

ANNUAL REPORT 2020



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 2020. Unless otherwise stated, the report is presented in thousand Swedish kronor (SEK). 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 constructionbusinesses, sport and leisures, 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

Sono Sweden consists of the Swedish companies Sonesson Inredningar AB, Form o Miljö Sweden AB, Sono Brands AB, Sono Sverige AB, GBP Ergonomics AB, Sono Sweop AB, NIG I Rosenfors AB, NIG Sverige AB, and NIG i Mårdaklev AB.

Sono Norway consists of the Norwegian companies Sono Holding Norge AS, Sarpsborg Metall AS, Sono Norge AS, Sørliie Prosjektinnredninger AS and Sono Norop AS. In addition, consists the Swedish company Sarpsborg Metall AB, the Danish companies Sono Denop ApS and Sono Danmark A/S, and Sono IPO Ltd in Hong Kong the Norwegian segment.

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NET SALES AND RESULTS

Net sales were SEK 785 (912) million and EBITDA was SEK 87 (61) million in 2020 for the Group. The order intake was SEK 786 (862) million, a decrease of 8.9% compared to 2019. The Groups EBIT was SEK 42.8 (20.5) million and the net result was SEK -1.1 (-24.1) million. The Groups gross margin in 2020 was 39.3% (38.1%). The gross margin is defined as the difference between net sales and direct cost inclusive direct wages. The main cause to the increased gross margin is fewer larger projects, with low margins, delivered during 2020.

The split between the groups different segment was as follows; Sono Norway generated net sales of SEK 386.4 (464.1) million and EBITDA of SEK 45.8 (38.8) million during the year, while Sono Sweden generated net sales of SEK 407.5 (470.1) million and EBITDA of SEK 41.0 (24.1) million.

SIGNIFICANT EVENTS DURING THE YEAR

From March 2020 the effects of Covid-19 have had a lot of attention. In periods the order intake has been 20-30% lower compared to 2019. The lower order intake has been met with reduction of personnel force, mainly in Sweden, together with short term furloughs in the entire Group. The order intake has been affected on different times within the different parts of the Group. Our deliveries from suppliers and deliveries to customers has worked almost as normal during the pandemic. We have not had any outburst of Covid-19 in the workplaces in the Group. Several of the Groups daughter companies has during the year received government grants/support. For the whole year this is SEK 5.5 million, whereas approximately SEK 5.1 mill related to Sweden. The government grants has been accounted for as reduced personnel expenses in the Groups Income statement, see also note 8.

The cost reduction programme (Trim 2020) has been expanded further during 2020 and our total personnel force has been reduced with 48 employees during the year. Centralizations of several group functions has been executed, e.g. customer support and construction/engineering. The Norwegian company Altistore has changed name to Sono Norge and the company Scandinavian Storage Group in Norway has merged with Sono Norge during 2020. Sono SSG in Denmark has renamed to Sono Danmark.

Digitalization-projects in the Group has progressed as planned. CRM has been launched by several of the companies and are now to be launched in the remaining of the Group. The product database (PIM) has also been implemented in the Group.

Sono Groups business model is to develop and purchase products within our brands from an extensive network of qualified producers in Europe and Asia, and not to produce on its own. Our mission is to offer our customers the best possible solution in terms of price, quality and deliveries. In mid-October we therefore decided to close down our production facility in Tranås that produced parts of our product portfolio within the category School furniture. The agreements with the future suppliers and partners has been signed. We expects a positive result development

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over time as a consequence of the decision. The logistics unit in Tranås will proceed as before. The Group has signed a rental agreement for a new logistics centre. The building process has started and is expected to be finalized during 1st quarter 2022 where also the rental agreement will be activated in balance as leasing obligations and right of use assets. The new rental agreement is expected to give a positive effect on the cash flow.

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.

THREE-YEAR SUMMARY

Three-year summary for the group:

(SEK million)	2020	2019	2018	2017
Net sales	766.7	899.2	735.3	733.0
Profit/loss after net financial income (expense)	3.4	-25.2	19.9	-21.2
Total assets	737.7	813.3	795.6	658.2
Equity/assets ratio (%)	4.4%	6.7%	6.2%	7.5%
Number of employees	220	268	245	293

INVESTMENTS AND CASH FLOWS

Gross investments in intangible assets totalled SEK 5.3 million and referred mostly to investment in Sørлие Prosjektinnredninger AS. Gross investments in property, plant and equipment (equipment) totalled SEK 3.1 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 sq.m space for the manufacture and painting of storage units, school furniture and ergonomic workplace furniture. The activities affect the external environment mainly through emissions from boiler, processing of metals and water-based degrease of steel to air, and emission

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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 amortised cost.

EMPLOYEES

The group had an average of 220 employees, of whom 26 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. At 31 December, the group had no open forward contracts. For further information, see note 3.

EVENTS AFTER THE END OF THE PERIOD

The Group has refinanced with a new bond loan of SEK 285 mill and a credit line in April 2021. This refinancing replaces the existing bond loan with original maturity date in September 2021. As a consequence of the early call of the bond it is paid an early call premium according to the bond terms of 102.1%, corresponding to approximately SEK 6.7 mill.

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 2021

The outlook for our main markets remains positive, although more insecure than earlier, for the whole year 2021. The Covid-19 outbreak will most likely affect some of our selling companies negatively during the year. The effects are relatively small and depending of the length of the outbreak in our markets, we will likely have a positive effect in the second half year since the investments has to some extent been delayed. The start of 2021 is similar to the

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end of 2020 in terms of Covid-19's effect on our markets. The measures we have taken (see previous chapter) are likely to prevent that the reduction in net sales will affect EBITDA in a big extent. Given the insecure situation at the time there is not possible to estimate the full effect and all estimates are highly insecure. With todays knowledge of the progress of the vaccination, the second half year is expected to be positive for our Group.

Our intention is also that our cost reduction program for the relevant markets will ensure our profitability in 2021.

When looking at the trends we see a more challenging market related to office furniture with an increased pressure on the margins in this part of our business. Our footprint in this market is still quite small. The Swedish municipalities still have limited opportunities to make the necessary investments in their schools, which might impact negatively on our business, within the school market.

The Board of Directors is pleased with the cost reduction programs and digitalization projects initiated by CEO in 2020. The focus in the short term will be to increase profitability through improved effectivity and organic growth. In the short term we will not focus on new acquisitions.

The Group has prepared a three year strategy where focus is to develop to a more unified group, focus more on product brands, and to develop a stronger company culture across companies and borders.

APPROPRIATION OF RETAINED EARNINGS

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

Retained earnings	33 809 143
This years loss	- 16 651 366
Appropriations	17 157 777

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CORPORATE GOVERNANCE REPORT 2020

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 share holders 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 remuneration to the board and other senior executive directors. The shareholders 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 9th June 2020. At the meeting 3 shareholders attended, which is approximately 92% 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

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boards that decides regarding the groups 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 2020 six 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 Mads Langaard.

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 boards view on the matter.

Sono Groups senior management consists of Ole Vinje (CEO), Tore Skedsmo (CFO), Henrik Ingvarsson (CIO), Hans Petter Borge (CPO), Torleif Tokle (COO Sono Norway), Pål Johnsen (CDO), Mathias Fogde (COO Sono Sweden) and Andreas Nilsson (COO Sono Sweden).

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

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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 includes 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.

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CONSOLIDATED INCOME STATEMENT

All amounts in SEK thousand	Note	Jan-Dec 2020	Jan-Dec 2019
Revenue	5,6	766 720	899 207
Other operating revenue	6	17 978	12 444
Total operating revenue		784 698	911 651
Cost of goods sold		(445 461)	(529 470)
Other external cost	7,9	(73 031)	(92 172)
Salaries and personnel expense	8,27	(173 134)	(214 726)
Other operating expense	9	(6 596)	(14 364)
EBITDA		86 476	60 919
Depreciation and amortization expense	14,15,17	(43 638)	(40 420)
Operating profit		42 838	20 499
Interest income and similar	10,11	2 822	2 038
Interest expense and similar	10,11	(42 253)	(47 780)
Net financial income (expenses)		(39 431)	(45 742)
Profit before income tax		3 407	(25 243)
Income taxes	13	(4 522)	1 143
Net profit for the period		(1 115)	(24 100)

Consolidated statement of comprehensive income

Items that may be reclassified subsequently to income statement

Translation differences on net investment in foreign operations	(21 216)	4 422
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Items that will not be reclassified to income statement

Remeasurement of defined benefit pension plans	(48)	(4 861)
Income taxes	10	1 001
Other comprehensive income (loss), net of taxes	(21 254)	562
Total comprehensive income	(22 369)	(23 538)

Total comprehensive income attributable in full to
Equity holders of North Investment Group AB (publ)

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CONSOLIDATED BALANCE SHEET

ASSETS	Note	2020	2019
All amounts in SEK thousand		31.12.	31.12.
Software	15	8 787	5 321
Goodwill	15	229 875	246 004
Total intangible assets		238 662	251 325
Right of use assets	17	172 949	218 902
Land, buildings and other property	14	1 191	1 246
Machinery and plant	14	2 705	1 195
Office machinery, equipment and similar	14	2 346	3 461
Total property, plant and equipment		179 191	224 804
Other long term receivables		120	121
Total non-current financial assets		120	121
Deferred tax receivables	13	35 306	40 352
TOTAL NON-CURRENT ASSETS		453 279	516 602
Inventories			
Raw materials	19	13 358	17 473
Work in progress	19	3 587	6 661
Finished products	19	55 430	65 392
Advance payments to suppliers	19	1 063	96
Total inventories		73 438	89 622
Accounts receivables	18	106 636	105 479
Other short term receivables	20	9 363	11 415
Tax recoverables		2 255	1 106
Prepaid expenses and accrued income	21	4 076	9 739
Cash and cash equivalents	22	88 665	79 303
Total receivables		210 995	207 042
TOTAL CURRENT ASSETS		284 433	296 664
TOTAL ASSETS		737 712	813 266

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CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES	Note	2020	2019
All amounts in SEK thousand		31.12.	31.12.
Share capital	23	105 619	105 619
Other equity		(11 871)	(11 871)
Retained earnings		(61 311)	(38 942)
Equity attributable to majority shareholders		32 437	54 806
Bonds	25	-	315 836
Pension liabilities	27, 28	30 530	31 094
Other provisions		5 432	4 638
Non-current Lease liabilities	17	152 509	203 543
Total non-current liabilities		188 471	555 111
Liabilities to financial institutions		14	504
Bonds current	25	317 322	-
Current lease liabilities	17	46 193	49 613
Prepayments from customers		3 222	3 077
Accounts payable		69 358	66 834
Tax payable		-	119
Other short-term liabilities		33 255	32 356
Accrued expenses and deferred income	26	47 440	50 846
Total current liabilities		516 804	203 349
TOTAL EQUITY AND LIABILITIES		737 712	813 266

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent company				Total equity
	Share capital	Other Equity	Retained earnings	Total other equity	
All amounts in SEK thousand					
Equity as at 01.01.2019	100 909	(11 871)	(39 929)	(51 800)	49 109
Comprehensive income					
Profit for the year			(24 100)	(24 100)	(24 100)
Other comprehensive income					
<i>Items that will not be reclassified in profit or loss</i>					
Issue of share capital	4 710		24 524	24 524	29 234
Actuarial loss on pension obligations			(4 861)	(4 861)	(4 861)
<i>Items that may be reclassified in profit or loss</i>					
Translation difference, net assets in foreign currency			- 4 422	4 422	4 422
Deffered tax			1 001	1 001	1 001
Total comprehensive income	4 710	-	987	987	5 697
Total shareholders transactions	-	-	-	-	-
Equity as at 31.12.2019	105 619	(11 871)	(38 942)	(50 813)	54 806
Equity as at 01.01.2020	105 619	(11 871)	(38 942)	(50 813)	54 806
Profit for the year			(1 115)	(1 115)	(1 115)
<i>Items that will not be reclassified in profit or loss</i>					
Actuarial loss on pension obligations			(48)	(48)	(48)
<i>Items that may be reclassified in profit or loss</i>					
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

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CONSOLIDATED CASH FLOW STATEMENT

	2020-12-31	2019-12-31
<i>All amounts in SEK thousand</i>		
Cash flows from operations		
Profit/(loss) before income taxes	3 407	(25 243)
Taxes paid in the period	(119)	(1 705)
Adjustments for items without cash effects	595	-
Net (gains) losses from disposals of assets	(104)	52
Depreciation	43 638	40 420
Other adjustments	(564)	(5 710)
Currency (gains) losses not related to operating activities	(6 617)	736
Net cash flow from operations before changes in working capital	40 236	8 550
Change in inventory	17 524	(11 322)
Change in trade debtors	778	15 542
Change in trade creditors	1 268	(19 672)
Change in other provisions	8 821	17 493
Net cash flow from operations	68 627	10 591
Cash flows from investments		
Purchase of intangible assets	(5 351)	(1 938)
Purchase of fixed assets	(3 152)	(2 641)
Sale of fixed assets	290	-
Purchase of subsidiaries	-	(50 216)
Change in other short- and longterm investments	-	55
Net cash flows from investments	(8 213)	(54 740)
Cash flow from financing		
Issue of share capital	-	29 233
Net change in credit line	14	881
Repayment of borrowings	(3 139)	-
Repayment of leasing liabilities	(47 183)	(46 442)
Net cash flow from financing	(50 308)	(16 328)
Net change in cash and cash equivalents	10 106	(60 477)
Cash and cash equivalents at the beginning of the period	79 303	139 082
Exchange rate differences in cash and cash equivalents	(744)	698
Cash and cash equivalents at the end of the period	88 665	79 303

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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 29 April 2021.

Unless otherwise stated, all amounts are expressed in thousands of Swedish kronor (kSEK).

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 groups results and balance sheet during financial year 2020. 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 2021.

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

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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.

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(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

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- 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 has 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

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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
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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.

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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.

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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.

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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 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 2020, 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 kSEK 2,331.

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.

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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 2020, Alecta's surplus, defined as the collective funding ratio, was 148 per cent (2019: 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.

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

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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 at 31 December 2020 would have been kSEK 5,476 lower/higher (2019: kSEK 8,829), 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 2020 would have been kSEK 1,084 lower/higher (2019: kSEK 262), mainly as a result of the translation of surpluses in Norwegian companies.

Exposures

	31 Dec 2020		31 Dec 2019	
	EUR	USD	EUR	USD
Accounts payable	2,342	15	1,694	42
Liability to credit institutions (*)	0	0	728	0

(*) Gross currency exposure to banks in group account. At 31 December 2020, the group had no agreed common credit facilities. However, there is still a gross exposure within the group account structure.

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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 2020 matures in September 2021 and have variable interest rates. For more information, see note 25. There are no covenants attached to the bonds that need to be met.

If interest rates on borrowings at 31 December 2020 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 kSEK 3,250 lower/higher (2019: kSEK 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 2020, the provision for expected credit losses on accounts receivable was kSEK 956 (31 Dec 2019: kSEK 917). 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 considered to be 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 considers that the former credit facility in the group account structure is no longer required. It was therefore terminated in 2018.

(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 September 2021. The group has in April 2021 refinanced this bond with a new 3 year bond that matures in full in Q2 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,

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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 2019							
Bond loan	-1 308	-3 924	321 068				315 836
Accounts payables	66 834						66 834
Other liabilities	32 356						32 356
Accrued cost		50 846					50 846
Leasingliability (short and longterm)	10 577	39 037	45 406	75 074	83 063		253 156
Total financial liabilities	108 459	85 959	366 474	75 074	83 063	-	719 028
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

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.

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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 competitors 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 can not 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 (2019: 0). 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

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Valuation of tax losses

The group has recognised deferred tax assets arising from tax losses. On 31 December 2020, the group had unused tax losses of kSEK 131,270. 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 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 3rd December 2020. 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, 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 2021-2024.

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.

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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.

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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

2019				
	Sono Norway	Sono Sweden	Others/ Eliminations	Total
Revenue per segment	464 101	470 100	-	934 201
Net sales to other segment	-17 655	-17 339	-	-34 994
Revenue from external customers	446 446	452 761		899 207
EBITDA	38 768	24 083	-1 932	60 919
Amortisation and depreciation	-18 468	-21 952	-	-40 420
EBIT	20 300	2 131	-1 932	20 499
Financial items net	-8 475	-8 734	-28 533	-45 742
Profit before tax	11 825	-6 603	-30 465	-25 243

Note 6 Revenue

	2020	2019
Income from contract with customers	766 720	899 207
Total revenues	766 720	899 207
Exchange-rate gains on operating receivables/liabilities	4 574	5 897
Rental income	6 595	3 448
Other	6 809	3 099
Total other income	17 978	12 444
Total operating revenues	784 698	911 651

Geographic distribution of external revenues based on customer location	2020	2019
Sweden	409 979	468 942
Norway	301 664	369 326
Denmark	31 161	39 157
Finland	184	433
Other Nordic	272	341
Great Britain	1 750	1 629
Other Europe	20 443	17 186
Other countries	1 267	2 193
Total revenues	766 720	899 207

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Note 7 Auditors' fees

Specification auditor's fee PricewaterhouseCoopers	2020	2019
Statutory audit	1 765	2 614
of which PWC Sweden	1 320	2 206
Other assurance services	3	66
of which PWC Sweden	3	66
Other non-assurance services	36	305
of which PWC Sweden	9	266
Tax consultant services	476	330
of which PWC Sweden	366	264
Total	2 280	3 315

Specification auditor's fee other companies	2020	2019
Statutory audit	101	168
Other assurance services	-	-
Other non-assurance services	-	28
Tax consultant services	19	8
Total	120	110

Of 2020 fees to auditors the following fees is to PriceWaterhouse AB:

Statutory audit 1.320k, Other assurance services 3k, Other non-assurance services 9k, and

Tax consultant services 366k.

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Note 8 Employees, personnel expenses and Directors' fees

	2020	2019
Salaries and other remunerations	137 859	166 076
Government grants	-5 487	
Social security fee	29 934	37 380
Pension cost	10 828	11 270
Total remuneration to employees	173 134	214 726

	2020		2019	
	Salaries and other remunerations (whereas bonus = 1 297)	Social security fee incl pension costs.	Salaries and other remunerations (whereas bonus = 0)	Social security fee incl pension costs.
Board members, CEO and other management	12 224	3 486	8 450	2 374
Other employees	120 148 (*)	37 276	157 626	46 276
Group total	132 372	40 762	166 076	48 650

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

Average number of employees by country	2020		2019	
	Total	of which men	Total	of which men
Sweden	129	87	168	103
Norway	84	69	93	72
Denmark	6	5	6	5
Other	1	1	1	1
Group total	220	162	268	181

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

	2020		2019	
	Women	Men	Women	Men
Board members	0 %	100 %	5 %	95 %
CEO and other management	0 %	100 %	0 %	100 %

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Salaries, remuneration and other 2019

	Salary	Bonuses etc	Other	Pension-cost	Consultancy	Totals
Board director	-	-	-	-	-	-
Board member Trond Frigaard	-	-	-	-	-	-
Board member Ellen Hanetho	-	-	-	-	-	-
Board member Mads Langaard	-	-	-	-	-	-
CEO from 1st Sept 2019 (Ole Vinje)	667	-	1	15	-	683
CEO (Ståle Eide)	735	-	2	22	-	759
Other management (6 persons)	7 045	-	-	734	-	7 779
Total	8 447	-	3	771	-	9 221

Salaries, remuneration 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

Variable remuneration for 2020 (2019) 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 2020 represented 65 per cent of the basic salary (2019: 0%).

For other senior executives, the bonus is based on the consolidated operating profit. Bonuses for other senior executives for 2020 range from 0–25 per cent of the basic salary (2019: 0–25%).

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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

	2020	2019
Freight costs	15 483	15 887
Exchange-rate losses on operating receivables/liabilities	6 731	14 364
Advertising	13 961	17 662
Travel costs	11 040	15 332
Consultancy fees and external personnel	7 612	3 776
Bad debts	268	1 726
Other operating costs	24 532	37 789
Total operating expenses	79 627	106 536

Note 10 Interest and similar income and expenses

Interest and similar income	2020	2019
Exchange rate gains	733	6
Gains repurchase of issued bonds	580	-
Other interest income	1 509	2 032
Total	2 822	2 038

Interest and similar expense	2020	2019
Exchange rate losses	1 448	230
Other interest expense	2 422	9 665
Interest expense, leasing liability	8 433	9 582
Interest expense bonds	29 950	28 303
Total	42 253	47 780

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Note 11 Net foreign exchange differences

	2020	2019
Exchange rate differences affecting operating results	-2 157	-8 467
Exchange rate differences in financial items	-715	-224
Total	-2 872	-8 691

Note 12 Investments in group companies

At 31 December 2020, the group had the following subsidiaries:

Subsidiary	Corp. Reg. no	registered office	Ownership/ voting right	Carrying amount 2020-12-31	Carrying amount 2019-12-31
<i>Directly owned</i>					
Sono Holding Norge AS (prev. NIG Norge AS)	995 246 511	Borgenhaugen, NO	100 %	193 609	190 543
ACAP Invest AB	556087-7838	Tranås, SE	100 %	112 847	112 847
<i>Indirectly owned</i>					
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	Mölnadal, 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 %		
Form o Miljö Sweden AB	556481-7285	Stockholm, SE	100 %		
NIG i Rosenfors AB (prev Sono Sverige AB)	556365-8987	Tranås, SE	100 %		
GBP Ergonomics AB	556227-4190	Jönköping, SE	100 %		
NIG i Mårdaklev AB (prev Alnäs Möbelfabrik AB)	556084-5165	Tranås, SE	100 %		
Sørliie Prosjektinnredninger AS	975 378 535	Sarpsborg, NO	100 %		
Total investments in subsidiaries				306 456	303 390

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Note 13 Tax

	2020	2019
Income tax expense:		
<i>Current tax:</i>		
Tax payable	524	-1 334
Correction of previous years current income taxes		
<i>Deferred tax</i>		
Changes in deferred tax	-5 046	2 477
Tax expense	-4 522	1 143
Pre-tax profit		
Tax on profit for the year based on Sweden's tax rate (21.4%)	-729	5 402
Non deductible expenses	-4 469	-5 297
Non-taxable income	-	86
Effect of other tax rates in subsidiaries	-36	-10
Usage of tax losses carried forward	1 376	880
Effect of change in tax rate	-201	-73
Other	-463	155
Tax expense	-4 522	1 143

The group's weighted average tax rate was 133 per cent (2019: 5%).

	2020	2019
Tax loss carried forward		
Losses carried forward	117 303	142 661
Not booked losses carried forward	13 967	13 061

Potential tax, 20.6% (21.4%)

No tax loss carried forward in the Group has maturity date.

	2020	2019
Changes in deferred tax assets		
Opening balance	40 352	37 875
Purchase of subsidiaries	0	210
Changes in temporary differences in accordance with income statement	-4 711	1 333
Changes in temporary differences booked toward OCI	10	1 001
Translation effects	-345	-67
Net deferred tax asset (liabilities)	35 306	40 352

	2020	2019
Deferred tax assets (liabilities)		
Pensions	2 831	2 989
Tax losses carried forward	27 305	29 907
Software	-980	275
Property, plant and equipment	54	119
Inventories	415	548
Leasing	2 826	2 547
Temporary differences related to restructuring cost	2 855	3 967
Net deferred tax asset (liabilities)	35 306	40 352

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

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Note 14 Property, plant and equipment

	Buildings and land	Machinery and equipment	Equipment, tools and fixtures & fittings	Total
1 of January 2019				
Acquisition cost	3 225	19 330	25 941	48 496
Accumulated depreciation and write downs	-2 331	-14 729	-23 248	-40 308
Accumulated cost 1 of Januar 2019	894	4 601	2 693	8 188
Accounting year 2019				
Initial carrying amount	894	4 601	2 693	8 188
Additions	409	18	2 112	2 539
Purchase of subsidiaries	232	-	290	522
Reclassifications	-	-2 737	-	-2 737
Disposals	-	-	52	52
Depreciations	-311	-687	-1 677	-2 675
Exchange differences	22	-	-9	13
Carrying amount 31 of December 2019	1 246	1 195	3 461	5 902
Per 31 december 2019				
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
Financial year 2020				
Initial carrying amount	1 246	1 195	3 461	5 902
Additions	348	2 086	718	3 152
Purchase of subsidiaries	-	-	-	-
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
Carrying amount 31 of December 2020	1 191	2 705	2 346	6 242

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Note 15 Intangible assets

	Goodwill	Software	Total
1 of January 2019			
Acquisition cost	231 328	23 923	255 251
Accumulated depreciation and write downs	-30 653	-18 894	-49 547
Carrying amount	200 675	5 029	205 704
Initial carrying amount	200 675	5 029	205 704
Additions	-	1 938	1 938
Purchase of subsidiary	41 984	-	41 984
Disposals	-	-	-
Exchange differences	3 345	31	3 376
Depreciations	-	-1 677	-1 677
Carrying amount 31 of December 2019	246 004	5 321	251 325
Per 31 december 2019			
Acquisition cost	276 657	25 892	302 549
Accumulated depreciation and write downs	-30 653	-20 571	-51 224
Accumulated cost 1 of Januar 2020	246 004	5 321	251 325
Initial carrying amount	246 004	5 321	251 325
Additions	-	5 351	5 351
Purchase of subsidiaries	-	-	-
Disposals	-	-	-
Exchange differences	-16 129	-389	-16 518
Depreciations	-	-1 496	-1 496
Carrying amount 31 of December 2020	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 31 of December 2020	229 875	8 787	238 662

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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 2020	31 Dec 2019
Sono Sweden	76 369	76 369
Sono Norway	153 506	169 635
Total	229 875	246 004

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:

	31.12.2020	31.12.2019
Discount rate before taxes*	9,77 %	10,70 %
Long term growth rate**	2 %	0 %

* Pre-tax discount rate used in Sweden (Norway 8.1%) 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. This applies for the assumption that:

- the pre-tax discount rate had been 6 (31 Dec 2019: 4) percentage points higher,
- the estimated growth rate used to extrapolate cash flows beyond the five-year period had been 6 (31 Dec 2019: 8) percentage points lower.

Other than the discount rate and long-term growth rate, the most significant assumptions are EBITDA margin and sales growth. A change in these two assumptions of 6 and 8 percentage points, respectively, would, individually, not result in any impairment. This sensitivity applies for both segments.

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Note 16 Classification of financial instruments

Assets measured at initial cost

All amounts in NOK thousand	2020-12-31	2019-12-31
Non-current financial assets	120	121
Trade and other receivables	115 999	116 894
Cash and cash equivalents	88 665	79 303
Total financial assets	204 784	196 318

Liabilities measured at initial cost

	2020-12-31	2019-12-31
Bond loans	317 322	315 836
Leasing liabilities	198 702	253 156
Current interest-bearing liabilities	14	504
Accounts payable	69 358	66 834
Other current liabilities	33 255	32 356
Accrued expenses	47 440	50 846
Total financial liabilities	666 091	719 532

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Note 17 Leases

Right-of-use assets	Buildings	Machinery and equipment	Vehicles	Total
Acquisition cost 1 January 2019	271 090	2 570	8 332	281 992
Addition of right-of-use assets	24 032	406	8 756	33 194
Disposals	-1 464	-	-2 705	-4 169
Transfers and reclassifications	-	3 706	-	3 706
Currency exchange differences	4 501	3	-53	4 451
Acquisition cost 31 December 2019	298 160	6 685	14 329	319 174
Accumulated depreciation and impairment 1 January 2019	-62 149	-1 022	-4 477	-67 649
Depreciation	-31 149	-681	-4 265	-36 095
Impairment losses in the period	27	-	-	27
Disposals	1 464	-	2 705	4 169
Transfers and reclassifications	-	-969	-	-969
Currency exchange differences	225	1	21	247
Accumulated depreciation and impairment 31 December 2019	-91 583	-2 671	-6 016	-100 270
Carrying amount of right-of-use assets 31 December 2019	206 577	4 014	8 313	218 903
Lower of remaining lease term or economic life	2-15 years	3-6 years	4 years	
Depreciation method	Linear	Linear	Linear	

Right-of-use assets	Buildings	Machinery and equipment	Vehicles	Total
Acquisition cost 1 January 2020	298 160	6 685	14 329	319 174
Addition of right-of-use assets	5 083	226	3 863	9 172
Disposals	-8 794	-478	-6 298	-15 570
Transfers and reclassifications	4 680	-3 706	-	974
Currency exchange differences	-15 665	-13	-703	-16 381
Acquisition cost 31 December 2020	283 464	2 714	11 191	297 369
Accumulated depreciation and impairment 1 January 2020	-91 583	-2 671	-6 016	-100 270
Depreciation	-33 933	-961	-5 006	-39 900
Impairment losses in the period	-476	-	19	-457
Disposals	8 794	478	6 298	15 570
Transfers and reclassifications	-2 505	1 283	-	-969
Currency exchange differences	1 688	6	167	1 861
Accumulated depreciation and impairment 31 December 2020	-118 015	-1 865	-4 538	-124 418
Carrying amount of right-of-use assets 31 December 2020	165 449	849	6 653	172 949
Lower of remaining lease term or economic life	2-15 years	3-6 years	4 years	
Depreciation method	Linear	Linear	Linear	

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Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	49 613
1-2 years	45 406
2-5 years	75 074
More than 5 years	83 063
Total undiscounted lease liabilities at 31 December 2019	253 156

Summary of the lease liabilities in the financial statements	Statement of:	Total
At initial application 01.01.2019		261 708
New lease liabilities recognised in the year		37 894
Cash payments for the principal portion of the lease liability	Cash flows	-46 446
Cash payments for the interest portion of the lease liability	Cash flows	-10 181
Interest expense on lease liabilities	Profit and loss	10 181
Currency exchange differences	Profit and loss and Other comprehensive income	-
Total lease liabilities at 31 December 2019		253 156
Current lease liabilities	Financial position	49 613
Non-current lease liabilities	Financial position	203 547
Total cash outflows for leases	Cash flows	-46 442

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	Total
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

Summary of the lease liabilities in the financial statements	Statement of:	Total
At initial application 01.01.2020		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	Profit 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

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 or loss	Total
Operating expenses related to short-term leases (including short-term low value assets)	1 526
Total lease expenses included in other operating expenses	1 526

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:

Within 1 year	797
1 to 5 years	1 883
After 5 years	-
Sum	2 680

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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

	2020-12-31	2019-12-31
Receivables related to revenue from contracts with customers - external	107 592	106 396
Provision for bad debts	-956	-917
Total accounts receivables	106 636	105 479

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

	2020-12-31	2019-12-31
SEK	55 274	62 312
DKK	2 160	3 219
HKD	462	-
NOK	48 740	39 948
Total	106 636	105 479

	2020-12-31	2019-12-31
Receivables not due for payment	97 258	94 443
Less that 30 days since due date	11 164	12 075
30-60 days since due date	662	1 203
60-180 days since due date	-726	-378
More than 180 days since due date	-766	-947
Minus: provisions for bad debts	-956	-917
Total contract assets	106 636	105 479

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.

BUILDING LIFETIME FURNITURE

Note 19 Inventories

The value of the group's inventories at 31 December 2020 was kSEK 73 438 (31 Dec 2019: kSEK 89 662). In the financial year 2020, costs of goods sold of kSEK 445 461 (2019: kSEK 529 470) 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 kSEK 6,330 (2019: kSEK 3 694). The write-down was recognised in Raw materials and consumables in the income statement in 2020.

Note 20 Other receivables

	2020-12-31	2019-12-31
Deposits	5 742	8 345
Other	3 621	3 070
Totalt	9 363	11 415

Note 21 Prepaid expenses and accrued income

	2020-12-31	2019-12-31
Rent	10	279
Insurance	385	1 258
Marketing expenses	460	1 452
Leasing	58	77
Delivered, not invoiced goods	1 093	3 569
Other	2 070	3 104
Totalt	4 076	9 739

Note 22 Cash and cash equivalents

All amounts in SEK thousand

	2020-12-31	2019-12-31
Cash at banks and on hand	88 665	79 303
Total	88 665	79 303

In addition to cash and cash equivalents, Sono Group has an undrawn credit facility of SEK 6.6 million (2019: SEK 8.4 million). The agreed credit for 2020 is 7.6 (2019: SEK 8.4 million). Blocked funds related to interest payments totalled SEK 0 million (SEK 17.3 million in 2019). Blocked funds related to other guarantees totalled SEK 12.8 million (SEK 12.4 million in 2019).

BUILDING LIFETIME FURNITURE

Note 23 Share capital and other paid-in capital

At 31 December 2020, the share capital consisted of 759 201 ordinary shares with a quotient value of SEK 139.12 per share.

	2020	2019
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 31.12.20 are:

	Number of shares:	Ownership interest:
Frigaard Industries AS	672 405	88,57 %
Nye Sørli 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 2020. In 2019 the Group purchased Sørлие Prosjektinnredninger AS.

Note 25 Borrowings

Longterm	31.12.2020	31.12.2019
Bonds	-	325 000
Cost related to bonds	-	-9 164
Leasing liability	152 509	203 543
Total long term	152 509	519 379
Shortterm	31.12.2020	31.12.2019
Leasing liability	46 193	49 613
Bonds short term	325 000	-
Cost related to bonds	-3 928	-
Repurchased bonds	-3 750	-
Liabilities to credit institutions	14	504
Total short term	363 529	50 117
Totals liabilities	516 038	569 496

Bonds

In September 2018, the group issued SEK 325 million in bonds. The bonds mature in 2021 and have a variable interest rate of 3 months STIBOR + 7 per cent. Through the bond issue, the group changed its borrowings from debt to ownership. See also note 3 regarding repayment date.

In April 2021 the bond was replaced with a new bond loan. See information in "events after balance sheet date".

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 and NOK. 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 2020. This is mainly related to credit facilities. Agreed credit facility for the group as of 31st Dec 2020 was SEK 7.6m (SEK 8.6m).

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Note 26 Accrued expenses and deferred income

	2020-12-31	2019-12-31
Accrued salaries incl. holiday pay and social security	32 387	33 733
Cost of goods	2 044	6 013
Audit fee	669	702
Interest	1 201	0
Other items	11 139	10 398
Total	47 440	50 846

BUILDING LIFETIME FURNITURE

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 2019	31 944
Current service cost this year	-
Current service cost previous years	-
(gains)/losses from regulations	-133
Interest cost/(-income)	705
Total amount recognised in profit or loss	571
Actuarial gains/losses:	
- (gain)/loss from change in demographic assumptions	92
- (gain)/loss from change in financial assumptions	4 767
Total amount recognised in other comprehensive income	4 860
Fees from:	
Employer	
Employees covered by plan	
Settlements	-5 426
Payments from plan	-855
Per 31 December 2019	31 094
Per 1 januari 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

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Actuarial assumptions as follows:

	2020-12-31	2019-12-31
Discount rate	1,00 %	1,40 %
Inflation	1,50 %	1,80 %

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 2020.

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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Discount rate	0,50 %	0,50 %	Reduction with 8.6 %	Reduction with 8.9 %	Increase with 9.7 %	Increase with 10.1 %
Inflation	0,50 %	0,50 %	Increase with 9.5 %	Increase with 9.9 %	Reduction with 8.5 %	Reduction with 8.8 %
Life expectancy	+/- 1 year	+/- 1 year	Increase with 5.1 %	Increase with 5.1 %	Reduction with 5.0 %	Reduction with 5.0 %

Note 28 Pledged assets

	2020-12-31	2019-12-31
Carrying amount for assets pledged as security		
Shares in subsidiaries	216 116	218 768
Chattel	12 000	12 000

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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	2020	2019
Rental income properties	647	718
Other sale of goods and services	2 809	1 029
Total	3 456	1 747

Purchase of goods and services	2020	2019
Purchase of services	3 661	5 551
Total	3 661	5 551

Receivables and payables at year end due to sale/purchase of goods and services	2020-12-31	2019-12-31
<i>Receivables to related parties</i>		
Frigaard Gruppen AS	252	968
Other related parties	917	367
<i>Payables to related parties</i>		
Frigaard Gruppen AS	324	3 807
Other related parties	-	53

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.

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Note 30 Events after the end of the financial year

The Group has been refinanced with a new bond loans of SEK 285 mill and a credit limit in April 2021. This refinancing replaces the bond loan with original maturity date in September 2021. As a consequence of early call of the bond there is a paid a premium of 102.1% according to the bond terms, which is approximately SEK 6.7 mill.

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 2020	jan-dec 2019
Revenue		-	-
Other operating revenue		-	-
Total operating revenue		-	-
Cost of goods sold		-	-
Other external cost	2	(268)	(1 932)
Salaries and personnel expense		-	-
Depreciation and amortization expense		-	-
Other operating expense		-	-
Total operating expense		(268)	(1 932)
Operating profit		(268)	(1 932)
Interest income and similar	3	9 668	7 873
Interest expense and similar	3	(29 951)	(28 533)
Net financial income (expenses)		(20 283)	(20 660)
Appropriations	10	3 900	2 000
Profit before income tax		(16 651)	(20 592)
Income taxes	4	-	-
Net profit for the period		(16 651)	(20 592)

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.

BUILDING LIFETIME FURNITURE

PARENT COMPANY BALANCE SHEET

ASSETS	Note	2020 31.des	2019 31.des
Participations in Group companies	5, 8	306 456	303 390
Deferred tax receivables	4	321	321
Other long term receivables group	9	118 404	120 524
Total non-current financial assets		425 181	424 235
Total non-current assets		425 181	424 235
Other short term receivables group	9, 10	12 888	9 880
Other short term receivables		31	31
Prepaid expenses and accrued income		91	90
Cash and cash equivalents		6 240	21 098
Total current receivables		19 250	31 099
Total current assets		19 250	31 099
TOTAL ASSETS		444 431	455 334

EQUITY AND LIABILITIES	Note	2020 31.des	2019 31.des
Share capital	7	105 619	105 619
Share premium reserve		-	-
Other equity		33 809	54 401
This years result	11	-16 651	-20 592
Equity attributable to majority shareholders		122 777	139 428
Bonds	6	0	315 836
Total non-current liabilities		0	315 836
Prepayments from customers		317 322	
Other short term liabilities group companies	9	3 066	-
Tax payable	4	-	-
Other short term liabilities		0	5
Accrued expenses and deferred income		1 266	65
Total current liabilities		321 654	70
TOTAL EQUITY AND LIABILITIES		444 431	455 334

BUILDING LIFETIME FURNITURE

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amount in SEK thousand	Note	Restricted equity	Unrestricted equity			Total equity
		Share capital	Other paid-in capital	Retained earnings	This years result	
Equity on 1 January 2019		100 909	-	31 055	-1 178	130 786
Appropriation of profit according to General meeting		-	-	-1 178	1 178	-
This years result		-	-	-	-20 592	-20 592
Total comprehensive income		100 909	-	29 877	-20 592	110 194
Transaction with shareholders related to ownership						
Dividend to shareholders		4 710	-	24 523	-	29 233
Equity on 31 December 2019		105 619	-	54 400	-20 592	139 428
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	11				-16 651	-16 651
Total comprehensive income		105 619	-	33 808	-16 651	122 777
Equity on 31 December 2020		105 619	-	33 808	-16 651	122 777

BUILDING LIFETIME FURNITURE

PARENT COMPANY CASH-FLOW STATEMENT

All amounts in SEK thousand

	2020	2019
Cash flows from operations		
Profit/(loss) before income taxes	-16 651	-20 592
Taxes paid in the period	-	-
Net cash flow from operations before changes in working capital	-16 651	-20 592
Change in inventory		
Change in trade debtors	-3 008	2 609
Change in trade creditors	0	-4 839
Change in other provisions	1 195	-42
Net cash flow from operations	-18 464	-22 864
Cash flows from investments		
Payment on loan receivables group (short/long)	2 120	-64 435
Net cash flows from investments	2 120	-64 435
Cash flow from financing		
Net change in credit line	-	-
Proceeds from long term loans	1 486	5 237
Proceeds from long term loans Group	-	-
Repayment of borrowings group	-	0
Repayments of borrowings	-	-
Dividends paid to equity holders of NIG AB	-	0
Capital increase	-	29 235
Net cash flow from financing	1 486	34 472
Net change in cash and cash equivalents	-14 858	-52 827
Cash and cash equivalents at the beginning of the period	21 098	73 925
Cash and cash equivalents at the end of the period	6 240	21 098

BUILDING LIFETIME FURNITURE

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 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.

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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	2020	2019
Statutory audit	494	480
Other assurance services	3	66
Other non-assurance services	9	95
Tax consultant services	-	36
Total	506	677

Note 3 Interest and similar income and expenses

Interest and similar income	2020	2019
Exchange rate gains	680	-
Other interest income from group companies	8 988	7 873
Total	9 668	7 873
Interest and similar expense	2020	2019
Exchange rate losses	-	230
Interest expense group	-	-
Interest expense other	1	-
Interest expense bonds	29 950	28 303
Total	29 951	28 533

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Note 4 Tax

	2020	2019
Income tax expense:		
<i>Current tax:</i>		
Tax payable	-	-
<i>Deferred tax</i>		
Changes in deferred tax	-	-
Changes in tax rate	-	-
Tax expense	-	-
This years result before tax	-16 651	-20 592
Tax on profit for the year (average effective tax rate)	3 563	4 407
Adjustment in respect of current income tax of previous years	-	-
Changes in unrecognised deferred tax asset	-207	-1 155
Non deductible expenses	-3 356	-3 251
Tax expense	-	-
Tax loss carried forward	2020	2019
Losses carried forward	1 498	1 498
Not capitilised losses carried forward	6 368	5 399
	7 866	6 897
Potential tax benefit 20.6%		

Note 5 Investments in group companies

All amounts in SEK thousand

Subsidiary	Corp. Reg. No	Registered office	Ownership	Carrying amount 2020-12-31	Carrying amount 2019-12-31
<i>Direct ownership</i>					
Sono Holding Norge AS	995 246 511	Borgenhaugen, NO	100 %	193 609	190 543
ACAP Invest AB	556087-7838	Tranås, SE	100 %	112 847	112 847
Total				306 456	303 390

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

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Note 6 Borrowings

	31.12.2020	31.12.2019
Longterm		
Bonds	-	325 000
Cost related to bonds	-	-9 164
	-	315 836
Shortterm		
Bonds short term	325 000	-
Cost related to bonds	-3 927	-
Repurchased bonds	-3 750	-
	317 323	-
Totals liabilities	317 323	315 836

The bond loans matures in full in September 2021 and is therefore presented as short term liability.

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

	2020-12-31	2019-12-31
Shares in subsidiaries	306 456	218 768

BUILDING LIFETIME FURNITURE

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.

	2020-12-31	2019-12-31
<i>Receivables on related parties:</i>		
ACAP Invest AB	69 093	71 385
NIG Norge AS	58 298	57 019
Other	3 900	2 000
<i>Liabilities on related parties:</i>		
Frigaard Gruppen AS	-	-
ACAP Invest AB	-	-
NIG Norge AS	-	-

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Note 10 Appropriation received

	2020	2019
Group contribution received	3 900	2 000

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	33 809
This years loss	-16 651
Appropriations	17 158

BUILDING LIFETIME FURNITURE

The group's income statements and balance sheets will be presented for approval to the Annual General Meeting on 29 April 2021.

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, 29 April 2021

Helge Stemshaug
Chairman of the Board

Trond O. Frigaard
Director

Mads Langaard
Director

Ole Vinje
Chief Executive Officer

We submitted our auditor's report on 29 April 2021

PricewaterhouseCoopers AB

Frida Wengbrand
Authorised Public Accountant
Auditor in Charge

Jakob Sverlander
Authorised Public Accountant

BUILDING LIFETIME FURNITURE



Auditor's report

To the general meeting of North Investment Group AB (publ), Corp. Reg. No. 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 2020, except for the corporate governance statement on pages 7-9.

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 as of 31 December 2020 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 2020 and its 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 on pages 7-9. 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 Board of the Parent Company 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 financial statements. In particular, we considered where the Managing Director and Board of Directors 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 the Board of Directors' and Managing Director's 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 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's operations are essentially conducted exclusively in Sweden and Norway through about 20 companies. 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 12 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.

In addition to the activities carried out for the entities described above, which are encompassed by the Group's reporting or timetable, local statutory audits are performed wherever required. Furthermore, the group team audited the Group consolidation, the Group's annual accounts and assessed a number of complex transactions and matters, such as impairment testing of goodwill and valuing tax assets attributable to Swedish loss carry-forwards. Overall, this means that we have ensured that sufficient auditing has taken place, and mainly within the PwC network.

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 financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the 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 judgement, 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
<p><i>Valuation of goodwill</i></p> <p>The Group recognised goodwill of SEK 230 M as per 31 December 2020, 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 2020 and had not identified any impairment requirement as per 31 December 2020.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>The most important assumptions made by management and the Board in the impairment test are profitability and the discount rate.</p> <p>We have assessed these assumptions by comparing against budget and strategic plans for 2021-2023, as well as past outcomes.</p> <p>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.</p> <p>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</p>



The significant assumptions applied to impairment testing are described in Notes 4 and 15.

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.

formed the basis of our examination of the disclosures provided in Note 4 and Note 15 of the annual report.

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 2020.

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 have 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 website of the Swedish Inspectorate of Auditors: 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 Directors and the Managing Director of North Investment Group AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.



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

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 organisation and 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 organisation 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 fulfil 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 the website of the Swedish Inspectorate of Auditors: 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 ensuring that the corporate governance statement on pages 7-9 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement has been 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 this 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, second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of 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.

PricewaterhouseCoopers AB, Torsgatan 21, SE-113 97 Stockholm, was appointed auditor of North Investment Group AB (publ) by the general meeting on 9 June 2020 and has been the company's auditor since 2014.

Jönköping, 29 April 2021

PricewaterhouseCoopers AB

Frida Wengbrand
Authorised Public Accountant
Auditor in Charge

Jakob Sverlander
Authorised Public Accountant