North Investment Group

ANNUAL REPORT 2018

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 2018. Unless otherwise stated, the report is presented in Swedish kronor (SEK). Amounts in parentheses refer to the previous year.

OPERATIONS

North Investment Group is engaged in developing small and medium-sized enterprises with a strong potential for growth and improved profitability. The activities are driven by a strong entrepreneurial spirit and are based on responsible, environmentally friendly and professional ownership. North Investment Group consists of the business areas NIG Sweden and NIG Norway.
NIG Sweden is a market leader in Sweden in personal storage, school furniture and ergonomic workplace solutions.
NIG Norway is a market leader in Norway in personal storage, office furniture and industrial workplace solutions.

NIG Sweden is one of Scandinavia's leading corporate groups in the development, manufacture and sale of interior design solutions for the school, industrial and construction, sport and leisure, and public environment and care sectors. NIG Sweden consists of Sonesson Inredningar AB, Form o Miljö Sweden AB, MiljöExpo Scandinavia AB, Alnäs Möbelfabrik AB, NIG Sverige AB, GBP Ergonomics AB, Ergoff Miljö AB, Sweop AB, SONO Sverige AB and SONO Norge AS in Norway. Net sales were SEK 472.8 (512.5) million. EBITDA was SEK 45.9 (18.6) million.

The operating margin (EBITDA) was 9.7 (3.6) per cent. The order intake was very high during the summer months, which resulted in above-normal seasonal variations in net sales. In 2018, the company's focus was on improving its earnings. The company's prospects of achieving further growth improved considerably in 2018 thanks to the projects and measures that were implemented during the year.

NIG Norway is one of Scandinavia's leading corporate groups in the sale of interior design solutions for the office, industrial and construction, sport and leisure, and public environment and care sectors. NIG Norway consists of NIG Norge AS (Norway), Sarpsborg Metall AS (Norway), Scandinavian Storagegroup AS (Norway), Altistore AS (Norway), Sarpsborg Metall AB (Sweden), Denop ApS (Denmark), Sono SSG A/S (Denmark), NIG IPO Ltd (Hong Kong) and Norop AS (Norway). Net sales were SEK 262.4 (220.5) million. EBITDA was SEK 44.5 (23.1) million.

The operating margin (EBITDA) was 17.0 (10.5) per cent. The order intake remained good throughout the year with minor seasonal variations. In 2018, the company's focus was on exploiting economies of scale with the other companies in North Investment Group, and on further investments in office and school furniture as well as efficiency improvements.

Consolidated net sales were SEK 735.3 (733.0) million and the operating profit was SEK 46.7 (3.0) million.

SIGNIFICANT EVENTS DURING THE YEAR

The year was marked by a focus on restructuring and efficiencies in Sweden as well as efforts to improve the profitability of logistics and purchasing. The implemented and ongoing action programmes and efficiencies have put the group in a stronger position for the future. In 2018, the group had a good order intake throughout the year and operated in accordance with the organisational structure and go-to-market method defined in our long-term strategy. In September, the group refinanced SEK 325 million in bonds. The bonds are listed on the First North exchange in Stockholm.

SHAREHOLDERS

As at April 2019, 88.6 per cent of the company was owned by Frigaardgruppen AS, corp. ID no. 913 260 740, 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.

TWO-YEAR SUMMARY

Two-year summary for the group:

(SEK million)	**2018**	**2017**
Net sales	735.3	733.0
Profit/loss after net financial income (expense)	19.9	-21.2
Total assets	795.6	658.2
Equity/assets ratio (%)	6.2%	7.5%
Number of employees	245	293

INVESTMENTS AND CASH FLOWS

Gross investments in intangible assets totalled SEK 2.4 million and referred entirely to investments in the development of sales and ERP systems. Gross investments in property, plant and equipment (equipment) totalled SEK 5.0 million.

ENVIRONMENT

In one of its subsidiaries, the NIG Sweden group 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 to water and air. The emissions are below the levels approved by the authorities. The NIG Norway group is not engaged in notifiable activities in Norway or Sweden.

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 uses derivatives held for trading in the form of currency swaps. These are measured at fair value. The group had no outstanding currency swaps at the end of the reporting period.

The group has long-term borrowings, which are measured at amortised cost.

EMPLOYEES

The group had an average of 245 employees, of whom 33 per cent were women. Around 74 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 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 the accounting principles.

EVENTS AFTER THE END OF THE PERIOD

On 7 January, the company acquired 100 per cent of the shares of the Norwegian company Sørlie Prosjektinnredninger AS. Sørlie Prosjektinnredninger is an Østfold-based supplier of furniture and interior design solutions for offices, meeting rooms, canteens, kindergartens, schools and nursing homes. Sørlie has 36 employees and generates annual sales of NOK 150 million.

In January, NIG AB raised SEK 29.2 million in new equity through a private placement.

OUTLOOK FOR 2019

The Board of Directors has defined ambitious targets for 2019. The integration of our latest acquisition, Sørlie Prosjektinnredninger, is expected to further improve the group's earnings through positive effects from access to new products and suppliers as well as new staff with strong expertise. The underlying trend continues to indicate a strong outlook in the group's core markets, supported by investment growth in projects that are not housing-related as well as positive economic and demographic trends.

The order intake continues to be roughly evenly divided between the private and public sectors, offering protection in case of an economic downturn, as government expenditure tends to increase during periods of reduced economic activity in the private sector.

For 2019, the group will continue to look for attractive new strategic takeover candidates. The group will also maintain its unswerving focus on improving its financial results through changes to the operations.

APPROPRIATION OF RETAINED EARNINGS

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

Proposed appropriation

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

Retained earnings	31 054
this year's loss	-1 178
To be carried forward	29 876

CONSOLIDATED INCOME STATEMENT

All amounts in SEK thousand	Note	Jan-Dec 2018	Jan-Dec 2017
Revenue	5,6	735 265	733 005
Other operating revenue	6	11 147	3 838
Total operating revenue		**746 412**	**736 843**
Cost of goods sold		(411 192)	(432 155)
Other external cost	7,9	(68 211)	(72 179)
Salaries and personnel expense	8,27	(169 623)	(185 785)
Other operating expense	9	(8 674)	(6 004)
EBITDA		**88 712**	**40 720**
Depreciation and amortization expense	14,15,17	(42 034)	(37 710)
Operating profit		46 678	3 010
Interest income and similar	10,11	1 054	4 069
Interest expense and similar	10,11	(27 813)	(28 318)
Net financial income (expenses)		(26 759)	(24 249)
Profit before income tax		19 919	(21 239)
Income taxes	13	(2 490)	2 995
Net profit for the period		**17 429**	**(18 244)**

Consolidated statement of comprehensive income

Items that may be reclassified subsequently to income statement		
Translation differences on net investment in foreign operations	4 026	(11 925)
Items that will not be reclassified to income statement		
Remeasurement of defined benefit pension plans	(944)	(4 118)
Income taxes	195	906
Other comprehensive income (loss), net of taxes	3 276	(15 137)
Total comprehensive income	20 705	(33 381)

Total comprehensive income attributable in full to

equity holders of North Investment Group AB (publ)

CONSOLIDATED BALANCE SHEET

All amounts in SEK thousand

ASSETS	Note	2018 31.Dec	2017 31.Dec	2017 01. Dec
Software, licences, etc.	15	5 029	4 012	4 520
Goodwill	15	200 675	197 480	205 652
Total intangible assets		**205 704**	**201 492**	**210 172**
Right of use assets	17	214 343	226 034	257 481
Land, buildings and other property	14	894	465	550
Machinery and plant	14	4 601	2 795	16 312
Office machinery, equipment and similar	14	2 693	2 697	4 081
Total property, plant and equipment		**222 531**	**231 991**	**278 424**
Other long term receivables		187	374	293
Total non-current financial assets		**187**	**374**	**293**
Deferred tax receivables	13	37 875	36 839	32 848
TOTAL NON-CURRENT ASSETS		**466 296**	**470 696**	**521 737**
Inventories				
Raw materials	19	10 662	5 790	8 960
Work in progress	19	6 832	5 591	7 892
Finished products	19	54 689	56 370	51 528
Advance payments to suppliers	19	1 263	915	650
Total inventories		**73 446**	**68 666**	**69 030**
Accounts receivables	18	91 682	86 755	100 560
Other short term receivables	20	11 346	5 389	4 431
Tax recoverables		1 401	2 828	2 223
Prepaid expenses and accrued income	21	12 348	12 883	12 125
Cash and cash equivalents	22	139 082	11 022	23 712
Total receivables		**255 859**	**118 877**	**143 051**
TOTAL CURRENT ASSETS		**329 305**	**187 543**	**212 081**
TOTAL ASSETS		**795 601**	**658 239**	**733 818**

CONSOLIDATED BALANCE SHEET

All amounts in SEK thousand

EQUITY AND LIABILITIES	Note	2018 31.Dec	2017 31.Dec	2017 1.Jan
Share capital	23	100 909	100 909	100 909
Other reserves		-11 871	-11 972	-
Retained earnings		-39 929	-39 639	98 108
Equity attributable to majority shareholders		**49 109**	**49 299**	**199 017**
Liabilities to shareholders	25,29	-	124 386	-
Liabilities to financial institutions	25	-	7	17 496
Bonds	25	310 599	-	-
Pension liabilities	28	31 944	36 043	34 149
Other provisions		1 487	5 223	4 202
Non-current Lease liabilities	17	224 075	236 122	272 141
Total non-current liabilities		**568 105**	**401 781**	**327 988**
Liabilities to financial institutions		37	44 084	35 608
Current lease liabilities	17	37 633	36 018	34 749
Prepayments from customers		1 196	1 225	1 506
Accounts payable		75 794	63 890	68 348
Tax payable		484	153	69
Other short-term liabilities		28 052	28 815	25 746
Accrued expenses and deferred income	26	35 191	32 975	40 787
Total current liabilities		**178 387**	**207 160**	**206 813**
TOTAL EQUITY AND LIABILITIES		**795 601**	**658 239**	**733 818**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent company			Total equity
		Other Equity		
	Share capital	Other Equity	Retained earnings	
Equity adjusted as at 01.01 2017	**100 909**	**-**	**98 108**	**199 017**
Comprehensive income				
Profit for the period			-18 244	**-18 244**
Other comprehensive income				
Items that will not be reclassified in profit or loss				
Actuarial loss on pension obligations			-4 118	**-4 118**
Items that may be reclassified in profit or loss				
Translation difference, net assets in foreign currency		-11 972	47	**-11 925**
Deffered tax			906	**906**
Total comprehensive income	-	-11 972	-21 409	**-33 381**
Withdrawal of shares including share premium			-116 337	**-116 337**
Total shareholders transactions	-	-	-116 337	**-116 337**
Equity as at 31.12 2017	**100 909**	**-11 972**	**-39 638**	**49 299**
Comprehensive income				
Profit for the period			17 429	**17 429**
Other comprehensive income				
Items that will not be reclassified in profit or loss				
Actuarial loss on pension obligations			-944	**-944**
Items that may be reclassified in profit or loss				**-**
Translation difference, net assets in foreign currency		101	3 924	**4 025**
Deffered tax			195	**195**
Total comprehensive income	-	101	20 604	**20 705**
Withdrawal of shares including share premium				**-**
Liquidation of subsidiary			270	**270**
Group Contribution			-11 421	**-11 421**
Dividends			-9 744	**-9 744**
Total shareholders transactions	-	-	-20 895	**-20 895**
Equity as at 31.12 2018	**100 909**	**-11 871**	**-39 929**	**49 109**

CONSOLIDATED CASH FLOW STATEMENT

All amounts in SEK thousand

	1 Jan 2018 - 31 Dec 2018	1 Jan 2017 - 31 Dec 2017
Cash flows from operations		
Profit/(loss) before income taxes	19 919	-21 239
Taxes paid in the period	-	-69
Net (gains) losses from disposals of assets	-	7 469
Depreciation	42 002	37 710
Other adjustments	-4 454	1 894
Currency (gains) losses not related to operating activities	-1 288	-1 094
Change in inventory	-5 405	356
Change in trade debtors	-5 654	7 871
Change in trade creditors	12 487	-4 451
Change in other provisions	-5 651	-6 040
Net cash flow from operations	**51 956**	**22 407**
Cash flows from investments		
Purchase of intangible assets	-2 436	-906
Purchase of fixed assets	-1 834	-3 578
Sale of fixed assets	-	5 823
Sale of intangible assets	-	304
Change in other short- and longterm investments	-853	-85
Net cash flows from investments	**-5 123**	**1 558**
Cash flow from financing		
Net change in credit line	-44 046	8 476
Proceeds from long term loans	310 624	124 386
Repayment of borrowings	-124 386	-17 423
Repayment of lease liabilities	-36 909	-34 749
Dividends paid to equity holders of NIG AB	-24 577	-
Transactions with minority interests	-	-116 337
Other transactions	270	-
Net cash flow from financing	**80 976**	**-35 647**
Net change in cash and cash equivalents	**127 809**	**-11 682**
Cash and cash equivalents at the beginning of the period	11 022	23 712
Exchange rate differences in cash and cash equivalents	251	-1 008
Cash and cash equivalents at the end of the period	**139 082**	**11 022**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 1 General information

North Investment Group AB (publ) (NIG), corp. ID no. 556972-0468 is a limited company with registered office in Tranås, Sweden. The address of the head office is North Investment Group AB (publ), Box 196, 573 22 Tranås, Sweden.
These consolidated financial statements were approved for publication by the Board of Directors on 25 April 2019.

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 North Investment Group AB 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, with the exception of:

- derivatives (currency swaps), which are measured at fair value through profit or loss.

These consolidated financial statements are the first published consolidated financial statements of North Investment Group AB (publ). See Note 32 for information on the elections made in preparing the opening balance sheet for reporting in accordance with IFRS as at 1 January 2017.

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.
A number of new standards and interpretations become effective for financial years beginning on or after 1 January 2019 and are not expected to have a material impact on the group. IFRS 16 is applicable from 1 January 2019 but has been applied early by the group.

Consolidation

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

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

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

Segment reporting

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

(ii) Transactions and balances

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

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

(iii) Translation of foreign group companies

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

Recognition of revenue

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

(i) Sales of goods

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

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

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

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

(ii) Interest income
Interest income is recognised using the effective interest method.

Leases
The group leases warehouse-and office-type premises as well as production premises in Tranås. The group only acts as lessee. The leases are recognised as right-of-use assets with corresponding liabilities on the day when the leased asset is available for use by the group. Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortised on a straight-line basis over the shorter of the asset's useful life and the lease term. As these are the first financial statements to be prepared in accordance with IFRS, all right-of-use assets have been measured at the value of the lease liability, after adjusting for prepaid lease payments related to the leases at 1 January 2017.

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

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

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

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

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

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

Current and deferred income tax

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

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

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

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

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

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

Intangible assets

(i) Goodwill

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

(ii) Software

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

Software	5–10 years

Property, plant and equipment

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

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

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

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

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

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

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

Impairment of non-financial assets

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

Financial instruments

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

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

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

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

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

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

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

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

Derivatives that do not meet the criteria for hedge accounting
Derivatives are recognised in the statement of financial position on the trade date and are measured at fair value, both initially and on subsequent remeasurement at the end of each reporting period. All changes in fair value are recognised directly in the statement of comprehensive income in the line financial income and expenses.

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

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

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

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

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

(v) Impairment of financial assets
Assets at amortised cost
The group estimates expected future credit losses on assets at amortised cost. The group recognises a provision for such expected credit losses at each reporting date.

For accounts receivable, the group applies the simplified approach for expected credit losses, which means that it recognises a provision equal to the expected loss over the expected life of the accounts receivable. To measure expected credit losses, accounts receivable are 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 are initially recognised at fair value (the transaction price). The group holds accounts receivable for the purpose of collecting contractual cash flows and therefore measures accounts receivable at subsequent accounting dates at amortised cost using the effective interest method.

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

Cash and cash equivalents

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

Share capital

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

Accounts payable

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

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

Borrowings

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

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

Employee benefits

Pension obligations

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

For salaried employees in Sweden, defined benefit pension obligations for retirement and family pensions under the ITP 2 plan are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 *Recognition of the ITP 2 Plan that is funded through insurance with Alecta*, this is a multi-employer defined benefit plan. For the financial year 2018, NIG 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 2,536.

The collective funding ratio is defined as the market value of Alecta’s assets as a percentage of its commitments to policyholders calculated using Alecta’s actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally permitted to vary between 125 and 155 per cent. If Alecta’s collective funding ratio were to fall below 125 per cent or exceed 155 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 2018, Alecta's surplus, defined as the collective funding ratio, was 142 per cent (2017: 154 per cent) on a preliminary basis.

Two of the pension plans in Sweden are 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.

Provisions

Provisions are recognised when the group has a legal or constructive obligation arising from past events, it is probable than that an outflow of resources will be required to settle the obligation, and the amount has been reliably measured. No provisions are made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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 NIG to a higher level in the group (Frigaardgruppen) 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.

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 is able to 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. The group uses derivatives in the form of currency swaps to manage its exposure to currency risk in respect of EUR.

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 2018 would have been kSEK 6,992 lower/higher (2017: kSEK 5,779), 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 2018 would have been kSEK 4,450 lower/higher (2017: kSEK 2,310), mainly as a result of the translation of surpluses in Norwegian companies.

Exposures

	31 Dec 2018		31 Dec 2017		1 Jan 2017	
	EUR	USD	EUR	USD	EUR	USD
Accounts payable	2,292	15	2.109	33	1.442	120
Liability to credit institutions (*)	10.888	1.743	20.072	1.720	12.138	2.268

(*) Gross currency exposure to banks in group account. At 31 December 2018, the group had no agreed credit facilities. However, there is still a gross exposure within the group account structure.
Exposure

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 bonds mature in September 2021 and have variable interest rates. There are no covenants attached to the bonds that need to be met.

If interest rates on borrowings at 31 December 2018 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 1,365 lower/higher (2017: kSEK 975), mainly as an effect of higher/lower interest expenses for borrowings at variable rates.

(b) Credit risk
Credit risk is managed at group level, with the exception of 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.

At 31 December 2018, the provision for expected credit losses on accounts receivable was kSEK 669 (31 Dec 2017: kSEK 918, 1 Jan 2017: kSEK 753). 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
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 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.

As of 1st January 2017	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.
Financial liability							
Liabilities to owners							
Liabilities to creditinstitutions (short and longterm)	21 490	6 247	15 044	7 681	2 643		53 104
Bond loan							-
Accounts payables	68 348						68 348
Other liabilities	25 746						25 746
Accrued cost	40 787						40 787
Leasingliability (short and longterm)	8 468	26 281	36 019	101 146	134 976		306 890
Total financial liabilities	164 839	32 528	51 063	108 827	137 619	-	494 875
As of 31st December 2017							
Liabilities to owners		124 386					124 386
Liabilities to creditinstitutions (short and longterm)	44 091						44 091
Bond loan							-
Accounts payables	63 890						63 890
Other liabilities	28 815						28 815
Accrued cost	32 975						32 975
Leasingliability (short and longterm)	9 001	27 017	35 723	95 915	104 484		272 140
Total financial liabilities	178 772	151 403	35 723	95 915	104 484	-	566 297
As of 1st January 2018							
Liabilities to owners							
Liabilities to creditinstitutions (short and longterm)							
Bond loan	-1 308	-3 924	-5 232	321 063			310 599
Accounts payables	75 794						75 794
Other liabilities	28 052						28 052
Accrued cost		35 191					35 191
Leasingliability (short and longterm)	9 757	27 876	40 496	83 184	100 395		261 708
Total financial liabilities	112 295	59 143	35 264	404 247	100 395	-	711 344

Management of capital

The group's goal in respect of capital structure is to secure its ability to continue as a going concern in order 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.

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.

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 to the accounts. The recoverable amounts for the cash-generating units (NIG Norway and NIG 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 0 (2017: 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

Valuation of tax losses
The group has recognised deferred tax assets arising from tax losses. At 31 December 2018, the group had unused tax losses of kSEK 140,854. 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 expects that it will be possible to use the tax losses to offset future taxable profits. This assessment is based on the adopted business plans and budgets for NIG Norway and NIG Sweden.

Right-of-use assets
The probability that premises will be sublet is taken into account 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 taken into account in determining the amount of the right-of-use asset. On initial application of IFRS 16, the group recognised an impairment loss on the right-of-use assets based on a best estimate of rents under the loss-making contracts as at 1 January 2017, SEK 49 million.

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.

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

Measurement of inventories
A significant item in the consolidated balance sheet is inventories. In determining inventories, the risk of obsolescence is taken into account. The company applies a central group principle for assessing obsolescence,

which takes account of the individual products' turnover rates and estimated future sales volumes. The size of the obsolescence reserve is thus sensitive to changes in estimated future sales volumes. Information on inventory obsolescence is provided in Note 19.

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

Note 5 Information on operating segments

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

NIG Sweden:
NIG Norway:

	2018			
	NIG Norway	**NIG Sweden**	**Others/ Eliminations**	**Total**
Revenue per segment	262 402	472 863	-	**735 265**
Net sales to other segment	-	-	-	**-**
Revenue from external customers	**262 402**	**472 863**		**735 265**
EBITDA	44 482	45 919	-1 689	88 712
Amortisation and depreciation	-14 907	-27 127	-	-42 034
EBIT	29 575	18 792	-1 689	46 678
Financial items net	-6 660	-8 011	-12 088	-26 759
Profit before tax	**22 915**	**10 781**	**-13 777**	**19 919**

	2017			
	NIG Norway	**NIG Sweden**	**Others/ Eliminations**	**Total**
Revenue per segment	220 496	512 509	-	**733 005**
Net sales to other segment	-	-	-	**-**
Revenue from external customers	**220 496**	**512 509**		**733 005**
EBITDA	23 087	18 576	-943	40 720
Amortisation and depreciation	-13 891	-23 819	-	-37 710
EBIT	9 196	-5 243	-943	3 010
Financial items net	-13 148	-7 119	-3 982	-24 249
Profit before tax	**-3 952**	**-12 362**	**-4 925**	**-21 239**

Note 6 Revenue

	2018	2017
Income from contract with customers	735 265	733 005
Other income:	-	-
Capital gains on sale PPE	-	-
Exchange-rate gains on operating receivables/liabilities	7 782	3 527
Rental income	3 365	1 729
Other	-	-1 418
Total revenues	746 412	736 843

Geographic distribution of external revenues based on customer location	**2 018**	**2 017**
Sweden	486 818	487 317
Norway	194 549	180 412
Denmark	33 919	38 190
Finland	448	2 482
Other Nordic	665	597
Great Britain	1 321	3 312
Other Europe	16 450	18 955
Other countries	1 095	1 740
Total revenues	735 265	733 005

Note 7 Auditors' fees

Specification auditor's fee PricewaterhouseCoopers	**2018**	**2017**
Statutory audit	**1 072**	1 121
Other assurance services	-	-
Other non-assurance services	**306**	414
Tax consultant services	**68**	88
Total	**1 446**	1 623

Specification auditor's fee other companies	**2018**	**2017**
Statutory audit	**110**	93
Other non-assurance services	**-**	-
Total	**110**	93

Note 8 Employees, personnel expenses and Directors’ fees

	2018	2017
Salaries and other renumerations	124 556	138 608
Social security fee	34 471	36 831
Pension cost - defined contribution plan	9 690	9 357
Pension cost - defined benefit plan	906	989
Total renumeration to employees	**169 623**	**185 785**

Salaries and other renumerations incl soc. Sec fees	**2018**		**2017**	
	Salaries and other renumerations	**Social security fee incl pension costs.**	**Salaries and other renumerations**	**Social security fee incl pension costs.**
Board members, CEO and other management	7 883	3 215	8 705	2 995
Other employees	116 673	41 852	129 903	44 182
Group total	**124 556**	**45 067**	**138 608**	**47 177**

Average number of employees by country	**2018**		**2017**	
	Total	of which men	Total	of which men
Sweden	181	116	225	157
Norway	58	42	61	45
Denmark	5	4	6	4
Other	1	1	1	1
Group total	**245**	**163**	**293**	**207**

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

	2018		**2017**	
	Total	of which men	Total	of which men
Board members	52	35	48	31
CEO and other management	16	14	17	17
Group total	**68**	**49**	**65**	**48**

Renumeration to management	**2 018**	**2 017**
Salary etc.	9 720	10 503
Compensation for terminations	-	-
Pension costs	1 378	1 197
Total	**11 098**	**11 700**

Salaries, renumeration and other 2017

	Salary	Bonuses etc	Other	Pension-cost	Consultancy	Totals
Board director	-	-	-	-	-	-
Board member Trond Frigaard	-	-	-	-	-	-
Board member Ellen Hanetho	-	-	-	-	-	-
CEO (Trygve Aasland)	1 925	303	10	20	-	2 258
Other management (6 persons)	6 780	-	-	1 177	-	7 957
Total	**8 705**	**303**	**10**	**1 197**	**-**	**10 215**

Salaries, renumeration and other 2018

	Salary	Bonuses etc	Other	Pension-cost	Consultancy	Totals
Board director	-	-	-	-	-	-
Board member Trond Frigaard	-	-	-	-	-	-
Board member Ellen Hanetho	-	-	-	-	-	-
CEO (Ståle Eide)	1 061	-	13	23	-	1 097
Other management (6 persons)	6 822	-	-	1 355	0	8 177
Total	**7 883**	**-**	**13**	**1 378**	**-**	**9 274**

Variable remuneration for 2018 (2017) refers to expensed bonuses that will be paid in 2019 (2018). 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. Other members of the Board who receive a salary as employees of a company in the group have not received Directors' fees.

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 refers to the six 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 capped at 0 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.

Bonus

For the CEO, the bonus is based on the consolidated operating profit. The bonus for 2018 represented 0 per cent of the basic salary (2017: 16%).

For other senior executives, the bonus is based on the consolidated operating profit. Bonuses for other senior executives for 2018 range from 0–25 per cent of the basic salary (2017: 0–25%).

Pension

The group has both defined benefit and defined contribution pension plans. Retirement benefit cost refers to the cost which affects profit for the year.
The retirement age for the CEO has not been specified.

Defined contribution pensions

The pension contribution is 3–25 per cent of the pensionable salary. Pensionable pay refers to the basic salary plus average variable pay for the last three years. For other senior executives, the retirement age ranges from 62 to 67 years. The pension agreement states that the pension contribution is 3–25 per cent of the pensionable pay.

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

	2018	2017
Freight costs	**17 337**	15 792
Exchange-rate losses on operating receivables/liabilities	**8 631**	3 887
Advertising	**13 380**	14 009
Travel costs	**12 434**	12 917
Consultancy fees and external personnel	**4 027**	4 841
Bad debts	**190**	380
Other operating costs	**20 886**	26 357
Total operating expenses	**76 885**	**78 183**

Note 10 Interest and similar income and expenses

Interest and similar income	**2018**	**2017**
Exchange rate gains	**134**	3 394
Other interest income	**920**	675
Total	**1 054**	**4 069**

Interest and similar expense	**2018**	**2017**
Exchange rate losses	**123**	8 678
Other interest expense	**10 037**	9 361
Interest expense, leasing liability	**10 593**	10 279
Interest expense bonds	**7 060**	-
Summa	**27 813**	**28 318**

Note 11 Net foreign exchange differences

	2018	2017
Exchange rate differences affecting operating results	**-846**	-360
Exchange rate differences in financial items	**11**	-5 284
Total	**-835**	**-5 644**

Note 12 Investments in group companies

At 31 December 2018, the group had the following subsidiaries:

Subsidiary	Corp. Reg. no	registered office	Ownership/voting right	Carrying amount 2018-12-31	Carrying amount 2017-12-31
Directly owned					
NIG Norge AS	995 246 511	Borgenhaugen, NO	100 %	190 543	190 543
ACAP Invest AB	556087-7838	Tranås, SE	100 %	112 847	112 847
Indirectly owned					
Altistore AS	991 625 216	Borgenhaugen, NO	100 %		
Denop ApS	30825764	Ikast, DK	100 %		
Sarpsborg Metall AS	929 567 528	Borgenhaugen, NO	100 %		
Sarpsborg Metall AB	556758-0344	Mölndal, SE	100 %		
Scandinavian Storage Group AS	987 005 068	Borgenhaugen, NO	100 %		
Sono SSG A/S	29153205	Ikast, DK	100 %		
Norop AS	989 263 900	Borgenhaugen, NO	100 %		
NIG IPO Ltd	1698211	Hong Kong, CN	100 %		
NIG Sverige AB	556475-9545	Malmö, SE	100 %		
Sweop AB	556591-2374	Tranås, SE	100 %		
SONO Sverige AB	556862-5536	Tranås, SE	100 %		
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 %		
Miljö Expo Scandinavia AB	556365-8987	Tranås, SE	100 %		
GBP Ergonomics AB	556227-4190	Jönköping, SE	100 %		
Alnäs Möbelfabrik AB	556084-5165	Tranås, SE	100 %		
Sono Norge AS	985 007 683	Oslo, NO	100 %		
				303 390	**303 390**

Note 13 Tax

All amount in SEK thousand	2018	2017
Income tax expense:		
Current tax:		
Tax payable	**-3 526**	-152
Correction of previous years current income taxes		
Deferred tax		
Changes in deferred tax	**1 036**	3 147
Tax expense	**-2 490**	**2 995**

Pre-tax profit		
Tax on profit for the year based on Sweden's tax rate (22%)	-4 382	4 673
Non deductible expenses	-322	-2 984
Non-taxable income	1 412	302
Effect of other tax rates in subsidiaries	-61	-415
Usage of tax losses carried forward	558	1 194
Effect of change in tax rate	-1 646	-274
Other	1 952	500
Tax expense	**-2 490**	2 995

The group’s weighted average tax rate was 13 per cent (2017: 14%).

Tax loss carried forward	**2018**	**2017**	**2016**
Losses carried forward	**124 379**	125 572	90 422
Not booked losses carried forward	**16 475**	15 840	20 220
Potential tax, 22%			
No tax loss carried forward in the Group has maturity date.			

Deferred tax assets (liabilities)	**2018**	**2017**	**2016**
Pensions	2 798	3 229	2 555
Tax losses carried forward	26 118	25 487	17 132
Intangible assets	880	1 540	2 200
Property, plant and equipment	-24	56	-523
Inventories	356	483	1 053
Leasing	1 752	2 083	6 530
Temporary differences related to restructuring cost	5 995	3 961	3 901
Net deferred tax asset (liabilities)	**37 875**	36 839	32 848

Note 14 Property, plant and equipment

	Buildings and land	Machinery and equipment	Equipment, tools and fixtures & fittings	Total
1 of January 2017				
Acquisition cost	2 565	50 357	27 741	80 663
Accumulated depreciation and write downs	-2 015	-34 045	-23 660	-59 720
Accumulated cost 1 of Januar 2017	**550**	**16 312**	**4 081**	**20 943**
Accounting year 2017				
Initial carrying amount	550	16 312	4 081	20 943
Additions	155	2 644	779	3 578
Reclassifications	-	-	-16	-16
Disposals	-	-13 227	-369	-13 596
Depreciations	-205	-2 934	-1 704	-4 843
Exchange differences	-35	-	-74	-109
Carrying amount 31 of December 2017	**465**	**2 795**	**2 697**	**5 957**
Per 31 december 2017				
Acquisition cost	2 558	15 994	24 528	**43 080**
Accumulated depreciation and write downs	-2 093	-13 199	-21 831	**-37 123**
Accumulated cost 1 of Januar 2018	**465**	**2 795**	**2 697**	**5 957**
Initial carrying amount	465	2 795	2 697	**5 957**
Additions	586	2 972	1 493	**5 051**
Reclassifications	-	364	-	**364**
Disposals	-	-	-8	**-8**
Depreciations	-173	-1 530	-1 501	**-3 204**
Exchange differences	16	-	12	**28**
Carrying amount 31 of December 2018	**894**	**4 601**	**2 693**	**8 188**
Per 31. December 2018				
Acquisition cost	3 225	19 330	25 941	**48 496**
Accumulated depreciation and write downs	-2 331	-14 729	-23 248	**-40 308**
Carrying amount 31 of December 2018	**894**	**4 601**	**2 693**	**8 188**

Note 15 Intangible assets

	Goodwill	Software	Total
1 of January 2017			
Carrying amount	**205 652**	**4 520**	**210 172**
Initial carrying amount	205 652	4 520	210 172
Additions	-	906	906
Disposals	-	-304	-304
Exchange differences	-8 172	-27	-8 199
Depreciations	-	-1 083	-1 083
Carrying amount 31 of December 2017	**197 480**	**4 012**	**201 492**
Per 31 december 2017			
Accumulated cost 1 of Januar 2018	**197 480**	**4 012**	**201 492**
Initial carrying amount	197 480	4 012	201 492
Additions	-	2 436	2 436
Disposals	-	-	-
Exchange differences	3 195	-1	3 194
Depreciations	-	-1 418	-1 418
Carrying amount 31 of December 2018	**200 675**	**5 029**	**205 704**
Per 31 december 2018			
Accumulated cost 31 of December 2018	**200 675**	**5 029**	**205 704**

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 2018	31 Dec 2017	1 Jan 2017
NIG Sweden	76.369	76.369	76.369
NIG Norway	124.306	121.111	129.283
Total	**200.675**	**197.480**	**205.652**

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 0 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:

	31.12.2018	31.12.2017	1.01.2017
Discount rate before taxes*	**11,10 %**	**10,90 %**	**12,40 %**
Long term growth rate**	**0 %**	**0 %**	**1 %**

* Pre-tax discount rate used in 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 5 (31 Dec 2017: 3, 1 Jan 2017: 2.5) percentage points higher,
- the estimated growth rate used to extrapolate cash flows beyond the five-year period had been 10 (31 Dec 2017: 4, 1 Jan 2017: 4) 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 3 and 4 percentage points, respectively, would, individually, not result in any impairment.

Note 16 Classification of financial instruments

The carrying value of assets and liabilities can be broken down into the following categories:

	Assets measured at initial cost		
All amounts in NOK thousand	**2018-12-31**	**2017-12-31**	**2017-01-01**
Non-current financial assets	**187**	374	293
Trade and other receivables	**100 757**	92 144	104 991
Cash and cash equivalents	**139 082**	11 022	23 712
Total financial assets	**240 026**	**103 540**	**128 996**

	Liabilities measured at amortized cost		
	2018-12-31	**2017-12-31**	**2017-01-01**
Liability to owners	**-**	124 393	17 496
Liabilities to credit instututions longterm	**-**	-	-
Bond loans	**310 599**	-	-
Leasing liabilities	**261 708**	272 140	306 890
Current interest-bearing liabilities	**37**	44 084	35 608
Accounts payable	**75 794**	63 890	68 348
Other current liabilities	**28 052**	28 815	25 746
Accrued expenses	**35 191**	32 975	40 787
Total financial liabilities	**711 381**	**566 297**	**494 875**

Note 17 Leases

Right-of-use assets	Buildings	Machinery and equipment	Vehicles	Total
Acquisition cost 1 January 2017	**296 399**	**2 681**	**7 810**	**306 890**
Write down of rental contracts	-49 409			-49 409
Acquisition cost 31 December 2017	**246 990**	**2 681**	**7 810**	**257 481**
Accumulated depreciation and impairment 1 January 2017				
Depreciation	-28 153	-509	-2 785	**-31 447**
Accumulated depreciation and impairment 31 December 2017	**-28 153**	**-509**	**-2 785**	**-31 447**
Carrying amount of right-of-use assets 31 December 2017	**218 837**	**2 172**	**5 026**	**226 035**
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 2018	**246 990**	**2 681**	**7 810**	**257 481**
Addition of right-of-use assets	19 501	1	1 718	21 220
Disposals	-290	-119	-1 235	-1 644
Transfers and reclassifications			-	-
Currency exchange differences	4 890	7	39	4 935
Acquisition cost 31 December 2018	**271 090**	**2 570**	**8 332**	**281 992**
Accumulated depreciation and impairment 1 January 2018	**-28 153**	**-509**	**-2 785**	**-31 447**
Depreciation	-33 916	-630	-2 925	-37 471
Impairment losses in the period				-
Disposals	290	119	1 235	1 644
Transfers and reclassifications			-	-
Currency exchange differences	-371	-2	-4	-376
Accumulated depreciation and impairment 31 December 2018	**-62 149**	**-1 022**	**-4 477**	**-67 649**
Carrying amount of right-of-use assets 31 December 2018	**208 941**	**1 548**	**3 854**	**214 343**
Lower of remaining lease term or economic life	2-15 years	3-6 years	4 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	**37 633**
1-2 years	**42 712**
2-3 years	**35 162**
3-4 years	**34 032**
4-5 years	**13 990**
More than 5 years	**98 179**
Total undiscounted lease liabilities at 31 December 2018	**261 708**

Summary of the lease liabilities in the financial statements	Statement of:	Total
At initial application 01.01.2018		**272 140**
New lease liabilities recognised in the year		**26 477**
Cash payments for the principal portion of the lease liability	Cash flows	**-36 909**
Cash payments for the interest portion of the lease liability	Cash flows	**-10 036**
Interest expense on lease liabilities	Profit and loss	**9 995**
Reassessment of the discount rate on previous lease liabilities	Profit and loss	**-**
Currency exchange differences	Profit and loss and Other comprehensive	**41**
Total lease liabilities at 31 December 2018		**261 708**
Current lease liabilities	Financial position	**37 633**
Non-current lease liabilities	Financial position	**224 075**
Total cash outflows for leases	Cash flows	**-36 909**

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.

Option to extend

The group's leases for properties have lease terms ranging from two 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 three to six 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

	2018-12-31	2017-12-31	2017-01-01
Receivables related to revenue from contracts with customers - external	92 351	87 673	101 313
Provision for bad debts	-669	-918	-753
Total accounts receivables	**91 682**	**86 755**	**100 560**

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

	2018-12-31	2017-12-31	2017-01-01
SEK	**68 237**	69 417	80 684
DKK	**2 600**	2 287	3 123
HKD	**-**	-	231
NOK	**20 845**	15 051	16 521
Total	**91 682**	**86 755**	**100 560**

	2018-12-31	2017-12-31	2017-01-01
Receivables not due for payment	**83 170**	71 390	89 386
Less that 30 days since due date	**7 702**	15 060	9 753
30-60 days since due date	**1 453**	345	855
60-180 days since due date	**0**	48	1 187
More than 180 days since due date	**26**	830	134
Minus: provisions for bad debts	**-669**	-918	-753
Total contract assets	**91 682**	**86 755**	**100 560**

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

Note 19 Inventories

The value of the group's inventories at 31 December 2018 was kSEK 73,446 (31 Dec 2017: kSEK 68,666, 1 Jan 2017: kSEK 69,030). In the financial year 2018, costs of goods sold of kSEK 411,112 (2017: kSEK 432,155) 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 2,943 (2017: kSEK 2.994). The write-down was recognised in Raw materials and consumables in the income statement in 2018.

Note 20 Other receivables

	2018-12-31	2017-12-31	2017-01-01
Deposits	8 345	-	-
Other	3 001	5 389	4 431
Totalt	**11 346**	**5 389**	**4 431**

Note 21 Prepaid expenses and accrued income

	2018-12-31	2017-12-31	2017-01-01
Rent	**6 234**	5 814	6 378
Insurance	**440**	411	520
Leasing	**308**	195	328
Other	**5 366**	6 463	4 899
Totalt	**12 348**	**12 883**	**12 125**

Note 22 Cash and cash equivalents

All amounts in SEK thousand

	2018-12-31	2017-12-31	2017-01-01
Cash at banks and on hand	139 082	11 022	23 712
Total	**139 082**	**11 022**	**23 712**

In addition to cash and cash equivalents, North Investment Group has an undrawn credit facility of SEK 0.0 million (2017: SEK 25.9 million). The agreed credit for 2018 is 0 (2017: SEK 70 million). Blocked funds related to interest payments totalled SEK 46.1 million.

Note 23 Share capital and other paid-in capital

At 31 December 2018, the share capital consisted of 725,344 ordinary shares with a quotient value of SEK 139.12 per share. The number of shares remained unchanged during the period 1 January 2017 to 31 December 2018. Each share carries one vote.

All shares issued by the parent company are fully paid up.

The shareholders at 31.12.18 are:

	Number of shares:	**Ownership interest:**
FrigaardGruppen AS	672 405	92,70 %
Opulentia Invest AS	15 008	2,07 %
VHS Holding AS	10 816	1,49 %
Add Relax AB	8 181	1,13 %
Funtus AS	3 605	0,50 %
PH Capital AS	3 605	0,50 %
Jacob Iqbal	3 605	0,50 %
Fredrik Juntti	3 605	0,50 %
Stian Folker Larsen	3 605	0,50 %
TG Sport AB	909	0,13 %

Note 24 Acquisitions

On 7 January, NIG Norge AS acquired 100 per cent of the shares of the Norwegian company Sørlie Prosjektinnredninger AS. Sørlie Prosjektinnredninger is an Østfold-based supplier of furniture and interior design solutions for offices, meeting rooms, canteens, kindergartens, schools and nursing homes. Sørlie has 36 employees and generates annual sales of NOK 150 million.

Consideration	
Cash consideration	53 680
Total	**53 680**

Preliminary aquisition analysis

Booked and fair value of assets and liabilities at the time of aquisition:

	Fair value
Deferred tax assets	209
Property, plant and equipment	522
Inventories	6 232
Accounts receivables	29 713
Other short term receivables	965
Cash	3 464
Accounts payables	-12 462
Tax payables	-1 431
Other short term liabilities	-6 216
Short term liabilities to owners	-3 216
Accrued expenses and deferred income	-6 085
Total net assets	**11 696**
Goodwill	41 984
Considerations	**53 680**

Goodwill is attributable to the workforce and the high profitability of the acquired business as well as to synergies within the group.

The consideration excludes acquisition-related costs. No further acquisitions were made in 2017 or 2018.

Note 25 Borrowings

Longterm	31.12.2018	31.12.2017	01.01.2017
Bonds	325 000	-	-
Cost related to bonds	-14 401	-	-
Loan to owners	-	124 386	-
Leasingliability	224 075	236 122	272 141
Liabilities to credit institutions	-	7	17 496
	534 674	360 515	289 637

Shortterm	31.12.2018	31.12.2017	01.01.2017
Leasing liability	37 633	36 018	34 749
Liabilities to credit institutions	37	44 084	35 608
	37 670	80 102	70 357
Totals liabilities	572 344	440 617	359 994

Bonds
In September 2018, the group issued SEK 325 million in bonds. The bonds mature in 2021 and have a variable interest rate of 7 per cent. Through the bond issue, the group changed its borrowings from debt to ownership.

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 2018 and 2017.

Note 26 Accrued expenses and deferred income

	2018-12-31	2017-12-31	2017-01-01
Accrued salaries incl. holiday pay	24 067	24 335	30 871
Other items	11 124	8 640	9 916
Total	**35 191**	**32 975**	**40 787**

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 2017	34 149
Current service cost this year	0
Current service cost previous years	0
Interest cost/(-income)	931
Total amount recognised in profit or loss	**931**
Actuarial gains/losses:	
- (gain)/loss from change in demographic assumptions	407
- (gain)/loss from change in financial assumptions	3 711
Total amount recognised in other comprehensive income	**4 118**
Fees from:	
Employer	
Employees covered by plan	
Settlements	-1 893
Payments from plan	**-1 262**
Per 31 December 2017	**36 043**
Per 1 januari 2018	36 043
Current service cost this year	0
Current service cost previous years	0
(gains)/losses from regulations	0
Interest cost/(-income)	716
Total amount recognised in profit or loss	**716**
Actuarial gains/losses:	
- (gain)/loss from change in demographic assumptions	-273
- (gain)/loss from change in financial assumptions	1 217
Total amount recognised in other comprehensive income	**944**
Fees from:	
Employer	
Employees covered by plan	
Settlements	**-4 549**
Payments from plan	**-1 211**
Per 31 december 2018	**31 944**

Actuarial assumptions as follows:	2018-12-31	2017-12-31	2017-01-01
Discount rate	2,35 %	2,40 %	2,60 %
Inflation	2,00 %	1,85 %	1,50 %

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

The above sensitivity analyses are based on a change in one assumption while other assumptions are held constant. In practice, it is unlikely that this would occur, and changes in some of the assumptions may be correlated. In calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation using the projected unit credit method at the end of the reporting period) is used as for calculating the pension liability that is recognised in the statement of financial position. The duration of the obligation is 18 years for 2018.

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		
	31.12.2018	**31.12.2017**	**01.01.2017**	**31.12.2018**	**31.12.2017**	**01.01.2017**
Discount rate	0,50 %	0,50 %	0,50 %	Reduction with 8,1 %	Reduction with 8,1 %	Reduction with 8,1 %
Inflation	0,50 %	0,50 %	0,50 %	Increase with 9,1 %	Increase with 9,2 %	Increase with 9,2 %
Life expectancy	+/- 1 year	+/- 1 year	+/- 1 year	Increase with 4,1 %	Increase with 4,2 %	Increase with 4,0 %

	Decrease in assumption		
	31.12.2018	**31.12.2017**	**01.01.2017**
Discount rate	Increase with 9,1 %	Increase with 9,3 %	Increase with 9,2 %
Inflation	Reduction with 8,1%	Reduction with 8,2%	Reduction with 8,2%
Life expectancy	Reduction with 4,1%	Reduction with 4,2%	Reduction with 4,0%

Note 28 Pledged assets

	2018-12-31	2017-12-31	2017-01-01
Carrying amount for assets pledged as security			
Shares in subsidiaries	**221 714**	210 980	253 558
Chattel	**162 390**	255 808	285 467

Note 29 Related party transactions

North Investment Group AB (publ) is 92.7 per cent owned by Frigaardgruppen AS, corp. ID no. 913 260 740, 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	**2018**	**2017**
Rental income properties	638	653
Sale of services	615	638
Total	**1 253**	**1 291**

Purchase of goods and services	**2018**	**2017**
Purchase of services	1 818	2 277
Total	**1 818**	**2 277**

Receivables and payables at year end due to sale/purchase of goods and services	**2018-12-31**	**2017-12-31**	**2017-01-01**
Receivables to related parties			
Other related parties	314	134	86
Payables to related parties			
Frigaard Gruppen AS	4 515	-	-
Other related parties	318	119	294

Liabilities to related parties	**2018-12-31**	**2017-12-31**
Liabilities to Frigaard Gruppen AS		
1st January	124 386	-
New loans	-	123 623
Repayments	-124 386	-
Interest cost	4 443	763
Paid interest	-4 443	-
31st December	-	124 386

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

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

Note 30 Events after the end of the financial year

On 7 January, the Group acquired 100 per cent of the shares of the Norwegian company Sørlie Prosjektinnredninger AS. Sørlie Prosjektinnredninger is an Østfold-based supplier of furniture and interior design solutions for offices, meeting rooms, canteens, kindergartens, schools and nursing homes. Sørlie has 36 employees and generates annual sales of NOK 150 million.

Note 31 First-time adoption of International Financial Reporting Standards (IFRS)

These are the first consolidated financial statements published by North Investment Group AB (publ), and the company has chosen to apply IFRS. The accounting principles described in Note 2 have been applied in preparing the consolidated financial statements as at 31 December 2018 and for the comparative data as at 31 December 2017 as well as in preparing the opening statement of financial position (opening balance sheet) as at 1 January 2017.

Under IFRS 1, the group is required to present a reconciliation of equity and total comprehensive income as reported under the previous accounting principles with the corresponding IFRS items. This is the first time NIG publishes consolidated financial statements, and there is therefore no previously published annual report containing consolidated financial statements prepared in accordance with previously applied principles with which the current financial statements can be reconciled. No reconciliation of previously applied principles and IFRS is thus presented for the NIG Group.

Choices made in preparing the opening balance for reporting in accordance with IFRS.

On initial application of IFRS, consolidated financial statements must be presented in accordance with IFRS 1 *First-time Adoption of IFRS*. The main rule is that all applicable IFRS and IAS standards that have become effective and been approved by the EU must be applied retrospectively. However, IFRS 1 contains transition provisions that give companies certain options.
The following exemptions from full retrospective application in IFRS 1 have been applied by the group in preparing the opening IFRS balance sheet as at 1 January 2017:

Exemption for accumulated translation differences

Under IFRS 1, accumulated translation differences recognised in equity may be reset to zero at the transition date to IFRS. This is a relief compared with determining accumulated translation differences in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates* from the dates when NIG's subsidiaries were acquired. NIG has elected to reset all accumulated translation differences in the translation reserve to zero and reclassify these to retained earnings at the transition date to IFRS, 1 January 2017.

Exemptions for business combinations

The IFRS 1 standard, which provides guidance on the transition to IFRS, includes an option to apply the principles in IFRS 3 *Business Combinations*, either prospectively from the transition date to IFRS or from a specific date before the IFRS transition date. This provides relief compared with full retrospective application, which would require restatement of all business combinations before the IFRS transition date. The group has elected to apply IFRS 3 from 1 January 2017 (the group's IFRS transition date). Business combinations that took place before this date have thus not been restated in accordance with IFRS 3.

IFRS 16

The group has opted for early application of IFRS 16 *Leases*, which has been applied retrospectively from 1 January 2017 (limited retrospective application). As this is the first financial statements to be prepared in accordance with IFRS, all right-of-use assets have been measured at the amount of the lease liability, after adjusting for prepaid lease payments related to leases at 1 January 2017.
The group also leases PCs, IT equipment and machinery with lease terms of one to three years. The group has elected to apply practical expedients for appropriate leases of low-value assets and does not recognise lease liabilities or right-of-use assets. Such lease payments are instead expensed as incurred. The group has also chosen not to recognise lease liabilities and right-of-use assets for short-term leases, see Note 17.

The probability that premises will be sublet is taken into account 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 taken into account in determining the amount of the right-of-use asset.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

All amounts in SEK thousand	Note	Jan-Dec 2018	Jan-Dec 2017
Revenue		-	-
Other operating revenue		-	-
Total operating revenue		**-**	**-**
Cost of goods sold		-	-
Other external cost	2	(1 689)	(943)
Salaries and personnel expense		-	-
Depreciation and amortization expense		-	-
Other operating expense		-	-
Total operating expense		**(1 689)**	**(943)**
Operating profit		(1 689)	(943)
Interest income and similar	3	301	-
Interest expense and similar	3	(12 389)	(3 982)
Net financial income (expenses)		(12 088)	(3 982)
Group Contribution	11	12 278	4 924
Profit before income tax		(1 499)	(1)
Income taxes	4	321	-
Net profit for the period		**(1 178)**	**(1)**

In the parent company no amounts has been booked towards other comprehensive income, so Total comprehensive income is equal to net profit for the year

PARENT COMPANY BALANCE SHEET

All amounts in SEK thousand

ASSETS	Note	2018 31.Dec	2017 31.Dec
Participations in Group companies	5	303 390	303 390
Deferred tax receivables	4	321	-
Other long term receivables group	10	56 089	-
Total non-current financial assets		**359 800**	**303 390**
TOTAL NON-CURRENT ASSETS		**359 800**	**303 390**
Receivables from Group companies	10	12 489	4 925
Other short term receivables		1	298
Tax recoverables		-	-
Prepaid expenses and accrued income		84	27
Cash and cash equivalents		73 925	45
Total current receivables		**86 499**	**5 295**
TOTAL CURRENT ASSETS		**86 499**	**5 295**
TOTAL ASSETS		**446 299**	**308 685**

EQUITY AND LIABILITIES	Note	2018 31.Dec	2017 31.Dec
Share capital		100 909	100 909
Share premium reserve		-	-
Other equity		31 054	40 800
This years result	7,12	-1 178	-1
Equity attributable to majority shareholders		**130 785**	**141 708**
Liabilities to group companies	6	-	165 559
Liabilities to financial institutions	6	-	-
Bonds	6	310 599	-
Total non-current liabilities		**310 599**	**165 559**
Liabilities to financial institutions		-	-
Accounts payable		-	4
Liabilities to associated companies	10	4 839	1 258
Other short-term liabilities		76	56
Accrued expenses and deferred income		0	100
Total current liabilities		**4 915**	**1 418**
TOTAL EQUITY AND LIABILITIES		**446 299**	**308 685**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amount in SEK thousand	Note	Restricted equity	Unrestricted equity			
		Share capital	Other paid-in capital	Retained earnings	This years result	Total equity
Equity on 1 January 2017		**100 909**	**95 335**	**-727**	**62 527**	**258 043**
Appropriation of profit according to General meeting		-	-	62 527	-62 527	-
This years result		-	-	-	-1	**-1**
Total comprehensive income		**100 909**	**95 335**	**61 799**	**-1**	**258 042**
Transaction with shareholders related to ownership						
Reduction of Share Capital		-28 375	-87 960	-	-	**-116 335**
Fund issue		28 375	-7 375	-21 000	-	-
Equity on 31 December 2017		**100 909**	**-**	**40 800**	**-1**	**141 707**
Equity on 1 January 2018		**100 909**	**-**	**40 800**	**-1**	**141 707**
This years result					-1 178	**-1 178**
Total comprehensive income		**100 909**	**-**	**40 800**	**-1 179**	**140 529**
Transaction with shareholders related to ownership						
Dividend to shareholders		-	-	-9 744	-	**-9 744**
Equity on 31 December 2018		**100 909**	**-**	**31 056**	**-1 179**	**130 785**

PARENT COMPANY CASH-FLOW STATEMENT

All amounts in SEK thousand

	2018	2017
Cash flows from operations		
Profit/(loss) before income taxes	-1 499	-1
Taxes paid in the period	-	-
Net cash flow from operations before changes in working capital	**-1 499**	**-1**
Change in inventory		
Change in trade debtors	-7 564	-3 362
Change in trade creditors	4 835	-27
Change in other provisions	159	-614
Net cash flow from operations	**-4 069**	**-4 004**
Cash flows from investments		
Payment on loan receivables group (short/long)	-56 089	-
Net cash flows from investments	**-56 089**	**-**
Cash flow from financing		
Net change in credit line		
Proceeds from long term loans	310 599	-
Proceeds from long term loans Group	-	140 218
Repayment of borrowings group	-166 817	-
Repayments of borrowings	-	-20 294
Dividends paid to equity holders of NIG AB	-9 744	-
Repayment of equity	-	-116 334
Other transactions	-	-
Net cash flow from financing	**134 038**	**3 590**
Net change in cash and cash equivalents	**73 880**	**-414**
Cash and cash equivalents at the beginning of the period	45	459
Cash and cash equivalents at the end of the period	**73 925**	**45**

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.

On adoption of IFRS for the consolidated financial statements, the parent company started to apply RFR 2. The transition from the previously applied accounting principles to RFR 2 has not had any impact on the income statement and balance sheet, equity or cash flow.

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.

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

Specification auditor's fee

PricewaterhouseCoopers	**2018**	**2017**
Statutory audit	**179**	180
Other assurance services	-	-
Other non-assurance services	**43**	302
Tax consultant services	-	64
Total	**222**	546

Other audit companies	**2018**	**2017**
Statutory audit	**-**	**-**
Other assurance services	**-**	-
Other non-assurance services	**-**	-
Tax consultant services	**-**	-
Total	-	-

Note 3 Interest and similar income and expenses

Interest and similar income	**2018**	**2017**
Exchange rate gains	90	-
Other interest income	211	-
Total	**301**	**-**

Interest and similar expense	**2018**	**2017**
Exchange rate losses	-	2
Interest expense group	5 329	1 727
Interest expense other	-	2 253
Ïnterest expense bonds	7 060	-
Summa	**12 389**	**3 982**

Note 4 Tax

	2018	**2017**
Income tax expense:		
Current tax:		
Tax payable	**-**	-
Deferred tax		
Changes in deferred tax	**321**	-
Changes in tax rate	**-**	-
Tax expense	**321**	**-**

Tax on profit for the year (average effective tax rate)	330	-
Adjustment in respect of current income tax of previous years	-	-
Changes in unrecognised deferred tax asset	-	-
Non deductible expenses	-	-
Non-taxable income	-	-
Effect of other tax rates in subsidiaries	-	-
Usage of tax losses carried forward	-	-
Effect of change in tax rate*	-	-
Other	-9	-
Tax expense	321	0

Tax loss carried forward	**2018**	**2017**
Losses carried forward	**1 498**	-
Potential tax benefit, 22%		

In 2018, it was decided that the corporate tax rate in Sweden would be reduced in two stages. The tax rate will be reduced from 22 per cent to 21.4 per cent for financial years beginning on 1 January 2019 or later. In the next stage, the rate will be reduced to 20.6 per cent for financial years beginning on 1 January 2021.

Note 5 Investments in group companies

Subsidiary	Corp. Reg. no	registered office	Ownership/voting right	Carrying amount 2018-12-31	Carrying amount 2017-12-31
Directly owned					
NIG Norge AS	995 246 511	Borgenhaugen, NO	100 %	190 543	190 543
ACAP Invest AB	556087-7838	Tranås, SE	100 %	112 847	112 847
Indirectly owned					
Altistore AS	991 625 216	Borgenhaugen, NO	100 %		
Denop ApS	30825764	Ikast, DK	100 %		
Sarpsborg Metall AS	929 567 528	Borgenhaugen, NO	100 %		
Sarpsborg Metall AB	556758-0344	Mölndal, SE	100 %		
Scandinavian Storage Group AS	987 005 068	Borgenhaugen, NO	100 %		
Sono SSG A/S	29153205	Ikast, DK	100 %		
Norop AS	989 263 900	Borgenhaugen, NO	100 %		
NIG IPO Ltd	1698211	Hong Kong, CN	100 %		
NIG Sverige AB	556475-9545	Malmö, SE	100 %		
Sweop AB	556591-2374	Tranås, SE	100 %		
SONO Sverige AB	556862-5536	Tranås, SE	100 %		
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 %		
Miljö Expo Scandinavia AB	556365-8987	Tranås, SE	100 %		
GBP Ergonomics AB	556227-4190	Jönköping, SE	100 %		
Alnäs Möbelfabrik AB	556084-5165	Tranås, SE	100 %		
Sono Norge AS	985 007 683	Oslo, NO	100 %		
				303 390	**303 390**

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

Note 6 Borrowings

Non-current	31.12.2018	31.12.2017
Bonds	325 000	-
Cost related to the bonds	-14 401	-
Liabilites to group companies	-	165 560
Total liabilities non-current	**310 599**	**165 560**

North Investment Group AB had MNOK 325 in bond debts at 31.December 2018. The bonds are maturing in September 2021.

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

	2018	2017
Shares in subsidiaries	303 390	303 390

Note 9 Contingent liabilities

	2018	2017
Guarantee for daugther companies	0	45 000

Note 10 Related party transactions

North Investment Group AB (publ) is 92.7 per cent owned by Frigaardgruppen AS, corp. ID no. 913 260 740, 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.

	2018-12-31	2017-12-31	2017-01-01
Receivables on related parties:			
ACAP Invest AB	48 089	-	-
NIG Norge AS	8 000	-	-
Other	12 278	4 924	1 563
Liabilities on related parties:			
Frigaard Gruppen AS (*)	4 515	124 386	-
ACAP Invest AB	-	11 918	15 000
NIG Norge AS	-	30 220	11 549

See specification below
(*) - short term acc payables in 2018

Borrowings from related parties	**2018-12-31**	**2017-12-31**
Loan from Frigaardgruppen		
1 January	124 386	-
New loans	-	123 623
Repayments	-124 386	-
Interest cost	4 443	763
Interest paid	-4 443	-
31 December	-	124 386
Loan from ACAP Invest		
1 January	11 918	15 000
New loans	-	15 100
Repayments	-11 918	-18 182
Interest cost	-	293
Interest paid	-	-293
31 December	-	11 918
Loan from NIG Norge		
1 January	29 549	11 549
New loans	-	18 000
Repayments	-29 549	
Interest cost	886	671
Interest paid	-886	-671
31 December	-	29 549

Note 11 Appropriation received

	2018	2017
Group contribution received	12 278	4 924

Note 12 Appropriation of profit or loss

Proposed appropriation

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

Retained earnings	31 054
this year's loss	-1 178
To be carried forward	29 876

The group’s income statements and balance sheets will be presented for approval to the Annual General Meeting on 25 April 2019.

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, 25 April 2019

_____________________ _____________________ _______________________

Helge Stemshaug	Trond O. Frigaard	Ellen Hanetho
Chairman of the Board	Director	Director

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Ståle Eide
Chief Executive Officer

We submitted our auditor’s report on 25 April 2019

PricewaterhouseCoopers AB

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Frida Wengbrand

Authorised Public Accountant

pwc

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of North Investment Group AB (publ) for the year 2018.

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 2018 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 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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.

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of North Investment Group AB (publ) for the year 2018 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 Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

Jönköping 25 April 2019
Pricewaterhouse Coopers AB

Frida Wengbrand
Authorized Public Accountant