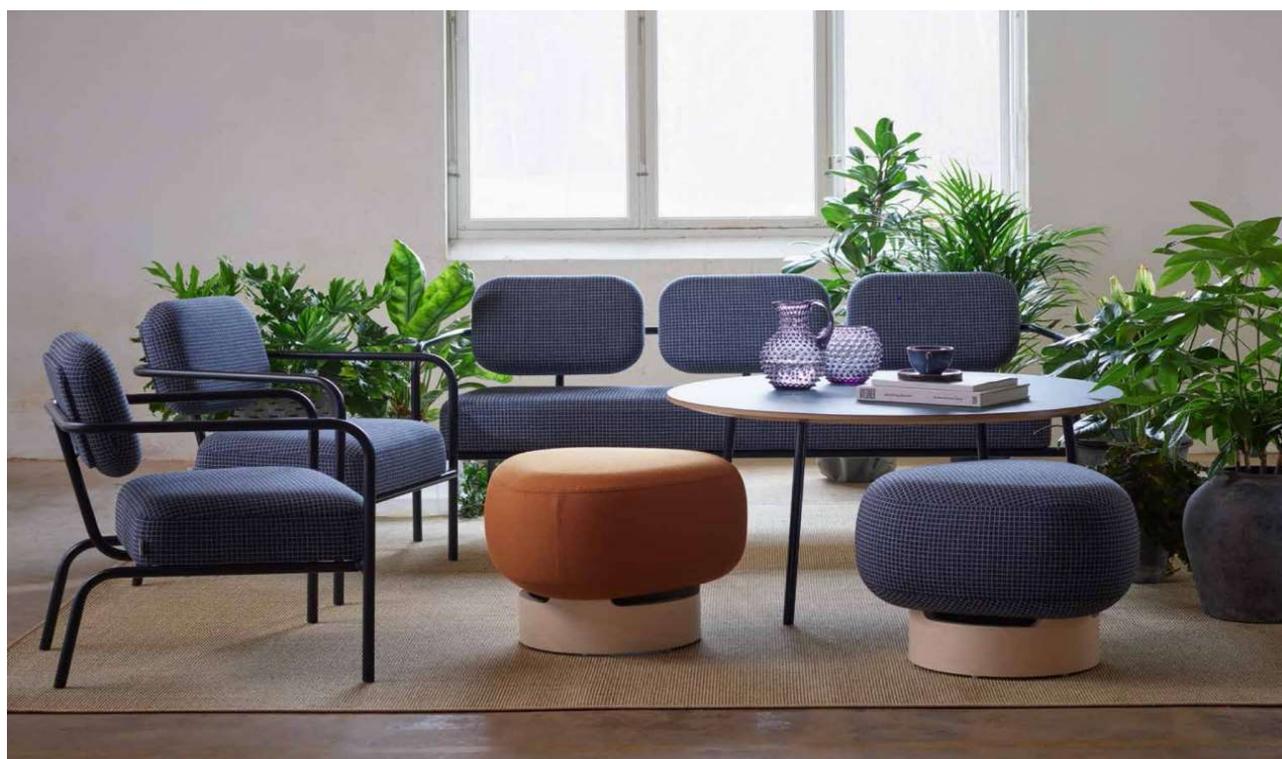


Q4 2020 Interim financial report

North Investment Group AB (publ.)



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FINANCIAL HIGHLIGHTS

- Group revenue of SEK 217.4m (SEK 218.5m).
- Gross profit margin 38.4% (38.3%).
- EBITDA of SEK 21.9m (SEK -3.4m).
- Net operating cash flow SEK 25.5m (SEK 15.4m).
- Closing production facility in Tranås, Sweden.
- Restructuring cost related to closing of factory SEK 3m.
- Further cost reductions in Sweden executed.
- Order backlog of SEK 111.8m (SEK 84.1m).

Key consolidated figures

Key consolidated figures (SEKm, unless stated)		SONO GROUP			
		Q4 2020 Unaudited	Q4 2019 Unaudited	Jan-Dec 2020 Unaudited	Jan-Dec 2019 Audited
Revenue	217,4	218,5	784,7	911,7	
Gross profit	80,7	82,0	301,6	342,8	
EBITDA	21,9	(3,4)	86,5	60,9	
EBIT	12,9	(12,5)	42,8	20,5	
Net Profit	(0,3)	(22,8)	(1,1)	(24,1)	
Cash flow from operations	25,5	15,8	68,0	11,0	
No of outstanding shares	759 201	759 201	759 201	759 201	
Net earnings per share (SEK)	(0,44)	(30,05)	(1,47)	(31,74)	
Gross profit margin (%)	38,4	38,3	39,3	38,1	
EBITDA margin (%)	10,4	(1,6)	11,3	6,8	

CEO STATEMENT

As most of the businesses in Scandinavia, the Group had a challenging year from March and onwards with reduced net sales and cost reductions. However, the 4th quarter was positive in several aspects. The revenue and the order income are at the same level as 4th quarter 2019, and with a significant lower cost base than last year. We see several of our business areas where we can further accelerate an organic growth in 2021. In the same manner as other businesses, we see challenges in the freights from Asia to Scandinavia. There is a limited capacity, and the freight prices is at a historical high level. As most of our purchase comes from Eastern Europe, this will not affect our business in a significant manner.

In the previous quarterly report, we informed of the closing down of production facility in Tranås. The deliveries have started, and the quality of the products is at a very good level and according to agreements. The implementation of the new suppliers follows the plan, and the production in Tranås is now closed.

1st of February our company for ergonomics and office furniture in Sweden, Ergoff Miljö AB, changed name to Sono Sweden AB. With this change we will have a Sono-company in all three Scandinavian countries and a universal B2B channel cross border. The business model of Ergoff will not change due to this name change and the name Ergoff will exist as our product brand for office furniture together with our brand names GBP, Sonesson, Sarpsborg Metall and Tranås Skolmöbler in our other categories.

We have successfully managed to reduce cost in Sweden during 2020 through both closing down production and establishing more group functions that enables us to centralize more departments. We see that there are still ways to organize in a more efficient manner in the Group, building a more modern organization for a more digital future with an even slimmer organization.

In December Sono Denmark signed an historical frame agreement with the Danish Armed Forces to deliver lockers for a 2-year period with an estimated value of DKK 13 mill. There is also an option of further 2 years period. This agreement is an important basis for our further planned growth in Denmark.



Ole Vinje, CEO, Tranås, 26th of February 2021

FINANCIAL REVIEW

Q4 2020

Income statement

The Group reported total operating revenue of SEK 217.4m (SEK 218.5m) and EBITDA of SEK 21.9m (SEK -3.4m) in Q4 2020.

Order intake was SEK 236.0m (SEK 196.7m), corresponding to an increase of 20.0 % compared to Q4 2019. EBIT for the Group was SEK 12.9m (SEK -12.5m) and net profit SEK -0.3m (SEK -22.8m).

Gross margin for the Group in Q4 2020 was 38.4% (38.3%). Gross margin tends to fluctuate somewhat from quarters to quarters depending on which product category that has growth and decrease in turnover.

Segments

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

Norway delivered SEK 115.9m in revenue (SEK 111.7m) and SEK 15.5m in EBITDA (SEK 1.2m) during the quarter. Sweden reported revenue of SEK 102.8m (SEK 110.5m) and EBITDA of SEK 6.5m (SEK -3.2m).

January – December 2020

Income statement

The Group reported total operating revenue of SEK 784.7m (SEK 911.7m) and EBITDA of SEK 86.5m (SEK 60.9m) at the end of December 2020.

Order intake was SEK 785.7m (SEK 862.0m), corresponding to a decrease of 8.9 % compared to end of December 2019. EBIT for the Group was SEK 42.8m (SEK 20.5m) and net profit SEK -1.1m (SEK -24.1m).

Gross margin for the Group at the end of Q4 2020 was 39.3% (38.1%).

Segments

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

Norway delivered SEK 386.4m in revenue (SEK 464.1m) and SEK 45.8m in EBITDA (SEK 38.8m) year to date December. Sweden reported revenue of SEK 407.5m (SEK 470.1m) and EBITDA of SEK 41.0m (SEK 24.1m).

Cash flow

The Group's net cash flow from operations was positive with SEK 68.0m (positive SEK 10.6m). The Cash and cash equivalents as of 31st of December 2020 amounts to SEK 88.7m (SEK 79.3m). The liquidity situation of the Group is very good and adequate to meet our strategic ambitions.

Balance sheet

As of 31st of December 2020, the Group had assets of SEK 737.7m, mainly related to goodwill, right of use assets, inventory, cash and cash equivalents and accounts receivables.

Net interest-bearing debt (excl. Lease liabilities) was SEK 228.7m (SEK 236.5m). The bond loan in the balance sheet matures in full in September 2021 and is therefore classified as short term.

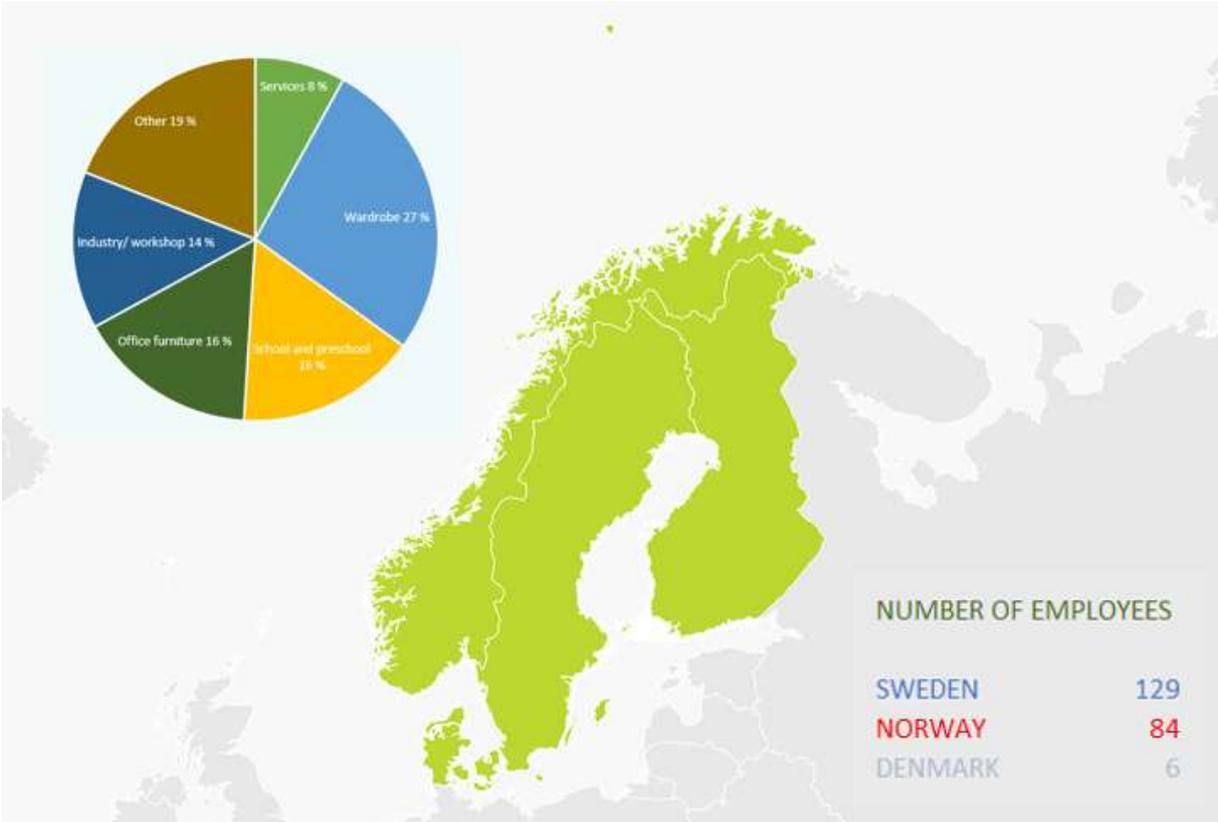
The equity of the Group has been negatively affected by the high exposure to Norwegian krone as close to half of the business is in Norway. The negative revaluation-effect for equity year to date related to currency is SEK 21.2m (positive SEK 4.4m).

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. The group also have possibility to establish a revolving credit facility. This option is not yet put into use. The repayment date for the Group's bond loan is September 2021, but there is an option to call the bond at par value 3 months before maturity.

The group considers several alternatives going forward and we have received several indicative offers for different financing alternatives. Some of these alternatives are refinancing with a new bond loan including a revolving credit facility, long term loan from credit institution(-s), emission from existing or new share owners, or a combination of the above. There is also a possibility to negotiate with existing bond holders to extend the maturity with 1 year. If there is a new bond loan issue, we will not have final amount and terms before the issue is done. As the group has a positive cash flow from operations, we expect the terms will be at the same level as today or better, depending on the market conditions in the bond market at the time of issue.

For more information related to risks, see annual statement 2019.

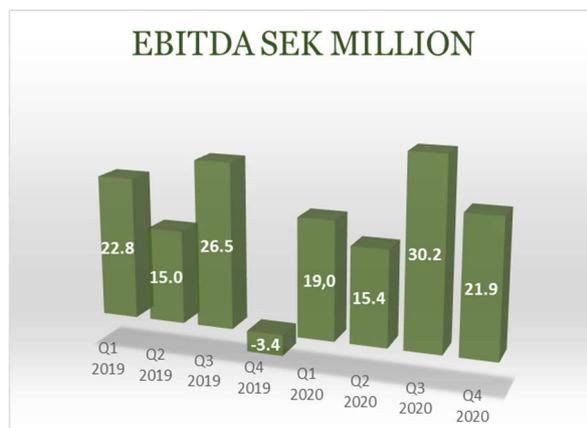
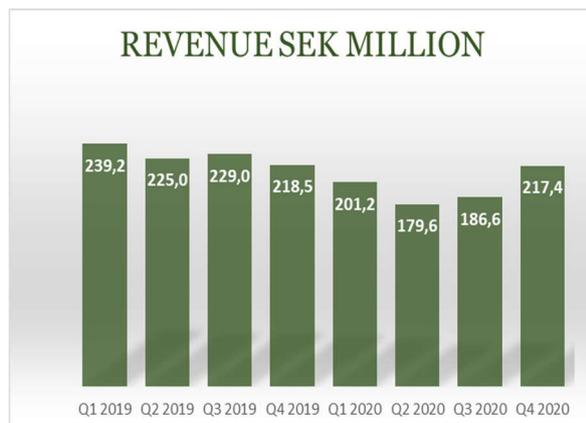


OUTLOOK

Despite a challenging year in 2020, the Group has delivered results at a higher level compared to previous year. With the lower cost base, we have reduced the risk for the Group. As the vaccination program in Scandinavia expects to be in good progress in Q2 2021, there is an expectation that there will be an economic uplift. Although our products are not closely linked to private consumption, we expect this to have a positive effect also on our business. The building activity in Scandinavia has overall been quite positive during Covid-19. Most of our business is quite closely linked to this parameter. To summarize, these two parameters combined makes us positive for 2021. We plan for a moderate growth compared to 2020 together with further streamlining the organization, which expectantly will lead to increased profit and positive cash flow.

Estimates for the future is still highly insecure due to the Covid-19 situation and no guidance for 2021 will be given.

The refinancing of the Group has the full attention from both the management and the board of directors, as our bond loans matures in September 2021. We currently work with several options for a robust financing going forward. Some of these alternatives are refinancing with a new bond loan including a revolving credit facility, long term loan from credit institution(-s), emission from existing or new share owners, or a combination of the above. With the positive development in profitability during a difficult year, the Board is confident that the refinancing will be to the best for the Group.



GROUP FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENT

All amounts in SEK thousand	Sep-Dec 2020	Sep-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Revenue	210 219	214 113	766 720	899 207
Other operating revenue	7 153	4 348	17 978	12 444
Total operating revenue	217 372	218 461	784 698	911 651
Cost of goods sold	(125 624)	(125 891)	(445 461)	(529 470)
Other external cost	(19 192)	(32 312)	(73 031)	(92 172)
Salaries and personnel expense	(50 173)	(62 985)	(173 134)	(214 726)
Other operating expense	(492)	(644)	(6 596)	(14 364)
EBITDA	21 891	(3 371)	86 476	60 919
Depreciation and amortization expense	(8 992)	(9 148)	(43 638)	(40 420)
Operating profit	12 899	(12 519)	42 838	20 499
Interest income and similar	424	1 124	2 822	2 038
Interest expense and similar	(8 930)	(12 197)	(42 253)	(47 780)
Net financial income (expenses)	(8 506)	(11 073)	(39 431)	(45 742)
Profit before income tax	4 393	(23 592)	3 407	(25 243)
Income taxes	(4 725)	780	(4 522)	1 143
Net profit for the period	(332)	(22 812)	(1 115)	(24 100)

Consolidated statement of comprehensive income

Items that may be reclassified subsequently to income statement

Translation differences on net investment in foreign operations	1 808	(3 502)	(21 216)	4 422
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Items that will not be reclassified to income statement

Remeasurement of defined benefit pension plans	(48)	(4 861)	(48)	(4 861)
Income taxes	10	1 001	10	1 001
Other comprehensive income (loss), net of taxes	1 770	(7 362)	(21 254)	562
Total comprehensive income	1 438	(30 174)	(22 369)	(23 538)

CONSOLIDATED BALANCE SHEET

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

CONSOLIDATED BALANCE SHEET

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

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent company				Total equity
	Share capital	Other Equity	Retained earnings	Total other equity	
All amounts in SEK thousand					
Equity as at 01.01.2019	100 909	(11 871)	(39 929)	(51 800)	49 109
Comprehensive income					
Profit for the period			(24 100)	(24 100)	(24 100)
Other comprehensive income					
<i>Items that will not be reclassified in profit or loss</i>					
Issue of share capital	4 710		24 524	24 524	29 234
Actuarial loss on pension obligations			(4 861)	(4 861)	(4 861)
<i>Items that may be reclassified in profit or loss</i>					
Translation difference, net assets in foreign currency			- 4 422	4 422	4 422
Deffered tax			1 001	1 001	1 001
Total comprehensive income	4 710	-	987	987	5 697
Total shareholders transactions	-	-	-	-	-
Equity as at 31.12.2019	105 619	(11 871)	(38 942)	(50 813)	54 806
Equity as at 01.01.2020	105 619	(11 871)	(38 942)	(50 813)	54 806
Profit for the period			(1 115)	(1 115)	(1 115)
<i>Items that will not be reclassified in profit or loss</i>					
Actuarial loss on pension obligations			(48)	(48)	(48)
<i>Items that may be reclassified in profit or loss</i>					
Translation difference, net assets in foreign currency			- (21 216)	(21 216)	(21 216)
Deffered tax			10	10	10
Total comprehensive income	-	-	(22 369)	(22 369)	(22 369)
Total shareholders transactions	-	-	-	-	-
Equity as at 31.12.2020	105 619	(11 871)	(61 311)	(73 182)	32 437

CONSOLIDATED STATEMENT OF CASH FLOWS

	Oct-Dec 2020	Oct-Dec 2019	2020-12-31	2019-12-31
All amounts in SEK thousand				
Cash flows from operations				
Profit/(loss) before income taxes	4 393	-23 592	3 407	(25 243)
Taxes paid in the period	-	-507	(119)	(1 705)
Adjustments for items without cash effects	971	-	(28)	-
Net (gains) losses from disposals of assets	89	52	174	52
Depreciation	8 992	9 148	43 638	40 420
Other adjustments	(1 381)	-3 925	(564)	(5 710)
Currency (gains) losses not related to operating activities	(677)	2 001	(6 617)	736
Net cash flow from operations before changes in working capital	12 387	(16 823)	39 891	8 550
Change in inventory	5 194	9 829	17 524	(11 322)
Change in trade debtors	(17 593)	-11 581	778	15 542
Change in trade creditors	4 022	3 937	1 268	(19 672)
Change in other provisions	21 520	30 077	8 534	17 493
Net cash flow from operations	25 530	15 439	67 995	10 591
Cash flows from investments				
Purchase of intangible assets	(2 298)	-1 267	(5 351)	(1 938)
Purchase of fixed assets	(1 862)	-575	(2 520)	(2 641)
Sale of fixed assets	-	-	290	-
Purchase of subsidiaries	-	-	-	(50 216)
Change in other short- and longterm investments	-	94	-	55
Net cash flows from investments	(4 160)	(1 748)	(7 581)	(54 740)
Cash flow from financing				
Issue of share capital	-	-	-	29 233
Net change in credit line	14	-199	14	881
Proceeds from long term loans	-	-	-	-
Repayment of borrowings	(3 139)	686	(3 139)	-
Repayment of leasing liabilities	(12 173)	-11 524	(47 183)	(46 442)
Dividends paid to equity holders of NIG AB	-	-	-	-
Transactions with minority interests	-	-	-	-
Other transactions	-	-	-	-
Net cash flow from financing	(15 298)	(11 037)	(50 308)	(16 328)
Net change in cash and cash equivalents	6 072	2 654	10 106	(60 477)
Cash and cash equivalents at the beginning of the period	81 055	78 650	79 303	139 082
Exchange rate differences in cash and cash equivalents	1 538	-2 001	(744)	698
Cash and cash equivalents at the end of the period	88 665	79 303	88 665	79 303

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

Income statement

All amounts in SEK thousand

	Oct-Dec 2020	Okt-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Other external cost	(68)	(1 336)	(268)	(1 932)
Total operating expense	(68)	(1 336)	(268)	(1 932)
Operating profit	(68)	(1 336)	(268)	(1 932)
Interest income and similar	2 864	3 784	9 668	7 873
Interest expense and similar	(7 257)	(7 060)	(29 951)	(28 533)
Net financial income (expenses)	(4 393)	(3 276)	(20 283)	(20 660)
Group contribution	3 900	2 000	3 900	2 000
Profit before income tax	(561)	(2 612)	(16 651)	(20 592)
Income taxes	-	-	-	-
Net profit for the period	(561)	(2 612)	(16 651)	(20 592)

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	2020 31.12	2019 31.12
Other investments	306 456	303 390
Receivables to group companies	118 404	120 524
Deferred tax receivables	321	321
Total non-current financial assets	425 181	424 235
TOTAL NON-CURRENT ASSETS	425 181	424 235
Other short term receivables	12 919	9 911
Prepaid expenses and accrued income	91	90
Cash and cash equivalents	6 240	21 098
Total receivables	19 250	31 099
TOTAL CURRENT ASSETS	19 250	31 099
TOTAL ASSETS	444 431	455 334

All amounts in SEK thousand

EQUITY AND LIABILITIES	2020 31.12	2019 31.12
Share capital	105 619	105 619
Other equity	33 809	54 401
This years result	-16 651	-20 592
Equity attributable to majority shareholders	122 777	139 428
Bonds	0	315 836
Total non-current liabilities	0	315 836
Current Bonds	317 322	0
Other short-term liabilities	0	5
Liabilities to associated companies	3 066	0
Accrued expenses and deferred income	1 266	65
Total current liabilities	321 654	70
TOTAL EQUITY AND LIABILITIES	444 431	455 334

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 2019 Annual Report. The 2019 Annual Report is available at www.northinvestmentgroup.se.

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

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 in 2020. 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.

ADDITIONAL INFORMATION

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