on Sweden's tax rate (21.4%)	2 593	-729
Non deductible expenses	-7 569	-4 469
Non-taxable income	-	0
Effect of other tax rates in subsidiaries	-36	-36
Usage of tax losses carried forward	0	1 376
Effect of change in tax rate	0	-201
Other	-1 273	-463
Tax expense	**-6 285**	**-4 522**

The group's weighted average tax rate was 133 per cent (5%). The reason for the high tax rate is that the group does not deduct all interest expenses.

Tax loss carried forward	**2021**	**2020**
Losses carried forward	**114 880**	**117 303**
Not booked losses carried forward	**19 302**	**13 967**
Potential tax, 20.6% (21.4%)		
No tax loss carried forward in the Group has maturity date.		

Changes in deferred tax assets	**2021**	**2020**
Opening balance	35 306	35 306
Changes in temporary differences in accordance with income statement	-4 665	-4 711
Changes in temporary differences booked toward OCI	121	10
Translation effects	65	-345
Net deferred tax asset (liabilities)	**30 827**	**30 260**

Deferred tax assets (liabilities)	**2021**	**2020**
Pensions	2 809	2 831
Tax losses carried forward	23 758	27 305
Software	-844	-980
Property, plant and equipment	-45	54
Inventories	632	415
Leasing	3 040	2 826
Temporary differences related to restructuring cost	1 477	2 855
Net deferred tax asset (liabilities)	**30 827**	**35 306**

For further information regarding valuation of deferred tax assets, see note 4, "valuation of tax losses".

Note 14 Property, plant and equipment

	Buildings and land	Machinery and equipment	Equipment, tools and fixtures & fittings	Total
1 of January 2020				
Acquisition cost	3 947	15 278	28 391	47 616
Accumulated depreciation and write downs	-2 701	-14 083	-24 930	-41 714
Accumulated cost 1 of Januar 2020	**1 246**	**1 195**	**3 461**	**5 902**
Accounting year 2020				
Initial carrying amount	1 246	1 195	3 461	5 902
Additions	348	2 086	718	3 152
Purchase of subsidairies	-	-	-	-
Reclassifications	-	-	-1	-1
Disposals	-	-	-458	-458
Depreciations	-283	-573	-1 386	-2 242
Exchange differences	-120	-3	12	-111
Carrying amount 31 of December 2020	**1 191**	**2 705**	**2 346**	**6 242**
Per 31 december 2020				
Acquisition cost	4 295	17 361	28 662	**50 318**
Accumulated depreciation and write downs	-3 104	-14 656	-26 316	**-44 076**
Accumulated cost 1 of Januar 2021	**1 191**	**2 705**	**2 346**	**6 242**
Financial year 2021				
Initial carrying amount	1 191	2 705	2 346	**6 242**
Additions	283	-	408	691
Purchase of subsidairies	-	-	-	-
Reclassifications	-	-	-	-
Disposals	-	-2 125	-291	-2 416
Depreciations	-349	-424	-1 082	-1 855
Exchange differences	82	7	47	136
Carrying amount 31 of December 2021	**1 207**	**163**	**1 428**	**2 798**
Per 31. December 2021				
Acquisition cost	4 578	15 243	28 826	**48 647**
Accumulated depreciation and write downs	-3 371	-15 080	-27 398	**-45 849**
Carrying amount 31 of December 2021	**1 207**	**163**	**1 428**	**2 798**

Note 15 Intangible assets

	Goodwill	Software	Total
1 of January 2020			
Acquisition cost	276 657	25 892	**302 549**
Accumulated depreciation and write downs	-30 653	-20 571	**-51 224**
Carrying amount	**246 004**	**5 321**	**251 325**
Initial carrying amount	246 004	5 321	251 325
Additions	-	5 351	5 351
Purchase of subsidiary	-	-	-
Disposals	-	-	-
Exchange differences	-16 129	-389	-16 518
Depreciations	-	-1 496	-1 496
Carrying amount 31 of December 2010	**229 875**	**8 787**	**238 662**
Per 31 december 2020			
Acquisition cost	260 528	30 854	291 382
Accumulated depreciation and write downs	-30 653	-22 067	-52 720
Accumulated cost 1 of Januar 2021	**229 875**	**8 787**	**238 662**
Initial carrying amount	229 875	8 787	238 662
Additions	-	5 295	5 295
Purchase of subsidairies	-	-	-
Disposals	-	-	-
Exchange differences	10 731	517	11 248
Depreciations	-	-2 886	-2 886
Carrying amount 31 of December 2021	**240 606**	**11 713**	**252 319**
Per 31 december 2021			
Acquisition cost	271 259	36 666	307 925
Accumulated depreciation and write downs	-30 653	-24 953	-55 606
Accumulated cost 31 of December 2021	**240 606**	**11 713**	**252 319**

Goodwill impairment testing

The Board of Directors monitors goodwill broken down by the two operating segments identified in Note 5.

Summary of goodwill by segment	31 Dec 2021	31 Dec 2020
Sono Sweden	76 369	76 369
Sono Norway	164 237	153 506
Total	**240 606**	229 875

The recoverable amount for goodwill has been determined based on calculations of value in use. The CEO has made the assessment that sales growth, EBITDA margin, discount rate and long-term growth are the most significant assumptions in the impairment test. Calculations of value in use are made on the basis of estimated future cash flows before tax based on five-year financial budgets that have been approved by management. The calculation is based on management's experience and historical data. For both operating segments, the sustainable long-term growth rate has been estimated based on industry forecasts and is 2 per cent.

For each operating segment to which a significant amount of goodwill has been allocated, the material assumptions, long-term growth rates and discount rates used in calculating value in use are indicated below.

Essential assumptions used for calculation of value:

	31.12.2021	31.12.2020
Discount rate before taxes*	**8,55 %**	**9,77 %**
Long term growth rate**	**2 %**	**2 %**

* Pre-tax discount rate used in Sweden (Norway 8.3%) calculating the present value of estimated future cash flows.
** Weighted average growth rate used to extrapolate cash flows beyond the budget period.

Goodwill sensitivity analysis

The recoverable amount comfortably exceeds the carrying amount of goodwill. A reasonable change in the assumptions would not result in any impairment in either segment.

Note 16 Classification of financial instruments

	Assets measured at initial cost	
All amounts in NOK thousand	**2021-12-31**	**2020-12-31**
Non-current financial assets	**127**	120
Trade and other receivables	**108 711**	115 999
Cash and cash equivalents	**45 530**	88 665
Total financial assets	**154 368**	**204 784**

	Liabilities measured at initial cost	
	2021-12-31	**2020-12-31**
Bond loans	**278 592**	317 322
Leasing liabilities	**172 822**	198 702
Current interest-bearing liabilities	**-**	14
Accounts payable	**78 374**	69 358
Other current liabilities	**29 011**	33 255
Accrued expenses	**61 317**	47 440
Total financial liabilities	**620 116**	**666 091**

Note 17 Leases

Right-of-use assets	Buildings	Machinery and equipment	Vehicles	Total
Acquisition cost 1 January	**301 597**	**6 690**	**14 845**	**323 131**
Addition of right-of-use assets	5 083	226	3 863	**9 172**
Disposals	- 3 347	- 153	- 2 460	**- 5 960**
Previous disposals	- 3 374	- 180	- 2 036	**- 5 591**
Transfers and reclassifications	2 505	- 3 706		**- 1 201**
Currency exchange differences	- 15 665	- 13	- 703	**- 16 381**
Acquisition cost 31 December	**286 798**	**2 863**	**13 508**	**303 170**
Accumulated depreciation and impairment 1 January 2020	**- 95 052**	**- 2 671**	**- 6 507**	**- 104 230**
Depreciation	- 33 933	- 961	- 5 006	**- 39 900**
Disposals	1 733	153	1 123	**3 009**
Previous disposals	3 374	180	2 036	**5 591**
Transfers and reclassifications	808	1 283	1 356	**3 447**
Currency exchange differences	1 686	6	167	**1 859**
Accumulated depreciation and impairment 31 December 2020	**- 121 384**	**- 2 010**	**- 6 830**	**- 130 224**
Carrying amount of right-of-use assets 31 December 2020	**165 415**	**853**	**6 678**	**172 946**
	2-15 years	3-6 years	4 years	
	Linear	Linear	Linear	

Right-of-use assets	Buildings	Machinery and equipment	Vehicles	Total
Acquisition cost 1 January 2021	**286 798**	**2 863**	**13 508**	**303 170**
Addition of right-of-use assets	4 446	470	3 146	**8 062**
Disposals	- 13 007	- 110	- 3 456	**-16 573**
Transfers and reclassifications	1 050	-	-	**1 050**
Currency exchange differences	10 471	14	474	**10 959**
Acquisition cost 31 December 2021	**289 758**	**3 237**	**13 672**	**306 667**
Accumulated depreciation and impairment 1 January 2021	**- 121 384**	**- 2 010**	**- 6 830**	**-130 224**
Depreciation	- 35 474	- 699	- 4 576	**-40 749**
Disposals	10 607	47	1 595	**12 249**
Transfers and reclassifications	4 737	63	2 445	**7 245**
Currency exchange differences	- 2 174	- 3	- 219	**-2 396**
Accumulated depreciation and impairment 31 December 2020	**- 143 687**	**- 2 602**	**- 7 585**	**-153 874**
Carrying amount of right-of-use assets 31 December 2021	**146 071**	**635**	**6 087**	**152 793**
	2-15 years	3-6 years	4 years	
	Linear	Linear	Linear	

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	
Less than 1 year	46 191
1-2 years	42 345
2-5 years	46 518
More than 5 years	63 648
Total undiscounted lease liabilities at 31 December 2020	**198 702**

	Statement of:	Total
Lease liabilities 31.12.2019		253 156
New lease liabilities recognised in the year		8 106
Cash payments for the principal portion of the lease liability	Cash flows	-47 183
Cash payments for the interest portion of the lease liability	Cash flows	-8 432
Interest expense on lease liabilities	Profis and loss	8 432
Currency exchange differences	Profit and loss and other comprehensive income	-15 377
Total lease liabilities at 31 December 2020		**198 702**
Current lease liabilities	Financial position	46 193
Non-current lease liabilities	Financial position	152 509
Total cash outflows for leases	Cash flows	-47 183

Undiscounted lease liabilities and maturity of cash outflows	
Less than 1 year	50 036
1-2 years	20 280
2-5 years	48 165
More than 5 years	54 341
Total undiscounted lease liabilities at 31 December 2021	**172 822**

	Från	Total
Lease liabilities 31.12.2020		**198 690**
New lease liabilities recognised in the year		**11 772**
Cash payments for the principal portion of the lease liability	Cash flows	**-46 934**
Cash payments for the interest portion of the lease liability	Cash flows	**-7 302**
Interest expense on lease liabilities	Profis and loss	**7 302**
Revaluation of discount rate on previous leasing liabilities	Profis and loss	**-**
Currency exchange differences	Profit and loss and other comprehensive income	**9 286**
Total lease liabilities at 31 December 2021		**172 814**
Current lease liabilities	Financial position	**50 036**
Non-current lease liabilities	Financial position	**122 786**
Total cash outflows for leases	Cash flows	**-46 934**

Interest expenses related to lease liabilities are presented in Note 10.

Practical expedients are applied

The group also leases PCs, IT equipment and machinery with lease terms of one to three years. The group has elected not to recognise lease liabilities or right-of-use assets for low-value leases. Such lease payments are instead expensed as incurred. Nor does the group recognise lease liabilities and right-of-use assets for short-term leases.

Summary of other lease expenses recognised in Profit and loss	
Operating expense related to shotrt-term leases (including short-term low value assets)	1 224
Total lease expenses included in other operating expenses	**1 224**

The leases do not contain any restrictions on the company's dividend policy or financing. The future minimum rents related to non-cancellable low value leases fall due as follows:

Less than 1 year	1 229
1-5 years	4 435
More than 5 years	-
Total	**5 664**

Option to extend
The group's leases for properties have lease terms ranging from 2 to 15 years and several of the leases include an option to extend the lease term at the end of the original term. At the commencement of the lease, the group assesses whether it is reasonable to assume that the option to extend will be exercised or not.

Option to purchase
The group leases machinery, equipment and vehicles with lease terms of 3 to 6 years. Some of the leases include an option to purchase the assets at the end of the lease term. At the commencement of the lease, the group assesses whether it is reasonable to assume that this option will be exercised. This assessment is updated when circumstances indicate renewed operational plans for the leased assets.

Note 18 Accounts receivable

All amounts in SEK thousand

	2021-12-31	2020-12-31
Receivables related to revenue from contracts with customers - exter	105 744	107 592
Provision for bad debts	-735	-956
Total accounts receivables	105 009	106 636

Reported amounts, per currency, for the Group's accounts receivable are as follows:

	2021-12-31	2020-12-31
SEK	95 124	55 274
DKK	9 159	2 160
HKD	462	462
NOK	264	48 740
Total	105 009	106 636

	2021-12-31	2020-12-31
Receivables not due for payment	89 871	97 258
Less that 30 days since due date	13 925	11 164
30-60 days since due date	851	662
60-180 days since due date	1 642	-726
More than 180 days since due date	-545	-766
Minus: provisions for bad debts	-735	-956
Total contract assets	105 009	106 636

The maximum exposure to credit risk for accounts receivable at the balance sheet date is the carrying amount, as shown above. The fair value of accounts receivable is equal to the carrying amount, as the discount effect is insignificant.

Note 19 Inventories

The value of the group's inventories on 31 December 2021 was TSEK 88 043 (31 Dec 2020: TSEK 73 438). In the financial year 2021, costs of goods sold of TSEK 498 326 (2020: TSEK 445 461) were recognised in the statement of comprehensive income. They were accounted for as Raw materials and consumables in the statement of comprehensive income.

The write-down of net realisable value is TSEK 6,000 (2020: TSEK 6 330). The write-down was recognised in Raw materials and consumables in the income statement in 2021.

Note 20 Other receivables

	2021-12-31	2020-12-31
Deposits	20	5 742
Other	3 684	3 621
Totalt	3 704	9 363

Note 21 Prepaid expenses and accrued income

	2021-12-31	2020-12-31
Rent	**10**	10
Insurance	**851**	385
Marketing expenses	**639**	460
Leasing	**1 611**	58
Delivered, not invoiced goods	**2 081**	1 093
Other	**1 079**	2 070
Totalt	**6 271**	**4 076**

Note 22 Cash and cash equivalents

All amounts in SEK thousand

	2021-12-31	2020-12-31
Cash at banks and on hand	**45 530**	88 665
Total	**45 530**	**88 665**

In addition to cash and cash equivalents, Sono Group has an undrawn credit facility of SEK 30 million (2020: SEK 6.6 million). The agreed credit for 2021 is SEK 30 million (2020: SEK 7.6 million). Blocked funds related to interest payments totalled SEK 0 million (SEK 0 million in 2020). Blocked funds related to other guarantees totalled SEK 0 million (SEK 12.8 million in 2020).

Note 23 Share capital and other paid-in capital

On 31 December 2021, the share capital consisted of 759 201 ordinary shares with a quotient value of SEK 139.12 per share.

	2021	2020
Ordinary shares, nominal amount NOK 139.12	**759 201**	759 201
Total number of shares	**759 201**	**759 201**

Each share carries one vote. All shares issued by the parent company are fully paid up.

The shareholders at 31.12.21 are:

	Number of shares:	Ownership interest:
Frigaard Industries AS	672 405	88,57 %
Nye Sørlie Bygg AS	33 857	4,46 %
Opulentia Invest AS	15 008	1,98 %
VHS Holding AS	10 816	1,42 %
Add Relax AB	8 181	1,08 %
Funtus AS	3 605	0,47 %
PH Capital AS	3 605	0,47 %
Jacob Iqbal	3 605	0,47 %
Fredrik Juntti	3 605	0,47 %
Stian Folker Larsen	3 605	0,47 %
TG Sport AB	909	0,12 %
	759 201	100,00 %

Note 24 Acquisitions

The Group has not purchased any company during 2021 or 2020.

Note 25 Borrowings

Longterm	**31.12.2021**	**31.12.2020**
Bonds	**285 000**	-
Cost related to bonds	**-6 408**	-
Repurchased bonds	**-**	-
Leasing liability	**122 787**	152 509
Liabilities to credit institutions	**-**	-
Total long term	**401 379**	**152 509**

Shortterm	**31.12.2021**	**31.12.2020**
Leasing liability	**50 035**	46 193
Bonds short term	**-**	325 000
Cost related to bonds	**-**	-3 928
Repurchased bonds	**-**	-3 750
Liabilities to credit institutions	**-**	14
Total short term	**50 035**	363 529
Totals liabilities	**451 414**	**516 038**

Bonds

In May 2021, the group refinanced SEK 285 million in bonds. The bonds mature in 2024 and have a variable interest rate of 3 months STIBOR + 9 per cent.

The carrying amounts are considered to approximate the fair values, as the loans have variable interest rates and because the credit risk has not changed since the loans were taken out.

The group's borrowings are in SEK. The fair value of short-term borrowings is equal to the carrying amount, as the discount effect is insignificant.

The group was in compliance with all covenants in 2021. This is mainly related to credit facilities and bond. Agreed credit facility for the group as of 31st Dec 2021 was SEK 30m (SEK 7.6m).

Note 26 Accrued expenses and deferred income

	2021-12-31	2020-12-31
Accrued salaries incl. holiday pay and social security	**33 329**	32 387
Cost of goods	**3 605**	2 044
Audit fee	**730**	669
Interest	**3 990**	1 201
VAT postponed due to Covid-19	**8 655**	0
Other items	**11 008**	11 139
Total	**61 317**	**47 440**

Note 27 Pension obligations, interest-bearing

The group has defined benefit pension plans in Sweden. All defined benefit plans are final salary pension plans, which give the employees benefits in the form of guaranteed pension payments during their lifetimes. The level of the benefit depends on the employee's period of service and salary at the time of retirement.

The amounts presented in the statement of financial position and changes in the defined benefit pension plan during the year are as follows.

	Pension liability
1 January 2020	31 094
Current service cost this year	-
Current service cost previous years	-
(gains)/losses from regulations	-151
Interest cost/(-income)	431
Total amount recognised in profit or loss	**280**
Actuarial gains/losses:	
- (gain)/loss from change in demographic assumptions	-512
- (gain)/loss from change in financial assumptions	561
Total amount recognised in other comprehensive income	**48**
Fees from:	
Employer	
Employees covered by plan	
Settlements	-
Payments from plan	-893
Per 31 December 2020	**30 530**
Per 1 januari 2021	30 530
Current service cost this year	-
Current service cost previous years	-
(gains)/losses from regulations	-152
Interest cost/(-income)	299
Total amount recognised in profit or loss	**147**
Actuarial gains/losses:	
- (gain)/loss from change in demographic assumptions	618
- (gain)/loss from change in financial assumptions	-32
Total amount recognised in other comprehensive income	**586**
Fees from:	
Employer	
Employees covered by plan	
Settlements	-
Payments from plan	-1 013
Per 31 december 2021	**30 250**

Actuarial assumptions as follows:	2021-12-31	2020-12-31
Discount rate	1,70 %	1,00 %
Inflation	2,20 %	1,50 %

Assumptions about life expectancy are based on official statistics and experience from mortality studies in Sweden and are determined in consultation with actuarial experts.

The above sensitivity analyses are based on a change in one assumption while other assumptions are held constant. In practice, it is unlikely that this would occur, and changes in some of the assumptions may be correlated. In calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation using the projected unit credit method at the end of the reporting period) is used as for calculating the pension liability that is recognised in the statement of financial position. The duration of the obligation is 16 years for 2021.

The sensitivity of the defined benefit obligation to changes in the weighted key assumptions is:

Changes to the obligation	Change in assumption		Increase in assumption		Decrease in assumption	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Discount rate	0,50 %	0,50 %	Reduction with 8.2 %	Reduction with 8.6 %	Increase with 9.3 %	Increase with 9.7 %
Inflation	0,50 %	0,50 %	Increase with 9.2 %	Increase with 9.5 %	Reduction with 8.2%	Reduction with 8.5%
Life expectancy	+/- 1 year	+/- 1 year	Increase with 5.2 %	Increase with 5.1 %	Reduction with 5.1%	Reduction with 5.0%

Note 28 Pledged assets

	2021-12-31	2020-12-31
Carrying amount for assets pledged as security		
Shares in subsidiaries	**240 332**	216 116
Chattel	**12 000**	12 000

Note 29 Related party transactions

North Investment Group AB (publ) is 88.6 per cent owned by Frigaard Industries AS, corp. ID no. 999 210 384, with registered office in Sarpsborg, Norway. The ultimate consolidated financial statements are prepared by Soland Invest AS, corp. ID no. 987 521 465, with registered office in Sarpsborg, Norway. Related parties are all subsidiaries in the group as well as senior executives in the group and their close family members.

Services are purchased and sold to related parties on normal commercial terms and on a commercial basis, and in compliance with the applicable transfer pricing policy.

The group has not made any provisions for doubtful debts attributable to related parties and did not recognise any expenses for doubtful debts from related parties during the period. No collateral has been posted for the receivables.

Sale of goods and services	**2021**	**2020**
Rental income properties	666	647
Other sale of goods and services	1 589	2 809
Total	**2 255**	**3 456**

Purchase of goods and services	**2021**	**2020**
Purchase of services	3 543	3 661
Total	**3 543**	**3 661**

Receivables and payables at year end due to sale/purchase of goods and s	**2021-12-31**	**2020-12-31**
Receivables to related parties		
Frigaard Gruppen AS	118	252
Other related parties	327	917
Payables to related parties		
Frigaard Gruppen AS	347	324
Other related parties	31	-

Liabilities to related parties	**2021-12-31**	**2020-12-31**
Liabilities to Frigaard Gruppen AS		
1st January	-	-
New loans	-	-
Repayments	-	-
Interest cost	-	-
Paid interest	-	-
31st December	-	-

All sales and purchases of goods and services to which no name is attached are to other group companies/legal entities.

All receivables and liabilities at year-end arising from sales of goods and services to which no name is attached are to other group companies/legal entities.

Note 30 Events after the end of the financial year

The extent the Russian invasion of Ukraine will have on our business is difficult to say as of today. In short term we experience increased raw material prices on steel and wood, as well as increased energy- and transportation cost. The general uncertainty in the surroundings may have a negative effect on the Group's net sales and results.

In March 2022 Sono Group changed CEO.

Other than the above, no events have occurred after the end of the financial year that affects the financial statement.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

All amounts in SEK thousand	Note	jan-dec 2021	jan-dec 2020
Revenue		-	-
Other operating revenue		-	-
Total operating revenue		**-**	**-**
Cost of goods sold		-	-
Other external cost	2	(1 038)	(268)
Salaries and personnel expense		-	-
Depreciation and amortization expense		-	-
Other operating expense		-	-
Total operating expense		**(1 038)**	**(268)**
Operating profit		**(1 038)**	**(268)**
Interest income and similar	3	10 034	9 668
Interest expense and similar	3	(38 167)	(29 951)
Net financial income (expenses)		**(28 133)**	**(20 283)**
Appropriations	10	-	-
Profit before income tax		**(29 171)**	**(20 551)**
Income taxes	4	-	-
Net profit for the period		**(29 171)**	**(20 551)**

In the parent company no amounts has been booked towards other comprehensive income, as a result total comprehensive income is equal to net profit for the year.

PARENT COMPANY BALANCE SHEET

All amounts in SEK thousand

ASSETS	Note	2021 31.des	2020 31.des
Participations in Group companies	5, 8	306 456	306 456
Deferred tax receivables	4	321	321
Other long term receivables group	9	94 310	118 404
Total non-current financial assets		**401 087**	**425 181**
Total non-current assets		**401 087**	**425 181**
Other short term receivables group	9, 10	176 697	12 888
Other short term receivables		300	31
Prepaid expenses and accrued income		97	91
Cash and cash equivalents		43 483	6 240
Total current receivables		**220 577**	**19 250**
Total current assets		**220 577**	**19 250**
TOTAL ASSETS		**621 664**	**444 431**

EQUITY AND LIABILITIES	Note	2021 31.des	2020 31.des
Share capital	7	105 619	105 619
Other equity		17 158	33 809
This years result	11	-29 171	-16 651
Equity attributable to majority shareholders		**93 606**	**122 777**
Bonds	6	278 592	0
Total non-current liabilities		**278 592**	**0**
Prepayments from customers		0	317 322
Accounts payable		104	0
Other short term liabilities group companies	9	244 127	3 066
Tax payable	4	0	0
Other short term liabilities		24	0
Accrued expenses and deferred income		5 211	1 266
Total current liabilities		**249 466**	**321 654**
TOTAL EQUITY AND LIABILITIES		**621 664**	**444 431**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amount in SEK thousand	Note	Restricted equity	Unrestricted equity			
		Share capital	Other paid-in capital	Retained earnings	This years result	Total equity
Equity on 1 January 2020		**105 619**	**-**	**54 400**	**-20 592**	**139 428**
Appropriation of profit according to General meeting		**-**	**-**	-20 592	20 592	**-**
This years result		-	-	-	-16 651	**-16 651**
Total comprehensive income		**105 619**	**-**	**33 808**	**-16 651**	**122 777**
Equity on 1 January 2021		**105 619**	**-**	**33 808**	**-16 651**	**122 777**
Appropriation of profit according to General meeting		**-**	**-**	-16 651	16 651	**-**
This years result	11				-29 171	**-29 171**
Total comprehensive income		**105 619**	**-**	**17 157**	**-29 171**	**93 606**
Equity on 31 December 2021		**105 619**	**-**	**17 157**	**-29 171**	**93 606**

PARENT COMPANY CASH-FLOW STATEMENT

All amounts in SEK thousand

	2021	2020
Cash flows from operations		
Profit/(loss) before income taxes	-29 171	-16 651
Taxes paid in the period		0
Net cash flow from operations before changes in working capital	**-29 171**	**-16 651**
Change in trade debtors	5 042	-3 008
Change in trade creditors	104	0
Change in other provisions	8 017	1 195
Net cash flow from operations	**-16 008**	**-18 464**
Cash flows from investments		
Payment on loan receivables group (short/long)	24 094	2 120
Net cash flows from investments	**24 094**	**2 120**
Cash flow from financing		
Net change in credit line	0	0
Proceeds from long term loans	285 000	1 486
Repayment of borrowings group	71 941	0
Repayments of borrowings	(327 784)	0
Net cash flow from financing	**29 157**	**1 486**
Net change in cash and cash equivalents	**37 243**	**-14 858**
Cash and cash equivalents at the beginning of the period	6 240	21 098
Cash and cash equivalents at the end of the period	**43 483**	**6 240**

1 SUMMARY OF PARENT COMPANY ACCOUNTING PRINCIPLES

Significant accounting principles applied in preparing these annual accounts are described in the following. Unless otherwise stated, these principles have been applied consistently for all the years presented.

The annual accounts for the parent company have been prepared in accordance with Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. In cases where the parent company applies other accounting principles than the group's accounting principles, as described in the notes to the consolidated financial statements, this is indicated in the following.

The annual accounts have been prepared in accordance with the cost method.

Preparing financial statements in compliance with RFR 2 requires the use of critical accounting estimates. Management is also required to make certain judgements in applying the parent company's accounting principles. Areas which involve a high degree of judgement, are complex or where assumptions and estimates have a material impact on the annual accounts are described in a note to the consolidated financial statements.

Through its activities, the parent company is exposed to a wide range of financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The parent company's overall risk management policy focuses on the unpredictability of financial markets and strives to minimise potential adverse effects on the group's financial results. For more information on financial risks, see the note 3 to the consolidated financial statements.

The parent company applies other accounting principles than the group in the cases indicated below.

Formats
The format prescribed in the Annual Accounts Act is used for the income statement and balance sheet. The statement of changes in equity also follows the format used in the group but is required to contain the columns specified in the Annual Accounts Act. This also means that different names are used than in the consolidated financial statements, primarily with regard to financial income and expense, and equity.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less any impairment. Cost includes acquisition-related costs and any additional considerations.

When there is an indication that investments in subsidiaries are impaired, an estimate is made of the recoverable amount. If the recoverable amount is less than the carrying amount, an impairment loss is recognised. Impairment losses are recognised in the item "Profit/loss from investments in group companies".

Shareholder contributions and group contributions
Group contributions from the parent company to subsidiaries and group contributions received by the parent company from subsidiaries are recognised as appropriations. Shareholder contributions paid are recognised as an increase in the carrying amount of the interest in the parent company and as an increase in equity in the receiving entity.

Financial instruments
IFRS 9 is not applied in the parent company. The parent company instead applies the sections specified in RFR 2 (IFRS 9 Financial Instruments, sections 3–10).

Financial instruments are measured at cost. In subsequent periods, financial assets that have been acquired with the intention of being held for the short term are recognised at the lower of cost or market value using the lower of cost or market method.

In calculating the net realisable value of receivables that are current assets, the principles for impairment testing and expected loss provisioning in IFRS 9 is applied. For a receivable that is recognised at amortised cost at group level, this means that the loss provision recognised in the consolidated financial statements in accordance with IFRS 9 is also recognised in the parent company.

Leases
As regards IFRS 16, the parent company intends to apply the exemption provided for in RFR 2 and account for all leases as operating leases.
All leases in which the company is the lessee are accounted for as operating leases regardless of whether the leases are finance or operating leases. Lease payments are expensed on a straight-line basis over the lease term. The company has no leases.

Note 2 Auditors' fees

PricewaterhouseCoopers	**2021**	**2020**
Statutory audit	508	494
Other assurance services	0	66
Other non-assurance services	0	9
Tax consultant services	0	0
Total	508	569

Note 3 Interest and similar income and expenses

Interest and similar income	**2021**	**2020**
Exchange rate gains	60	-
Other interest income	179	680
Other interest income from group companies	9 795	8 988
Total	**10 034**	**9 668**

Interest and similar expense	**2021**	**2021**
Exchange rate losses	2	-
Interest expense group	448	-
Interest expense other	129	1
Interest expense bonds	37 588	29 950
Total	**38 167**	**29 951**

Note 4 Tax

	2021	2020
Income tax expense:		
Current tax:		
Tax payable	-	-
Deferred tax		
Changes in deferred tax	-	-
Changes in tax rate	-	-
Tax expense	-	-
This years result before tax	**-29 171**	-16 651
Tax on profit for the year (average effective tax rate)	6 009	3 563
Adjustment in respect of current income tax of previous years	-	-
Changes in unrecognised deferred tax asset	-1 070	-207
Non deductible expenses	-4 939	-3 356
Tax expense	-	-

Tax loss carried forward	2021	2021
Losses carried forward	1 557	1 498
Not capitilised losses carried forward	11 505	6 368
	13 062	**7 866**

Note 5 Investments in group companies

All amounts in SEK thousand

Subsidiary	Corp. Reg. No	Registered office	Ownership	Carrying amount 2021-12-31	Carrying amount 2020-12-31
Direct ownership					
Sono Holding Norge AS	995 246 511	Borgenhaugen, NO	100 %	**193 609**	193 609
ACAP Invest AB	556087-7838	Tranås, SE	100 %	**112 847**	112 847
Total				**306 456**	**306 456**

The share of equity and the share of voting rights are the same.

Note 6 Borrowings

Longterm	31.12.2021	31.12.2020
Bonds	285 000	0
Cost related to bonds	-6 409	0
	278 591	**0**

Shortterm	31.12.2021	31.12.2020
Bonds short term	-	325 000
Cost related to bonds	-	-3 927
Repurchased bonds	-	-3 750
	0	**317 323**
Totals liabilities	**278 591**	**317 323**

Note 7 Share capital

See Note 23 to the consolidated financial statements for information on the parent company's share capital.

Note 8 Pledged assets

	2021	2020
Shares in subsidiaries	306 456	306 456

Note 9 Related party transactions

North Investment Group AB (publ) is 88.6 per cent owned by Frigaard Industries AS, corp. ID no. 999 210 384, with registered office in Sarpsborg, Norway. The ultimate consolidated financial statements are prepared by Soland Invest AS, corp. ID no. 987 521 465, with registered office in Sarpsborg, Norway. Related parties are all subsidiaries in the group as well as senior executives in the group and their close family members. Services are purchased and sold to related parties on normal commercial terms and on a commercial basis, and in compliance with the applicable transfer pricing policy. The group has not made any provisions for doubtful debts attributable to related parties and did not recognise any expenses for doubtful debts from related parties during the period. No collateral has been posted for the receivables.

Receivables on related parties:	**2021-12-31**	**2020-12-31**
ACAP Invest AB	48 552	69 093
NIG Norge AS	53 279	58 298
Other	-	3 900

Liabilities on related parties:		
Frigaard Gruppen AS	-	-
ACAP Invest AB	-	-
NIG Norge AS	-	-

Note 10 Appropriation received

	2021	**2020**
Group contribution received	**0**	3 900

Note 11 Appropriation of profit or loss

Appropriation of profits or loss

Proposed appropriation

The Board of Directors proposes that the earnings be appropriated as follows:

Retained earnings	17 158
This year's loss	- 29 172
Appropriations	- 12 014

The group’s income statements and balance sheets will be presented for approval to the Annual General Meeting on 25 April 2022.

The Board of Directors and Chief Executive Officer certify that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the group’s financial position and results. The annual accounts have been prepared in accordance with generally accepted accounting standards and provide a true and fair view of the parent company’s financial position and results.
The auditor’s report for the group and parent company provides a true and fair overview of the development of the group’s and parent company’s business, financial position, and results, and describes significant risks and uncertainties faced by the parent company and the companies included in the group.

Tranås, the date of the document electronic signatures

_____________________	_____________________	_______________________
Helge Stemshaug Chairman of the Board	Trond O. Frigaard Director	Simon Nyquist Martinsen Director

____

Tore Knut Skedsmo
Chief Executive Officer

We submitted our auditor’s report on the day that appears on our electronic signature

PricewaterhouseCoopers AB

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Frida Wengbrand

Authorised Public Accountant

Auditor in Charge

Auditor's report

Unofficial translation

To the general meeting of the shareholders of North Investment Group AB (publ), corporate identity number 556972-0468

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of North Investment Group AB (publ) for the year 2021 except for the corporate governance statement and the statutory sustainability report on pages 7-8 and 9-20 respectively.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the statutory sustainability report on pages 7-8 and 9-20 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the income statement and statement of financial position for the Group.

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

Basis for Opinions

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

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

North Investment Group AB has 15 subsidiaries in 4 countries mainly located in Scandinavia. The operations are essentially conducted in Sweden and Norway while the operations in subsidiaries in other countries are less extensive. The Accounting function is centralised to a Swedish and a Norwegian function that report to the head office in Sweden. In our assessment of the level of audit that needed to be carried out in each entity, we considered the geographic distribution of the Group, the size of each entity and the specific risk profile represented by each unit. In light of this, we made the assessment that, in addition to the Parent Company in Sweden, a complete audit was to be carried out of the financial information prepared by the 10 significant subsidiaries that have their registered office in Sweden and Norway. In Sweden, the audit was performed by the group team, and in Norway we engaged a local team from the PwC network. The group team studied the work performed by this entity auditor in order to ensure that sufficient auditing had been conducted, and also remained in regular contact to gain an understanding of how the audit had been carried out. For an additional entity in Norway that we believe did not warrant a complete audit, we instructed the entity auditor to carry out specifically designed audit procedures. For other entities, whose total operation comprise only a small portion of the Group's business, our group team performed an analytical examination.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

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

Key audit matter	*How our audit addressed the key audit matter*
Valuation of goodwill	
The Group recognised goodwill of SEK 241 MSEK as per 31 December 2021, divided between two cash-generating units – Sono Sweden and Sono Norway. Since this asset is not amortised on a continuous basis, an impairment test is to take place at least once a year. North Investment Group performed a test in the fourth quarter of 2021 and had not identified any impairment requirement as per 31 December 2021. Such a test includes assumptions about, for example, future growth, profitability and the discount rate. Accordingly, management and the Board must make complex assessments and estimates. This is a key audit matter since the amount of the asset is material and the assumptions required include judgements and estimates that individually could be crucial to the valuation. The significant assumptions applied to impairment testing are described in Notes 4 and 15.	We observed, together with PwC's valuation specialists, that the impairment tests prepared, one per segment, were conducted in accordance with accepted principles and methods. The most important assumptions made by management and the Board in the impairment test are profitability and the discount rate. We have assessed these assumptions by comparing against budget and strategic plans for 2021-2023, as well as past outcomes. We also performed an independent assessment based on market-economic conditions for the cash-generating units. We compared discount rates with observable market data. We also examined the consistency of the significant assumptions compared with prior years. Based on the impairment testing, we conducted simulations and sensitivity analyses to understand how a change impacts the values and any impairment requirement. These tests also formed the basis of our examination of the disclosures provided in Note 4 and Note 15 of the annual report.

Valuation of deferred tax assets attributable to tax loss carry-forwards

Notes 4 and 13 state that the Group recognises a deferred tax asset of a material amount. These tax assets are primarily attributable to tax loss carry-forwards in Sweden.

To assess the value of the deferred tax assets, management and the Board have to make assumptions about the amount of future taxable earnings, which is affected by market conditions, the performance of the company and applicable tax legislation. Complexity increases due to rules on limiting interest deductions, including time restrictions. Swedish loss carry-forwards are otherwise not limited in time.

This is a key audit matter since the amount of the asset is material and the assumptions required include judgements and estimates that individually could be crucial to the valuation.

Our audit procedures included an evaluation of the calculations of future forecast tax surpluses in Sweden, which management prepared for Sweden to assess the possibility of utilising the loss carry-forwards in future years.

We checked that the forecasts used were those approved by the Board and we compared net sales and profitability with the outcomes in prior years. We audited to ensure that the calculations were consistent with budgets and financial plans for future years.

We tested the reasonableness of the assumptions and assessments made by management in relation to the impact of the rules on limiting interest reductions on the possibility of utilising the loss carry-forwards and their size.

Finally, we assessed that the Group made satisfactory provision of relevant disclosures in Note 4 and Note 13 on the estimates and assessments made to value the asset on 31 December 2021.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 9-20. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Director's and the Managing Director

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

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

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of North Investment Group AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Director's and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 7-8 has been prepared in accordance with the Annual Accounts Act.

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

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

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 9-20, and that it is prepared in accordance with the Annual Accounts Act.

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

A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB, Torsgatan 21, SE-113 97 Stockholm, was appointed auditor of North Investment Group AB (publ) by the general meeting on 30 April 2021 and has been the company's auditor since 2014.

Jönköping on the day that appears on our electronic signature

PricewaterhouseCoopers AB

Frida Wengbrand
Authorized Public Accountant