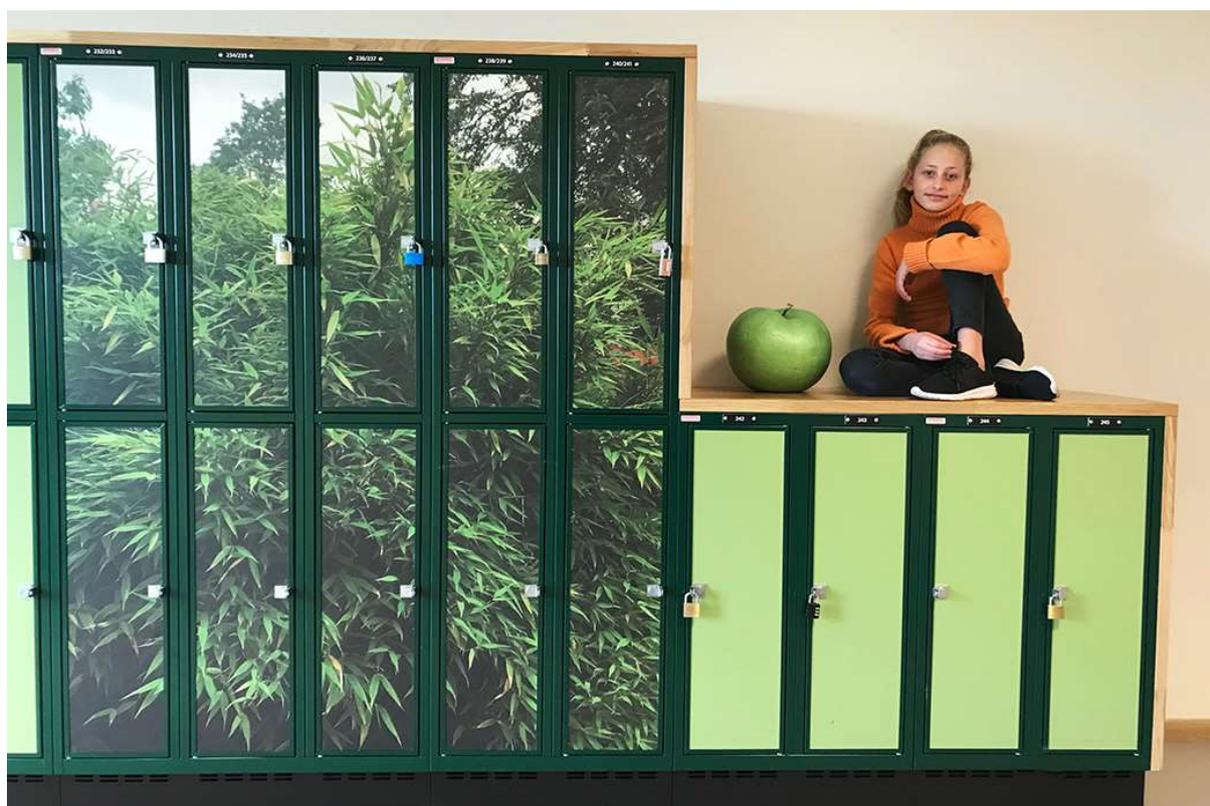


Q2 2021 Interim financial report

North Investment Group AB (publ.)



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FINANCIAL HIGHLIGHTS

- Group revenue of SEK 214.8m (SEK 179.6m).
- Gross profit margin 38.5% (38.7%).
- EBITDA of SEK 20.3m (SEK 15.4m).
- Net operating cash flow SEK 5.1m (SEK 2.7m).
- Raw material price increases put pressure on margins.
- Merging-process of companies in Sweden started.
- New bond loan issued on Frankfurt open market 11th May.
- Nonrecurring financial cost related to refinancing of SEK 8.9m in Q2.
- Order backlog of SEK 191.5m (SEK 136.3m).

Key consolidated figures

Key consolidated figures		SONO GROUP			
		Q2 2021 Unaudited	Q2 2020 Unaudited	Jan-Jun 2021 Unaudited	Jan-Jun 2020 Unaudited
(SEKm, unless stated)					
Revenue	214,8	179,6	402,2	380,7	
Gross profit	81,3	68,2	152,8	150,3	
EBITDA	20,3	15,4	33,5	34,4	
EBIT	8,7	4,1	10,9	11,1	
Net Profit	(6,8)	(3,9)	(11,8)	(8,5)	
Cash flow from operations	5,1	2,7	(0,8)	10,0	
No of outstanding shares	759 201	759 201	759 201	759 201	
Net earnings per share (SEK)	(8,99)	(5,08)	(15,50)	(11,20)	
Gross profit margin (%)	38,5	38,7	38,8	40,3	
EBITDA margin (%)	9,6	8,7	8,5	9,2	

CEO STATEMENT

Even when comparing this year with last year (the start of the pandemic), we see a strong market for most of our categories and geographies we operate. Our order backlog is record strong and the activity has been high. In the short and mid-term, we still see challenges mainly related to heavily increased raw material prices for most of our products that contains steel, wood, and plastic. In addition, the freight cost of transporting containers from Asia has increased drastically. This makes it challenging to succeed in the market within office interior, but this is a relatively small part of our business. The overall order income for our Group is at a satisfying level.

The order income from School-furniture in Sweden has been good in Q2 and is now back to the same level as in 2019. With the closing of our own factory in Q1 this year, the supplies from our new partners have been good. We see the school market as an important market for us going forward where we have strong brands. There is an underlying need for our products in the years to come.

In June, we initiated the process of merging the three companies Sono Sverige AB, Formo Miljö AB and GBP Ergonomics AB to one company. Expected finalization of the merger will be in Q4. Through this we will have one common company name in Sono and sell our products in all different geographies and categories. A complete reorganization of our work force has been done creating three strong geographical hubs in Sweden. We will together with the merger launch a new graphical impression of our logo and a new marketing approach.

Our new common web platform is now aligned for all three countries enabling us to focus our web sales in a more efficient manner through sono.se/no/dk. We have also hired a new e-commerce Director. With the digitalization effort put forth in the last years in our organization, we have the necessary means to succeed in this part of the business.



Ole Vinje, CEO, Tranås, 27th of August 2021

FINANCIAL REVIEW

Q2 2021

Income statement

The Group reported total operating revenue of SEK 214.8m (SEK 179.6m) and EBITDA of SEK 20.3m (SEK 15.4m) in Q2 2021.

Order intake was SEK 266.9m (SEK 230.0m), corresponding to an increase of 16.0 % compared to Q2 2020. EBIT for the Group was SEK 8.7m (SEK 4.1m) and net profit SEK -6.8m (SEK -3.9m).

Gross margin for the Group in Q2 2021 was 38.5% (38.7%). Gross margin tends to fluctuate somewhat from quarters to quarters depending on which product category that has growth and decrease in turnover. The increased raw material prices and freight cost this quarter puts pressure on our gross margin.

Segments

The Group is divided into two segments, Sono Norway (Norway) and Sono Sweden (Sweden).

Norway delivered SEK 112.3m in revenue (SEK 89.5m) and SEK 14.8m in EBITDA (SEK 7.2m) during the quarter. Sweden reported revenue of SEK 108.7m (SEK 92.1m) and EBITDA of SEK 5.7m (SEK 8.2m).

January – June 2021

Income statement

The Group reported total operating revenue of SEK 402.2m (SEK 380.7m) and EBITDA of SEK 33.5m (SEK 34.4m) at the end of June 2021.

Order intake was SEK 463.7m (SEK 402.6m), corresponding to an increase of 15.2 % compared to end of June 2020. EBIT for the Group was SEK 10.9m (SEK 11.1m) and net profit SEK -11.8m (SEK -8.5m).

Gross margin for the Group at the end of Q2 2021 was 38.8% (40.3%).

Segments

The Group is divided into two segments, Sono Norway (Norway) and Sono Sweden (Sweden).

Norway delivered SEK 210.0m in revenue (SEK 181.4m) and SEK 23.2m in EBITDA (SEK 15.2m) year to date June. Sweden reported revenue of SEK 203.3m (SEK 204.3m) and EBITDA of SEK 10.7m (SEK 19.3m).

Cash flow

The Group's net cash flow from operations was negative with SEK -0.8m (positive SEK 10.0m). The Cash and cash equivalents as of 30th of June 2021 amounts to SEK 24.3m (SEK 62.4m). The group has undrawn credit line of SEK 27.3m (SEK 0m) as of 30th June 2021. The liquidity situation of the Group is very good and adequate to meet our strategic ambitions.

Balance sheet

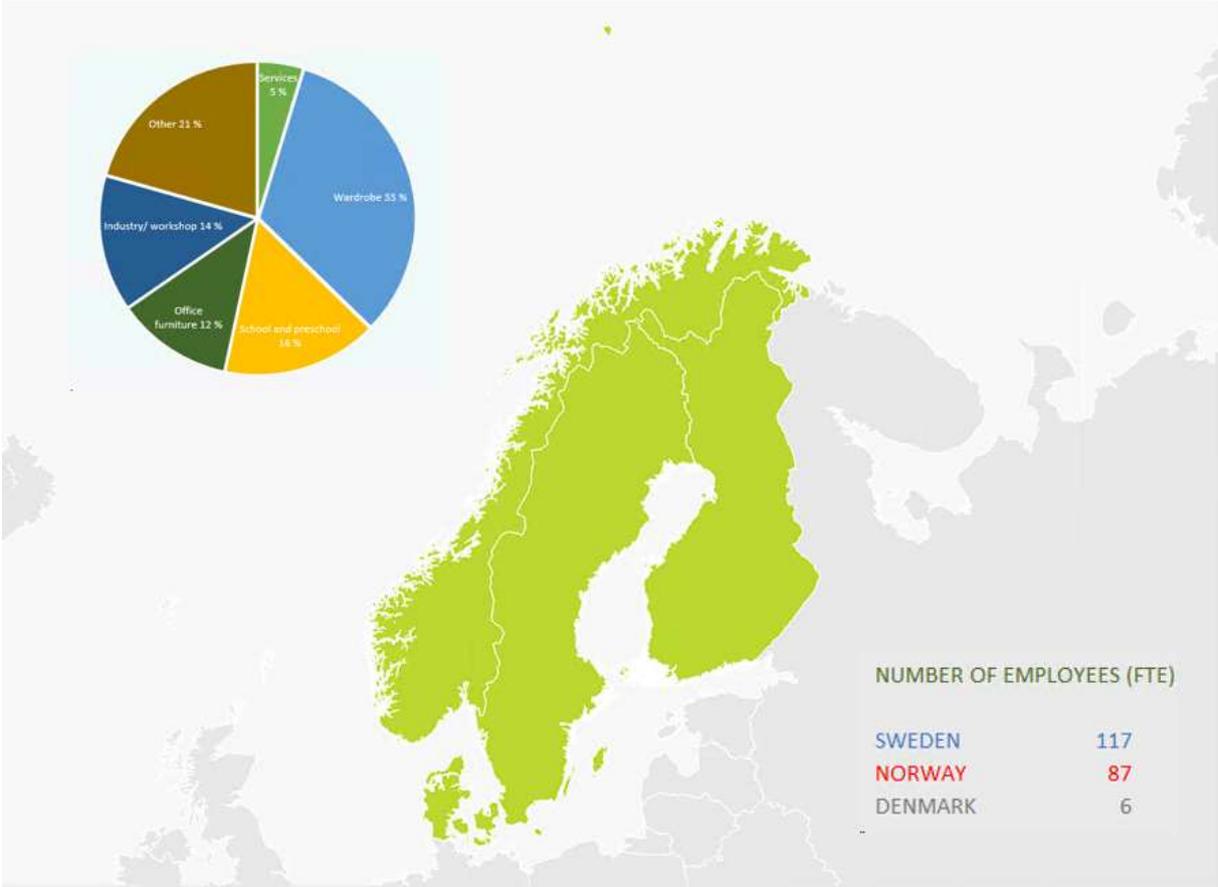
As of 30th of June 2021, the Group had assets of SEK 676.2m, mainly related to goodwill, right of use assets, inventory, and accounts receivables.

Net interest-bearing debt (excl. Lease liabilities) was SEK 255.7m (SEK 256.0m). The bond loan in the balance sheet matures in full in May 2024 and is therefore classified as long term.

Risk and uncertainties

The Group's main risks and uncertainties are related to its high exposure to certain markets. In addition, the Group has financial risk related primarily to currency risk, interest rate risk related to financing and credit risk related to sales. 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 currently secures access to external financing through bonds. In May 2021 we refinanced with a new bond loan with 3-year maturity together with a credit line of SEK 30m.

For more information related to risks, see annual statement 2020.

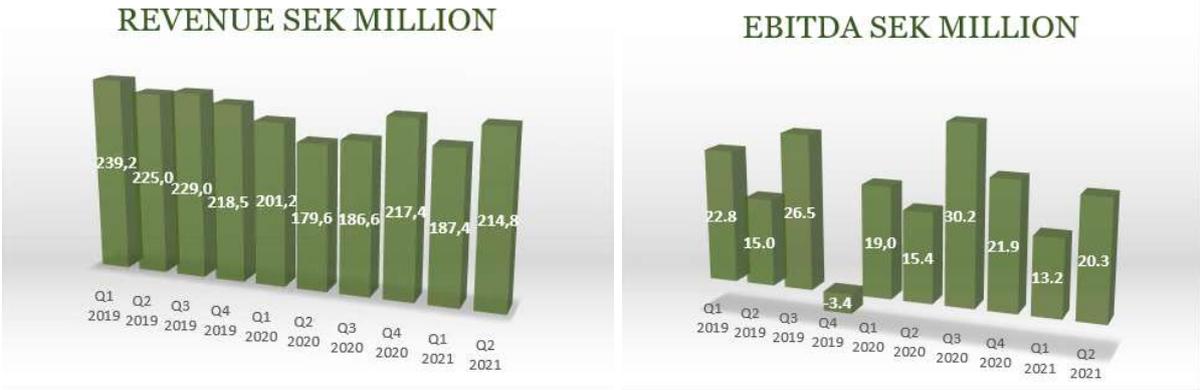


OUTLOOK

We are pleased to see that our order income so far this year has been positive and that the order backlog is record strong. Several of the actions taken the last 2 years gives us an organization that is scalable for the planned growth. There is still a great potential to further grow in our core markets.

The macroeconomic environment is still challenging for markets like ours, as we are dependent of raw material prices of mainly steel and wood, together with freight rates from Asia. This is a challenge we share with all other companies operating in these markets. In the short term there is a battle to quick enough pass through the drastically increased raw material prices to our customers. There is a risk that our gross margin will be at somewhat lower level than earlier years for the second half of 2021. In the longer term we do not see a challenge with this as most of our products can be seen as "need to have" and not "nice to have" and we will eventually pass through all increased cost further to our customers.

Sustainability will be a key point for our company for the next 2-3 years. We have a high degree of eco-labelled products already and an important part of the work going forward will be to collect documentation, produce necessary reports and create strong KPI's that will bring the organization forward in this important aspect of our business.



GROUP FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENT

All amounts in SEK thousand	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Revenue	211 359	176 117	393 780	372 886	766 720
Other operating revenue	3 434	3 451	8 412	7 861	17 978
Total operating revenue	214 793	179 568	402 192	380 747	784 698
Cost of goods sold	(130 062)	(102 165)	(240 958)	(211 544)	(445 461)
Other external cost	(17 609)	(17 302)	(34 813)	(38 981)	(73 031)
Salaries and personnel expense	(45 884)	(40 413)	(91 195)	(88 338)	(173 134)
Other operating expense	(946)	(4 334)	(1 697)	(7 530)	(6 596)
EBITDA	20 292	15 354	33 529	34 354	86 476
Depreciation and amortization expense	(11 575)	(11 280)	(22 641)	(23 291)	(43 638)
Operating profit	8 717	4 074	10 888	11 063	42 838
Interest income and similar	2 068	1 223	6 326	1 504	2 822
Interest expense and similar	(19 626)	(10 085)	(32 120)	(23 205)	(42 253)
Net financial income (expenses)	(17 558)	(8 862)	(25 794)	(21 701)	(39 431)
Profit before income tax	(8 841)	(4 788)	(14 906)	(10 638)	3 407
Income taxes	2 014	930	3 138	2 135	(4 522)
Net profit for the period	(6 827)	(3 858)	(11 768)	(8 503)	(1 115)

Consolidated statement of comprehensive income

Items that may be reclassified subsequently to income statement

Translation differences on net investment in foreign operations	(6 382)	682	7 526	(20 739)	(21 216)
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Items that will not be reclassified to income statement

Remeasurement of defined benefit pension plans	-	-	-	-	(48)
Income taxes	-	-	-	-	10
Other comprehensive income (loss), net of taxes	(6 382)	682	7 526	(20 739)	(21 254)
Total comprehensive income	(13 209)	(3 176)	(4 242)	(29 242)	(22 369)

CONSOLIDATED BALANCE SHEET

ASSETS	2021	2020	2020
All amounts in SEK thousand	30.6.	30.6.	31.12.
Software, licences, etc.	9 424	6 172	8 787
Goodwill	235 576	230 419	229 875
Total intangible assets	245 000	236 591	238 662
Right of use assets	161 444	190 674	172 949
Land, buildings and other property	1 164	994	1 191
Machinery and plant	364	900	2 705
Office machinery, equipment and similar	1 847	2 744	2 346
Total property, plant and equipment	164 819	195 312	179 191
Other long term receivables	122	114	120
Total non-current financial assets	122	114	120
Deferred tax receivables	38 476	42 063	35 306
TOTAL NON-CURRENT ASSETS	448 417	474 080	453 279
Inventories			
Raw materials	15 380	15 528	13 358
Work in progress	1 508	7 881	3 587
Finished products	58 899	60 040	55 430
Advance payments to suppliers	1 099	143	1 063
Total inventories	76 886	83 592	73 438
Accounts receivables	115 841	98 748	106 636
Other short term receivables	2 216	8 616	9 363
Tax recoverables	3 802	3 084	2 255
Prepaid expenses and accrued income	4 703	14 518	4 076
Cash and cash equivalents	24 294	62 435	88 665
Total receivables	150 856	187 401	210 995
TOTAL CURRENT ASSETS	227 742	270 993	284 433
TOTAL ASSETS	676 159	745 073	737 712

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES	2021	2020	2020
All amounts in SEK thousand	30.6.	30.6.	31.12.
Share capital	105 619	105 619	105 619
Other equity	(11 871)	(11 871)	(11 871)
Retained earnings	(65 553)	(68 185)	(61 311)
Equity attributable to majority shareholders	28 195	25 563	32 437
Bonds	278 587	318 454	-
Pension liabilities	31 078	31 639	30 530
Other provisions	3 508	4 872	5 432
Non-current Lease liabilities	137 947	172 731	152 509
Total non-current liabilities	451 120	527 696	188 471
Liabilities to financial institutions	1 420	715	14
Bonds current	-	-	317 322
Current lease liabilities	46 817	47 639	46 193
Prepayments from customers	560	1 418	3 222
Accounts payable	59 916	63 048	69 358
Other short-term liabilities	29 451	34 056	33 255
Accrued expenses and deferred income	58 680	44 938	47 440
Total current liabilities	196 844	191 814	516 804
TOTAL EQUITY AND LIABILITIES	676 159	745 073	737 712

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent company				Total equity
	Share capital	Other Equity	Retained earnings	Total other equity	
All amounts in SEK thousand					
Equity as at 01.01.2020	105 619	(11 871)	(38 942)	(50 813)	54 806
Comprehensive income					
Profit for the period			(8 503)	(8 503)	(8 503)
<i>Items that may be reclassified in profit or loss</i>					
Translation difference, net assets in foreign currency			(20 739)	(20 739)	(20 739)
Total comprehensive income	-	-	(29 242)	(29 242)	(29 242)
Equity as at 30.06.2020	105 619	(11 871)	(68 185)	(80 056)	25 563
Profit for the quarter 2-4			7 388	7 388	7 388
Other comprehensive income					
<i>Items that will not be reclassified in profit or loss</i>					
Actuarial loss on pension obligations			(48)	(48)	(48)
<i>Items that may be reclassified in profit or loss</i>					
Translation difference, net assets in foreign currency			(477)	(477)	(477)
Deffered tax			10	10	10
Total comprehensive income	-	-	6 873	6 873	6 873
Equity as at 31.12.2020	105 619	(11 871)	(61 311)	(73 182)	32 437
Equity as at 01.01.2021	105 619	(11 871)	(61 311)	(73 182)	32 437
Profit for the period			(11 768)	(11 768)	(11 768)
<i>Items that may be reclassified in profit or loss</i>					
Translation difference, net assets in foreign currency			7 526	7 526	7 526
Total comprehensive income	-	-	(4 242)	(4 242)	(4 242)
Total shareholders transactions			-		-
Equity as at 30.06.2021	105 619	(11 871)	(65 553)	(77 424)	28 195

CONSOLIDATED STATEMENT OF CASH FLOWS

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
<i>All amounts in SEK thousand</i>					
Cash flows from operations					
Profit/(loss) before income taxes	-8 841	-4 788	-14 906	-10 638	3 407
Taxes paid in the period	-	-	-	-119	(119)
Adjustments for items without cash effects	2	781	(41)	-998	595
Net (gains) losses from disposals of assets	452	85	(430)	85	(104)
Depreciation	11 575	11 280	22 641	23 291	43 638
Other adjustments	274	272	548	545	(564)
Currency (gains) losses not related to operating activities	182	-637	(1 135)	-6 226	(6 617)
Net cash flow from operations before changes in working capital	3 644	6 993	6 677	5 940	40 236
Change in inventory	(2 323)	1 217	(3 244)	7 261	17 524
Change in trade debtors	(31 520)	-12 428	(11 528)	6 716	778
Change in trade creditors	13 490	-644	(9 635)	-4 940	1 268
Change in other provisions	21 849	7 601	16 948	-5 002	8 821
Net cash flow from operations	5 140	2 739	(782)	9 975	68 627
Cash flows from investments					
Purchase of intangible assets	(436)	-1 461	(1 552)	-1 864	(5 351)
Purchase of fixed assets	(174)	-76	(397)	-443	(3 152)
Sale of fixed assets	396	290	2 834	290	290
Purchase of subsidiaries	-	-	-	-	-
Change in other short- and longterm investments	-	-	-	-	-
Net cash flows from investments	-214	-1 247	885	(2 017)	(8 213)
Cash flow from financing					
Issue of share capital	-	-	-	-	-
Net change in credit line	1 420	125	1 406	211	14
Proceeds from long term loans	285 000	-	285 000	-	-
Repayment of borrowings	(327 663)	-	(327 663)	-	(3 139)
Repayment of leasing liabilities	(11 654)	-11 420	(23 197)	-23 110	(47 183)
Net cash flow from financing	-52 897	-11 295	(64 454)	(22 899)	(50 308)
Net change in cash and cash equivalents	-47 971	-9 803	(64 351)	(14 941)	10 106
Cash and cash equivalents at the beginning of the period	73 221	72 369	88 665	79 303	79 303
Exchange rate differences in cash and cash equivalents	(956)	-131	(20)	-1 927	(744)
Cash and cash equivalents at the end of the period	24 294	62 435	24 294	62 435	88 665

Parent Company financial statements - North Investment Group AB (publ.)

Income statement

All amounts in SEK thousand

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-jun 2020
Other external cost	(265)	(77)	(323)	(156)
Total operating expense	(265)	(77)	(323)	(156)
Operating profit	(265)	(77)	(323)	(156)
Interest income and similar	1 720	2 213	3 870	4 485
Interest expense and similar	(15 446)	(7 170)	(22 352)	(15 471)
Net financial income (expenses)	(13 726)	(4 957)	(18 482)	(10 986)
Profit before income tax	(13 991)	(5 034)	(18 805)	(11 142)
Income taxes	-	-	-	-
Net profit for the period	(13 991)	(5 034)	(18 805)	(11 142)

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

Balance sheet statement

All amounts in SEK thousand

ASSETS	2021	2020
	30.06	30.06
Other investments	306 456	303 390
Receivables to group companies	73 466	131 404
Deferred tax receivables	321	321
Total non-current financial assets	380 243	435 115
TOTAL NON-CURRENT ASSETS	380 243	435 115
Other short term receivables	89 549	4 516
Prepaid expenses and accrued income	30	31
Cash and cash equivalents	0	8 304
Total receivables	89 579	12 851
TOTAL CURRENT ASSETS	89 579	12 851
TOTAL ASSETS	469 822	447 966

EQUITY AND LIABILITIES	2021	2020
	30.06	30.06
Share capital	105 619	105 619
Other equity	17 158	33 809
This years result	-18 805	-11 142
Equity attributable to majority shareholders	103 972	128 286
Minority interests	0	0
Bonds	278 587	318 454
Total non-current liabilities	278 587	318 454
Liabilities to financial institutions	2 715	0
Accounts payable	0	4
Liabilities to associated companies	81 348	0
Accrued expenses and deferred income	3 200	1 222
Total current liabilities	87 263	1 226
TOTAL EQUITY AND LIABILITIES	469 822	447 966

ACCOUNTING POLICIES

The interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the Swedish Annual Accounts Act. The consolidated financial statements were prepared in accordance with the cost method. All amounts are in thousands of Swedish kroner, unless otherwise stated.

The Parent Company applies Recommendation RFR 2 *Accounting for Legal Entities*, issued by the Swedish Financial Reporting Board, and the Annual Accounts Act. The application of RFR 2 means that the Parent Company, in the interim report for a legal entity, applies all IFRS and statements approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, with consideration taken to the relationship between accounting and taxation.

The accounting policies applied correspond to the accounting policies and measurement principles presented in the 2020 Annual Report. The 2020 Annual Report is available at www.sono-group.com.

Audit review report

This interim report has not been examined by the company's auditor.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

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

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

RISKS AND RISK MANAGEMENT

Exposure to risk is a natural part of business activity and this is reflected in Sono Group's approach to risk management. Responsibility for the management of the group's financial transactions and risks is centralized to the parent company. The main risk exposure is related to financial risks. See note 3 in the Annual Report and in chapter Financial review in this report.

SEASONAL VARIATIONS

The Group has seasonal variations related to one of its main categories, school furniture. A high share of these deliveries is related to 3rd quarter.

RELATED PARTY TRANSACTIONS

The Group had no significant transactions with related parties so far in 2021. All transactions with related parties are priced on arm's length basis.

EVENTS AFTER THE REPORTING DATE

No events have occurred after the balance sheet date that have any significant effect on the submitted accounts.

SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

North Investment Group AB (publ.) has defined its two segments as:

- Business area Sono Sweden
- Business area Sono Norway

All amounts in SEK million

	Apr-Jun 2021		Apr-Jun 2020		Jan-Jun 2021		Jan-Jun 2020	
	Sono Norway	Sono Sweden	Sono Norway	Sono Sweden	Sono Norway	Sono Sweden	Sono Norway	Sono Sweden
Revenue per segment	112,3	108,7	89,5	92,1	210,0	203,3	181,4	204,3
Net sales to other segments	(5,5)	(4,1)	(3,0)	(2,5)	(11,1)	(8,4)	(7,1)	(5,7)
Revenue from external customers	106,7	104,6	86,5	89,6	198,9	194,9	174,3	198,5
	Apr-Jun 2021		Apr-Jun 2020		Jan-Jun 2021		Jan-Jun 2020	
Sono Norway	14,8		7,2		23,2		15,2	
Sono Sweden	5,7		8,2		10,7		19,3	
EBITDA	20,6		15,4		33,9		34,5	
for the Group's operating segments is reconciled with the Group's profit before tax in accordance with the following:								
NIG AB and elimination	(0,3)		(0,1)		(0,3)		(0,2)	
EBITDA for the Group	20,3		15,4		33,5		34,4	
Amortisation and depreciation	(11,6)		(11,3)		(22,6)		(23,3)	
Financial items net	(17,6)		(8,9)		(25,8)		(21,7)	
Profit before tax	(8,8)		-4,8		(14,9)		(10,6)	

FINANCIAL CALENDAR

2021 3rd Quarter Report: 12.11.2021

ADDITIONAL INFORMATION

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