ANNUAL REPORT 2022

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 2022. Unless otherwise stated, the report is presented in thousand Swedish kronor (TSEK). Amounts in parentheses refer to the previous year.

OPERATIONS

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

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

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

Legal structure

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

Segment

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

NET SALES AND RESULTS

Net sales were SEK 956 (833) million and EBITDA was SEK 107 (81) million in 2022 for the Group. The order intake was SEK 939 (830) million, an increase of 13.1% compared to 2021. The Groups EBIT was SEK 43.0 (35.5) million and the net result was SEK -4.7 (-18.9) million. The Groups gross margin in 2022 was 39.9% (38.8%). The gross margin is defined as the difference between net sales and direct cost inclusive direct wages. The main cause to the increased gross margin is increased sales prices during 2022.

The split between the groups different segment was as follows; Sono Norway generated net sales of SEK 497.2 (418.1) million and EBITDA of SEK 39.7 (47.8) million during the year, while Sono Sweden generated net sales of SEK 543.4 (439.3) million and EBITDA of SEK 68.3 (34.2) million.

SIGNIFICANT EVENTS DURING THE YEAR

In the start of 2022, we experienced still high raw material prices, mostly on wood and steel and record high freight cost on shipment from Asia. We saw signs of reduced raw material prices, but due to the war in Ukraine the high raw material prices and challenges in deliveries and freight cost continued. We are only indirectly affected as we do not have any suppliers in these countries. Our biggest suppliers have for most part been able to deliver in the same manner as before. Despite the challenges the markets for our products have been good. Several of our categories have delivered good order income and results.

In the beginning of March 2022 Ole Vinje resigned as CEO and replaced by Tore Knut Skedsmo. The new management has long experience within the business and the key factors for the company has been operational excellence, prudent cost management, further simplification of the organization as well as focusing on our strengths when addressing the market.

The challenges we experienced during autumn 2021 and winter 2022 regarding raw material prices led to the cost reduction program "Robust 22". During the year we have one-time effects related to the program of SEK 7.6 mill. The program ended in Q2 with a full year effect going forward of above SEK 30 mill. The cost reductions did not affect the turnover negatively.

1st of March we relocated to new premises at Höganloft in Tranås. The building consists of 20 000 sqm warehouse and 1 400 sqm offices. The modern facility will improve our logistics and improve our possibilities for further growth within third party logistics (3PL) in the area. The right of use assets in our balance sheet increases with approximately SEK 160 mill related to the new rental agreement. At the end of 2022 four logistics-/production facilities was delivered back to the owner when the rental agreements expired. The sum of this was a positive liquidity effect and reduced our rental obligations.

A new business area was established during 2021. The sale of 3PL-services (third party logistics) has grown further during 2022 to an annual turnover between SEK 40 and 45 mill consisting of both warehouse rent and services. The group experiences an increased interest related to 3PL and with Sono Groups experience and setup within logistics we see this as an interesting business for the group to grow further.

In December we signed a five-year contract with a customer for 25 000 sqm in Jönköping area. We estimate a yearly income above SEK 35 mill for sublease of the property and logistics services during the coming years. During 2023 we will have approximately 60 000 sqm to deliver logistics services from. Our main focus within this business area is to continue to build customer base and locate attractive premises in the right location.

Sono Group has during 2022 further intensified its sustainability work and lifted it high on our agenda. In June 2022 a common department was established with the responsibility for sustainability, quality and environment consisting of 2 employees. Further information regarding sustainability can be found in the Sustainability report that is presented stand alone from the annual statement this year.

SHAREHOLDERS

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

MULTI-YEAR SUMMARY

Three-year summary for the group:

(SEK million)	**2022**	**2021**	**2020**	**2019**
Net sales	942.0	814.1	766.7	899.2
Profit/loss after net financial income (expense)	0,1	-12.6	3.4	-25.2
Total assets	812.5	689.4	737.7	813.3
Equity/assets ratio (%)	4.2%	4.0%	4.4%	6.7%
Number of employees	226	217	220	268

INVESTMENTS AND CASH FLOWS

Gross investments in intangible assets totaled SEK 2.2 million and referred mostly to investment in Software/IT-projects. Gross investments in property, plant, and equipment (equipment) totaled SEK 6.2 million.

ENVIRONMENT

Sono Group is not engaged in activities that are notifiable to the local authority.

SUSTAINABILITY

According to ÅRL (Swedish accounting act) a sustainability report is prepared for the group. This report can be read at https://www.sono-group.com/sono-group/sustainable-workday

RESEARCH AND DEVELOPMENT

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

USE OF FINANCIAL INSTRUMENTS

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

EMPLOYEES

The group had an average of 226 employees, of whom 29 per cent were women. Around 59 per cent of the employees are employed in Sweden.

SIGNIFICANT RISKS AND UNCERTAINTIES

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

EVENTS AFTER THE END OF THE PERIOD

There are no changes to important aspects or occurred significant effects after the end of the accounting period that affects the financial statement.

PARENT COMPANY

In the parent company North Investment Group AB (publ.) has no significant events occurred during the financial year. During 2023 the parent company will receive a dividend corresponding to SEK 30 mill from the subsidiary ACAP Invest AB.

OUTLOOK FOR 2023

2022 resulted in an organic growth of 15% and the highest income ever with today's shape of the group. There is still potential for further growth within most of the categories of our business. With high focus towards cost management and gross margins we have set targets to increase the groups profitability. We already see that several of the initiatives from the growth strategy that the organization presented in 2022 are starting to give effect. There is in general a high activity level in the sales organization with an increased amount of offers to customers. Today's organization has a strong sales focus and cooperates closely with strategic purchasing and product organization. This, together with our strong product portfolio will be the key factor for success in 2023.

The macroeconomic environment has resulted in delays of decisions and start-ups of new projects in the real estate market. The most negative effect in the Scandinavian countries however, we see in the housing market where we are not present with our products. The commercial real estate market, such as warehouse and logistics buildings are so far to a much smaller degree affected. We see great potential within certain part of our business where we so far have much lower market share but have products and market approach to succeed in the future, regardless of the macroeconomic surroundings.

APPROPRIATION OF RETAINED EARNINGS

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

Retained earnings	- 12 013 799
This year's loss	- 19 623 777
Appropriations	-31 637 576

CORPORATE GOVERNANCE REPORT 2022

Principles for corporate governance report

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

Ownership

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

Shareholder meeting

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

The parent company held its shareholders meeting 25th April 2022. At the meeting 1 shareholders attended, which is approximately 89% of the votes.

Articles of associations

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

The board

The board has according to the Swedish limited company act the overall responsibility for the group's organization and management, as well as control over that the accounting and financial relationship are sufficient. It is the boards that decides regarding the group's strategy and policies, as well as what overall goals that shall be the target. It is also the board that decides the groups financing, acquisitions, disposals and investments.

In addition to the general task for the board set forth in the Swedish limited company act, the boards also decide each year the boards procedures and a work instruction for the CEO. The boards procedures contain amongst other things rules regarding the board's responsibility and tasks as well as how they shall be delegated, that the board normally shall meet four times per year and what shall be discussed on the respective meetings. During 2022 five board meetings were held. The work instruction for the CEO contains mainly the division of assignments and responsibility between the board and CEO, as well as instructions related to internal reporting to the board.

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

Committee

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

Senior executives

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

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

Sono Groups senior management consisted at year end of Tore Skedsmo (CEO), Hans Petter Borge (CPO), Torleif Tokle (COO Sono Norway) and Andreas Nilsson (COO Sono Sweden).

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

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

Internal control and risk management

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

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

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

Diversity policy

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

CONSOLIDATED INCOME STATEMENT

All amounts in SEK thousand	Note	2022	2021
Revenue	5,6	941 953	814 152
Other operating revenue	6	14 195	19 149
Total operating revenue		**956 148**	**833 301**
Cost of goods sold		(565 741)	(498 326)
Other external cost	7,9	(81 604)	(71 565)
Salaries and personnel expense	8,27	(198 833)	(180 103)
Other operating expense	9	(2 935)	(2 297)
EBITDA		**107 035**	**81 010**
Depreciation and amortization expense	14,15,17	(64 046)	(45 491)
Operating profit		**42 989**	**35 519**
Interest income and similar	10,11	5 062	8 441
Interest expense and similar	10,11	(47 930)	(56 545)
Net financial income (expenses)		**(42 868)**	**(48 104)**
Profit before income tax		**121**	**(12 585)**
Income taxes	13	(4 846)	(6 285)
Net profit for the period		**(4 725)**	**(18 870)**

Consolidated statement of comprehensive income		
Items that may be reclassified subsequently to income statement		
Translation differences on net investment in foreign operations	5 140	14 380
Items that will not be reclassified to income statement		
Remeasurement of defined benefit pension plans	7 811	(586)
Income taxes	(1 609)	121
Other comprehensive income (loss), net of taxes	**11 342**	**13 915**
Total comprehensive income	**6 617**	**(4 955)**

Total comprehensive income attributable in full to

Equity holders of North Investment Group AB (publ)

CONSOLIDATED BALANCE SHEET

ASSETS All amounts in SEK thousand	**Not**	**2022** **31.12**	**2021** **31.12**
Software	15	9 147	11 713
Goodwill	15	245 700	240 606
Total intangible assets		**254 847**	**252 319**
Right of use assets	17	294 455	152 794
Land, buildings and other property	14	1 506	1 207
Machinery and plant	14	155	163
Office machinery, equipment and similar	14	5 574	1 428
Total property, plant and equipment		**301 690**	**155 592**
Other long term receivables		133	127
Total non-current financial assets		**133**	**127**
Deferred tax receivables	13	24 550	30 827
TOTAL NON-CURRENT ASSETS		**581 220**	**438 865**
Inventories			
Raw materials	19	12 955	12 531
Work in progress	19	611	787
Finished products	19	75 263	73 005
Advance payments to suppliers	19	0	1 720
Total inventories		**88 829**	**88 043**
Accounts receivables	18	113 215	105 009
Other short term receivables	20	4 629	3 704
Tax recoverables		0	1 932
Prepaid expenses and accrued income	21	7 097	6 271
Total receivables		**124 941**	**116 916**
Cash and cash equivalents	22	17 508	45 530
Total Cash and cash equivalents		**17 508**	**45 530**
TOTAL CURRENT ASSETS		**231 278**	**250 489**
TOTAL ASSETS		**812 498**	**689 354**

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES All amounts in SEK thousand	**Note**	**2022** **31.12**	**2021** **31.12**
Share capital	23	105 619	105 619
Other equity		(11 871)	(11 871)
Retained earnings		(59 649)	(66 266)
Equity attributable to majority shareholders		**34 099**	**27 482**
Bonds	25	281 154	278 592
Pension liabilities	27, 28	21 262	30 250
Other provisions		208	4 254
Non-current Lease liabilities	17	271 639	122 787
Total non-current liabilities		**574 263**	**435 883**
Liabilities to financial institutions		-	-
Bonds current	25	-	-
Current lease liabilities	17	41 084	50 035
Prepayments from customers		1 712	5 669
Accounts payable		79 001	78 374
Tax payable		-	1 583
Other short-term liabilities		27 602	29 011
Accrued expenses and deferred income	26	54 737	61 317
Total current liabilities		**204 136**	**225 989**
TOTAL EQUITY AND LIABILITIES		**812 498**	**689 354**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent company				Total equity
All amounts in SEK thousand	Share capital	Other Equity	Retained earnings	Total other equity	
Equity as at 01.01.2021	**105 619**	**(11 871)**	**(61 311)**	**(73 182)**	**32 437**
Comprehensive income					
Profit for the year			(18 870)	**(18 870)**	**(18 870)**
Other comprehensive income					
Items that will not be reclassified in profit or loss					
Issue of share capital	**-**		**-**	**-**	**-**
Actuarial loss on pension obligations			**(586)**	**(586)**	**(586)**
Items that may be reclassified in profit or loss					
Translation difference, net assets in foreign currency		-	14 380	**14 380**	**14 380**
Deffered tax			121	**121**	**121**
Total comprehensive income	-	-	(4 955)	**(4 955)**	**(4 955)**
Total shareholders transactions	-	-	-	-	-
Equity as at 31.12.2021	**105 619**	**(11 871)**	**(66 266)**	**(78 137)**	**27 482**
Equity as at 01.01.2022	**105 619**	**(11 871)**	**(66 266)**	**(78 137)**	**27 482**
Profit for the year			(4 725)	**(4 725)**	**(4 725)**
Items that will not be reclassified in profit or loss					
Actuarial loss on pension obligations			7 811	**7 811**	**7 811**
Items that may be reclassified in profit or loss					
Translation difference, net assets in foreign currency		-	5 140	**5 140**	**5 140**
Deffered tax			(1 609)	**(1 609)**	**(1 609)**
Total comprehensive income	**-**	**-**	**6 617**	**6 617**	**6 617**
Total shareholders transactions			-		**-**
Equity as at 31.12.2022	**105 619**	**(11 871)**	**(59 649)**	**(71 520)**	**34 099**

CONSOLIDATED CASH FLOW STATEMENT

All amounts in SEK thousand	2022-12-31	2021-12-31
Cash flows from operations		
Profit/(loss) before income taxes	121	(12 585)
Taxes paid in the period	171	(223)
Adjustments for items without cash effects	2 562	-
Net (gains) losses from disposals of assets	77	(1 130)
Depreciation	64 046	45 491
Other adjustments	(1 177)	(280)
Currency (gains) losses not related to operating activities	(604)	1 284
Net cash flow from operations before changes in working capital	**65 196**	**32 557**
Change in inventory	1 541	(15 466)
Change in trade debtors	(10 638)	2 638
Change in trade creditors	(12 342)	9 835
Change in other provisions	(4 046)	19 430
Net cash flow from operations	**39 711**	**48 993**
Cash flows from investments		
Purchase of intangible assets	(2 157)	(5 295)
Purchase of fixed assets	(6 187)	(690)
Sale of fixed assets	-	3 546
Purchase of subsidiaries	-	-
Change in other short- and longterm investments	-	-
Net cash flows from investments	**(8 344)**	**(2 439)**
Cash flow from financing		
Issue of share capital	-	-
Net change in credit line	-	(15)
Proceeds from long term loans	-	285 000
Repayment of borrowings	-	(327 784)
Repayment of leasing liabilities	(59 397)	(46 934)
Net cash flow from financing	**(59 397)**	**(89 733)**
Net change in cash and cash equivalents	**(28 030)**	**(43 179)**
Cash and cash equivalents at the beginning of the period	45 530	88 665
Exchange rate differences in cash and cash equivalents	8	44
Cash and cash equivalents at the end of the period	**17 508**	**45 530**

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 27 April 2023.
Unless otherwise stated, all amounts are expressed in thousands of Swedish kronor (TSEK).

NOTE 2 SUMMERY OF KEY ACCOUNTING POLICIES

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

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

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

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

New and amended standards that have not yet been applied by the group
There has not been any new IFRS-standards or IFRIC interpretations that has material changed the group's results and balance sheet during financial year 2022. No new IFRS standards or interpretations has been early adopted. There are no changes to accounting principles that is likely to have a material impact on the Groups results and balance for financial year starting 1st January 2023.

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

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

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

Segment reporting

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

Translation of foreign currency

(i) Functional currency and reporting currency

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

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

(ii) Transactions and balances

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

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

(iii) Translation of foreign group companies

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

Recognition of revenue

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

(i) Sales of goods

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

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

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

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

(ii) Interest income

Interest income is recognised using the effective interest method.

Leases

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

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or a rate
- amounts expected to be payable by the lessee to the lessor under residual value guarantees
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option
- 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
- 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 assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be wholly or partially offset.

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

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

Government grants

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

Intangible assets

(i) Goodwill

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

(ii) Software

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

Software	5–10 years

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

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

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

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

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

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

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

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

Financial instruments

(i) Initial recognition

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

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

(ii) Classification and measurement

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

Financial assets at amortised cost

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

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

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

Financial liabilities at amortised cost

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

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

(iii) Derecognition of financial instruments

Derecognition of financial assets

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

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

Derecognition of financial liabilities

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

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

(iv) Offset of financial instruments

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

(v) Impairment of financial assets

Assets at amortised cost

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

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

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

Accounts receivable

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

Inventories

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

Cash and cash equivalents

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

Share capital

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

Accounts payable

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

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

Borrowings

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

The liability is classified as current in the statement of financial position if the group does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the 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 2022, Sono has not had access to information that would enable it to account for its proportionate share of the plan's obligations, assets and expenses. It has therefore not been possible to recognise the plan as a defined benefit plan. The ITP 2 pension plan secured through insurance with Alecta has therefore been accounted for as a defined contribution plan. The contribution for defined benefit retirement and family pensions is calculated individually and depends on factors such as salary, previously earned pension and expected remaining period of service. Expected fees in the next reporting period for ITP 2 insurance policies with Alecta are TSEK 1.705.

The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally permitted to vary between 125 and 175 per cent. If Alecta's collective funding ratio were to fall below 125 per cent or exceed 175 per cent, it would be necessary to take measures that will allow the ratio return to the normal range. In case of a low funding ratio, one measure that can be taken is to raise the agreed price for new policies and the expansion of existing benefits. If the funding ratio is high, contributions can be reduced. At the end of the financial year 2022, Alecta's surplus, defined as the collective funding ratio, was 172 per cent (172 per cent) on a preliminary basis.

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

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

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

Short-term benefits

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

Termination benefits

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

Dividends

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

Cash flow statement

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

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

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

NOTE 3 RISK AND RISK MANAGEMENT

3.1 Financial risks

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

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

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

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

(a) Market risk

Currency risk

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

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

Sensitivity analysis

If the Swedish krona had weakened/strengthened by 10 per cent against EUR, with all other variables held constant, the translated profit after tax on 31 December 2022 would have been TSEK 12,030 lower/higher (TSEK 8,811), 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 on 31 December 2022 would have been TSEK 247 lower/higher (TSEK 1,158), mainly as a result of the translation of deficit in Norwegian companies.

Exposures

	31 Dec 2022		31 Dec 2021	
	EUR	USD	EUR	USD
Accounts payable	3,039	90	2,677	78
Liability to credit institutions (*)	0	0	0	0

(*) Gross currency exposure to banks in group account. On 31 December 2022, the group had agreed common credit facilities of SEK 30 mill. There is still a gross exposure within the group account structure.

Interest rate risk

The group's main interest rate risk arises from long-term borrowing at variable interest rates, which exposes the group to cash flow interest rate risk. The group does not hedge its future cash flow interest rate risk. The bond in balance sheet 31st December 2022 matures in May 2024. For more information, see note 25. The Group has covenants attached to the bonds that all was met as of 31 December 2022.

If interest rates on borrowings on 31 December 2022 had been 150 basis points higher/lower, with all other variables held constant, the estimated profit after tax for the financial year would have been TSEK 4,275 lower/higher (TSEK 4,525), mainly as an effect of higher/lower interest expenses for borrowings at variable rates.

(b) Credit risk

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

On 31 December 2022, the provision for expected credit losses on accounts receivable was TSEK 1,194 (TSEK 735). Historically, actual credit losses have been low. The reason for this is that most of the group's customers are public-sector organisations or large customers with strong credit histories.
The group only uses banks with a rating of AA or higher.
Cash and cash equivalents are included in assets subject to impairment but the potential impairment loss is immaterial.

c) Liquidity risk

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

(**d) Refinancing risk**

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

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

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total agreed cash flows	Amount in financial statement.
As of 31st December 2021							
Bond loan	6 416	19 247	25 662	297 831		349 155	278 592
Accounts payables	78 374					78 374	78 374
Other liabilities	29 011					29 011	29 011
Accrued cost		61 317				61 317	61 317
Leasingliability (short and longterm)	11 343	42 370	23 512	57 410	66 083	200 717	172 822
Total financial liabilities	125 143	122 933	49 174	355 241	54 341	718 574	620 116
As of 31st December 2022							
Bond loan	8 023	26 718	302 813			337 554	281 154
Accounts payables	79 001					79 001	79 001
Other liabilities	27 602					27 602	27 602
Accrued cost		54 737				54 737	54 737
Leasingliability (short and longterm)	10 068	37 553	40 384	107 633	186 592	382 229	312 723
Total financial liabilities	124 694	119 008	343 197	107 633	186 592	881 123	755 217

Management of capital

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

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

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

NOTE 4 SIGNIFICANT ESTIMATES AND ASSESSMENTS

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

(a) Goodwill impairment testing
Each year, the group tests goodwill for impairment in accordance with the accounting principle described in a note 15 to the accounts. The recoverable amounts for the cash-generating units (Sono Norway and Sono Sweden) have been determined by calculating value in use. For these calculations, certain estimates need to be made. The calculations are based on cash flows, as forecast in budgets adopted by management for the coming five years. Cash flows after the five-year period are extrapolated using the growth rate 2 (2021: 2). The assumed growth rate is consistent with industry forecasts for the industry of each cash-generating unit. For each CGU to which a significant amount of goodwill has been allocated, the material assumptions used in calculating value in use are indicated below.

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

Valuation of tax losses

The group has recognised deferred tax assets arising from tax losses. On 31 December 2022, the group had unused tax losses of TSEK 102,484. A deferred tax asset is recognised for tax losses only to the extent that it is probable that these can be used to offset future taxable profits and taxable temporary differences. The amount recognised TSEK 97,724 in balance sheet.

The group has not expected that all tax losses will be possible to use to offset future taxable profits, due to new regulations in Sweden related to limited possibility to deduct interest expenses, certain part of losses related to this has not been activated in the balance sheet. This assessment is based on the adopted business plans and budgets for Sono Norway and Sono Sweden. A thorough budget process has been performed on a company level to be used for considering the group's deferred tax assets. The budgets for respective companies were approved by the board on 15th December 2022. Material assessments and estimates has been done related to revenue, order income and costs. Essential information that has been considered in the budget process is such as customer agreements, organizational restructurings, and more synergies within the group. Several of the companies has gone through material reduced personnel cost during 2021 and 2022, which gives good foundations for better profitability in the years to come. Our new business area 3PL gives a positive effect on profitability. Due to the cost reductions made, the group managed to go through last year with relatively good results. The measures taken will give a good reason for increased profitability when the market recovers. The effect of the cost reductions has not yet fully shown but will have a further positive effect in the coming year. The measures taken in the group's active companies, combined with the fact that the rental agreements in the passive companies soon will end, implies that we assess the likelihood that the group are able to use its tax loss carry forwards in the coming years as very high. The tax losses carry forward in the group is to a large part related to losses arose from restructurings and closing businesses. These costs had the character as one-offs and will not occur in the coming years. Our best estimate is therefore that the future profit ability to the group's companies and the deficits historical background, make it possible to use the groups deferred tax assets related to losses to be used in full during the year 2023-2025.

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

Right-of-use assets

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

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

Defined benefit pension obligations.

An estimate of defined benefit pension obligations is presented in note 27 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.

Significant estimates and judgements concerning the lease term

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

NOTE 5 INFORMATION ON OPERATING SEGMENTS

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

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

	2022			
	Sono Norway	**Sono Sweden**	**Others/ Eliminations**	**Total**
Revenue per segment	497 219	543 401	-	**1 040 620**
Net sales to other segment	-38 716	-59 951	-	**-98 667**
Revenue from external customers	**458 503**	**483 450**		**941 953**
EBITDA	**39 715**	**68 337**	**-1 017**	**107 035**
Amortisation and depreciation	-22 605	-41 441	-	-64 046
EBIT	**17 110**	**26 896**	**-1 017**	**42 989**
Financial items net	-11 181	-13 080	-18 607	-42 868
Profit before tax	**5 929**	**13 816**	**-19 624**	**121**
Total Non-current assets	299 599	281 621	-	**581 220**
of which Deferred tax assets	4 228	20 322	-	**24 550**

	2021			
	Sono Norway	**Sono Sweden**	**Others/ Eliminations**	**Total**
Revenue per segment	418 072	439 267	-	**857 339**
Net sales to other segment	-23 857	-19 330	-	**-43 187**
Revenue from external customers	**394 215**	**419 937**		**814 152**
EBITDA	**47 809**	**34 239**	**-1 038**	**81 010**
Amortisation and depreciation	-19 131	-26 360	-	-45 491
EBIT	28 678	7 879	-1 038	35 519
Financial items net	-8 886	-1 204	-38 014	-48 104
Profit before tax	**19 792**	**6 675**	**-39 052**	**-12 585**
Total Non-current assets	303 813	135 052	-	**438 865**
of which Deferred tax assets	4 435	26 392	-	**30 827**

NOTE 6 REVENUES

	2022	2021
Income from contract with customers	**941 953**	814 152
Total revenues	**941 953**	814 152
Exchange-rate gains on operating receivables/liabilities	**2 340**	4 879
Rental income	**6 886**	6 889
Other	**4 969**	7 381
Total other income	**14 195**	19 149
Total operating revenues	**956 148**	833 301

Geographic distribution of external revenues based on customer location	**2022**	**2021**
Sweden	**506 174**	424 547
Norway	**336 512**	309 238
Denmark	**68 483**	54 164
Finland	**1 109**	62
Other Nordic	**350**	289
Great Britain	**2 264**	1 909
Other Europe	**26 823**	23 763
Other countries	**238**	180
Total revenues	**941 953**	814 152

NOTE 7 AUDITORS' FEES

Specification auditor's fee PricewaterhouseCoopers	**2022**	**2021**
Statutory audit	**1 669**	**1732**
of which PWC Sweden	1 288	1342
Other assurance services	**0**	**112**
of which PWC Sweden	0	69
Other non-assurance services	**0**	0
of which PWC Sweden	0	0
Tax consultant services	**153**	**172**
of which PWC Sweden	88	160
Total	**1 822**	**2016**

Specification auditor's fee other companies	**2022**	**2021**
Statutory audit	**92**	105
Other assurance services	**-**	0
Other non-assurance services	**-**	0
Tax consultant services	**-**	2
Total	**92**	**107**

Of 2022 fees to auditors the following fees is to PriceWaterhouseCoopers AB:
Statutory audit 1.288k, Other assurance services 0k, Other non-assurance services and
Tax consultant services 88k.

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

NOTE 8 EMPLOYEES, PERSONNEL EXPENSES AND DIRECTORS´ FEES

Salary to employees etc.

	2022	2021
Salaries and other renumerations	137 475	137 095
Government grants	-	-
Social security fee	32 370	30 155
Pension cost*	14 579	12 051
Total renumeration to employees	**184 424**	**179 301**

**of which 3.594k (3683) refers to defined benefit plans.*

Salaries and other renumerations incl soc. Sec fees	2022		2021	
	Salaries and other renumerations (whereas bonus = 624)	Social security fee incl pension costs.	Salaries and other renumerations (whereas bonus = 1 297)	Social security fee incl pension costs.
Board members, CEO and other management	7 812	1 960	12 491	2 581
Pension cost	-	*(632)*	-	*(590)*
Other employees	129 663	44 989	124 604	39 625
Pension cost	-	*(13947)*	-	*(11461)*
Group total	**137 475**	**46 949**	**137 095**	**42 206**

Average number of employees by country	2022		2021	
	Total	of which men	Total	of which men
Sweden	134	89	121	77
Norway	84	65	88	71
Denmark	7	5	8	6
Other	1	1	1	1
Group total	**226**	**160**	**218**	**155**

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

	2022		2021	
	Women	Men	Women	Men
Board members	0 %	100 %	0 %	100 %
CEO and other management	0 %	100 %	0 %	100 %

Salaries, renumeration and other 2021

	Salary	Bonuses etc	Other	Pension-cost	Consultancy	Totals
Board director	-	-	-	-	-	-
Board member Trond Frigaard	-	-	-	-	-	-
Board member Ellen Hanetho	-	-	-	-	-	-
Board member Mads Langaard	-	-	-	-	-	-
CEO	2 000	1 215	-	58	-	3 273
Other management (7 persons)	9 173	103	-	532	-	9 808
Total	**11 173**	**1 318**	**-**	**590**	**-**	**13 081**

Salaries, renumeration and other 2022

	Salary	Bonuses etc	Other	Pension-cost	Consultancy	Totals
Board director	-	-	-	-	-	-
Board member Trond Frigaard	-	-	-	-	-	-
Board member Simon Nyqvist Martinsen	-	-	-	-	-	-
Board member Mads Langaard	-	-	-	-	-	-
CEO from 4th March 2022 (Tore Skedsmo)	1 520	261	153	60		1 994
CEO until 4th March 2022 (Ole Vinje)	500	-	1 500	60	-	2 060
Other management (3 persons)	4 464	363	-	512	-	5 339
Total	**6 484**	**624**	**1 653**	**632**	**-**	**9 393**

Variable remuneration for 2022 (2021) refers to expensed bonuses that will be paid in 2023 (2022). For information on how bonuses have been calculated, see below. TSEK 1.500 of salary to Ole Vinje is related to severance pay and salary under termination when he was relieved of duty. Other to Tore Skedsmo relates to company car expenses.

Guidelines

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

The shareholders' meeting has adopted the following guidelines for remuneration of management. The remuneration paid to the Chief Executive Officer and other senior executives consists of a basic salary, variable remuneration, other benefits and pension contributions, etc. Other senior executives refer to the four 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 25 per cent of the basic salary. For other senior executives, variable remuneration is capped at 0–25 per cent of the basic salary. Variable remuneration is based on outcomes in relation to individually defined targets.

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

The notice period for the CEO is 3 months. For other senior management there is a notice period between 3 and 6 months. Specific agreements related to retirement age, future pensions, severance pay to the board members or other senior management does not exist.

Bonus

For the CEO, the bonus is based on the consolidated operating profit. The bonus for 2022 represented 16 per cent of the basic salary (2021: 60% for the previous CEO).

For other senior executives, the bonus is based on the consolidated operating profit. Bonuses for other senior executives for 2022 range from 0–16 per cent of the basic salary (2021: 0–25%).

Pension

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

Defined contribution pension

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

Defined benefit pension

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

	2022	2021
Freight costs	**19 130**	17 161
Exchange-rate losses on operating receivables/liabilities	**2 873**	1 425
Advertising	**9 272**	9 370
Travel costs	**8 804**	7 354
Consultancy fees and external personnel	**3 222**	3 710
IT costs	**12 673**	10 604
Facility costs	**12 589**	6 735
Bad debts	**1 405**	333
Other operating costs	**14 571**	17 170
Total operating expenses	**84 539**	**73 862**

NOTE 10 INTEREST AND SIMILAR INCOME AND EXPENSES

Interest and similar income	2022	2021
Exchange rate gains	**4 436**	7 150
Gains repurchase of issued bonds	**-**	171
Other interest income	**626**	1 120
Total	**5 062**	**8 441**

Interest and similar expense	2022	2021
Exchange rate losses	**2 985**	9 947
Other interest expense	**2 405**	1 708
Interest expense, leasing liability	**11 729**	7 302
Interest expense bonds	**30 811**	37 588
Total	**47 930**	**56 545**

NOTE 11 NET FOREIGN EXCHANGE DIFFERENCES

	2022	2021
Exchange rate differences affecting operating results	-533	3 454
Exchange rate differences in financial items	1 451	-2 797
Total	**918**	**657**

NOTE 12 INVESTMENTS IN GROUP COMPANIES

On 31 December 2022, the group had the following subsidiaries:

Subsidiary	Corp. Reg. no	registered office	Ownership/ voting right	Carrying amount 2022-12-31	Carrying amount 2021-12-31
Directly owned					
Sono Holding Norge AS (prev. NIG Norge AS)	995 246 511	Borgenhaugen, NO	100%	193 609	193 609
ACAP Invest AB	556087-7838	Tranås, SE	100%	112 847	112 847
Indirectly owned					
Sono Norge AS (prev Altistore AS)	991 625 216	Borgenhaugen, NO	100%		
Sono Denop ApS (prev Denop ApS)	30825764	Ikast, DK	100%		
Sarpsborg Metall AS	929 567 528	Borgenhaugen, NO	100%		
Sarpsborg Metall AB	556758-0344	Mölndal, SE	100%		
Sono Danmark A/S (prev Sono SSG A/S)	29153205	Ikast, DK	100%		
Sono Norop AS (prev Norop AS)	989 263 900	Borgenhaugen, NO	100%		
Sono IPO Ltd (prev NIG IPO Ltd)	1698211	Hong Kong, CN	100%		
NIG Sverige AB	556475-9545	Malmö, SE	100%		
Sono Sweop AB (prev Sweop AB)	556591-2374	Tranås, SE	100%		
Sono Brands AB	556862-5536	Tranås, SE	100%		
Sono Sverige AB (prev Ergoff Miljö AB)	556595-7809	Uppsala, SE	100%		
Sonesson Inredningar AB	556139-0336	Malmö, SE	100%		
Sørlie Prosjektinnredninger AS	975 378 535	Sarpsborg, NO	100%		
Total investments in subsidiaries				**306 456**	**306 456**

NOTE 13 TAX

	2022	2021
Income tax expense:		
Current tax:		
Tax payable	**1 431**	**-2 907**
Correction of previous years current income taxes		
Deferred tax		
Changes in deferred tax	**-6 277**	**-3 378**
Tax expense	**-4 846**	**-6 285**
Pre-tax profit		
Tax on profit for the year based on Sweden's tax rate (21.4%)	-25	2 593
Non deductible expenses	-4 633	-7 569
Non-taxable income	-	0
Effect of other tax rates in subsidiaries	-28	-36
Usage of tax losses carried forward		
	-	0
Effect of change in tax rate	**-**	0
Other	-160	-1 273
Tax expense	**-4 846**	**-6 285**

Weighted average tax percentage for the Group was 133% (5%). The reason for the high tax rate is that the group does not deduct all interest costs. Deferred tax has not been reported on non-deducted interest costs.

Tax loss carried forward	**2022**	**2021**
Losses carried forward	**97 724**	**114 880**
Not booked losses carried forward	**4 760**	**19 302**
Potential tax, 20.6%		
No tax loss carried forward in the Group has maturity date.		

Deferred tax assets (liabilities)	**2022**	**2021**
Pensions	558	2 809
Tax losses carried forward	20 131	23 758
Software	-621	-844
Property, plant and equipment	-25	-45
Inventories	449	632
Leasing	3 763	3 040
Temporary differences related to restructuring cost	295	1 477
Net deferred tax asset (liabilities)	**24 550**	**30 827**

Changes in deferred tax assets	**2022**	**2021**
Opening balance	30 827	35 306
Changes in temporary differences in accordance with income statement	-4 770	-4 665
Changes in temporary differences booked toward OCI	-1 609	121
Translation effects	102	65
Net deferred tax asset (liabilities)	**24 550**	**30 827**

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

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

	Buildings and land	Machinery and equipment	Equipment tools and fixtures & fittings	Total
1 of January 2021				
Acquisition cost	4 295	17 361	28 662	50 318
Accumulated depreciation and write downs	-3 104	-14 656	-26 316	-44 076
Accumulated cost	**1 191**	**2 705**	**2 346**	**6 242**
Financial year 2021				
Initial carrying amount	1 191	2 705	2 346	6 242
Additions	283	-	408	691
Purchase of subsidairies	-	-	-	-
Reclassifications	-	-	-	-
Disposals	-	-2 125	-291	-2 416
Depreciations	-349	-424	-1 082	-1 855
Exchange differences	82	7	47	136
Carrying amount	**1 207**	**163**	**1 428**	**2 798**
Per 31 december 2021				
Acquisition cost	4 578	15 243	28 826	**48 647**
Accumulated depreciation and write downs	-3 371	-15 080	-27 398	**-45 849**
Accumulated cost	**1 207**	**163**	**1 428**	**2 798**
Financial year 2022				
Initial carrying amount	1 207	163	1 428	**2 798**
Additions	461	122	5 604	6 187
Purchase of subsidairies	-	-	-	-
Reclassifications	-	-	-	-
Disposals	-	-	-24	-24
Depreciations	-200	-132	-1 451	-1 783
Exchange differences	38	2	17	57
Carrying amount	**1 506**	**155**	**5 574**	**7 235**
Per 31. December 2022				
Acquisition cost	5 039	15 367	34 423	**54 829**
Accumulated depreciation and write downs	-3 533	-15 212	-28 849	**-47 594**
Carrying amount	**1 506**	**155**	**5 574**	**7 235**

NOTE 15 INTANGIBLE ASSETS

	Goodwill	Software	Total
1 of January 2021			
Acquisition cost	260 528	30 854	**291 382**
Accumulated depreciation and write downs	-30 653	-22 067	**-52 720**
Carrying amount	**229 875**	**8 787**	**238 662**
Financial year 2021			
Initial carrying amount	229 875	8 787	238 662
Additions	-	5 295	5 295
Purchase of subsidiary	-	-	-
Disposals	-	-	-
Exchange differences	10 731	517	11 248
Depreciations	-	-2 886	-2 886
Carrying amount	**240 606**	**11 713**	**252 319**
Per 31 december 2021			
Acquisition cost	271 259	36 666	307 925
Accumulated depreciation and write downs	-30 653	-24 953	-55 606
Accumulated cost	**240 606**	**11 713**	**252 319**
Financial year 2022			
Initial carrying amount	240 606	11 713	252 319
Additions	-	2 157	2 157
Purchase of subsidairies	-	-	-
Disposals	-	-	-
Exchange differences	5 094	287	5 381
Depreciations	-	-5 010	-5 010
Carrying amount	**245 700**	**9 147**	**254 847**
Per 31 december 2022			
Acquisition cost	276 353	39 110	315 463
Accumulated depreciation and write downs	-30 653	-29 963	-60 616
Accumulated cost	**245 700**	**9 147**	**254 847**

Summary of goodwill by segment	**31-dec-22**	**31-dec-21**
Sono Sweden	76 369	76 369
Sono Norway	169 331	164 237
Total	**245 700**	240 606

Goodwill impairment testing

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

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

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:

	31-12-2022	31-12-2021
Discount rate before taxes*	**10,60%**	**8,55%**
Long term growth rate**	**2%**	**2%**

* Pre-tax discount rate used in Sweden (Norway 9.9% (2021: 8.3%)) calculating the present value of estimated future cash flows.
** Weighted average growth rate used to extrapolate cash flows beyond the budget period.

Goodwill sensitivity analysis

The recoverable amount comfortably exceeds the carrying amount of goodwill. A reduction in the future profits with 30-40% or an increase of discount rate with appr 3% would not result in any impairment in either segment.

NOTE 16 CLASSIFICATIONS OF FINANCIAL INSTRUMENTS

All amounts in SEK thousand	Assets measured at initial cost	
	2022-12-31	**2021-12-31**
Non-current financial assets	**133**	127
Trade and other receivables	**117 844**	108 711
Cash and cash equivalents	**17 508**	45 530
Total financial assets	**135 485**	**154 368**

	Liabilities measured at initial cost	
	2022-12-31	**2021-12-31**
Bond loans	**281 154**	278 592
Accounts payable	**79 001**	78 374
Other current liabilities	**27 602**	29 011
Accrued expenses	**54 737**	61 317
Total financial liabilities	**442 494**	**447 294**

NOTE 17 LEASES

Right-of-use assets	Buildings	Machinery and equipment	Vehicles	Total
Acquisition cost 1 January 2021	**286 798**	**2 863**	**13 508**	**303 169**
Addition of right-of-use assets	4 446	470	3 146	**8 062**
Disposals	-13 007	-110	-3 456	**-16 573**
Transfers and reclassifications	1 050	-	-	**1 050**
Currency exchange differences	10 471	14	474	**10 959**
Acquisition cost 31 December 2021	**289 758**	**3 237**	**13 672**	**306 667**
Accumulated depreciation and impairment 1 January 2021	**-121 384**	**-2 010**	**-6 830**	**-130 224**
Depreciation	**-35 474**	**-699**	**-4 576**	**-40 749**
Disposals	**10 607**	**47**	**1 595**	**12 249**
Transfers and reclassifications	**4 737**	**63**	**2 445**	**7 245**
Currency exchange differences	**-2 174**	**-3**	**-219**	**-2 396**
Accumulated depreciation and impairment 31 December 2021	**-143 688**	**-2 602**	**-7 585**	**-153 875**
Carrying amount of right-of-use assets 31 December 2021	**146 070**	**635**	**6 087**	**152 792**
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 2022	**289 758**	**3 237**	**13 672**	**306 667**
Addition of right-of-use assets	181 182	10 238	3 737	195 157
Disposals	-87 213	-2 497	-3 169	-92 879
Transfers and reclassifications	-	-	-	-
Currency exchange differences	5 098	7	321	5 426
Acquisition cost 31 December 2022	**388 825**	**10 985**	**14 561**	**414 371**
Accumulated depreciation and impairment 1 January 2022	**-143 688**	**-2 602**	**-7 585**	**-153 875**
Depreciation	-50 316	-1 976	-5 344	-57 636
Impairment losses in the period	-	-	-	-
Disposals	87 213	2 668	3 333	93 214
Transfers and reclassifications	-	-	-	-
Currency exchange differences	-1 397	-6	-215	-1 618
Accumulated depreciation and impairment 31 December 2022	**-108 187**	**-1 916**	**-9 811**	**-119 914**
Carrying amount of right-of-use assets 31 December 2022	**280 638**	**9 069**	**4 750**	**294 455**
Lower of remaining lease term or economic life	2-15 years	3-6 years	4 years	
Depreciation method	Linear	Linear	Linear	

Summary of the lease liabilities in the financial statements	Statement of:	Total
At initial application 01.01.2021		**198 690**
New lease liabilities recognised in the year		**11 772**
Cash payments for the principal portion of the lease liability	Cash flows	**-46 934**
Cash payments for the interest portion of the lease liability	Cash flows	**-7 302**
Interest expense on lease liabilities	Profit and loss	**7 302**
Reassessment of the discount rate on previous lease liabilities	Profit and loss	**-**
Currency exchange differences	income	**9 286**
Total lease liabilities at 31 December 2019		**172 814**
Current lease liabilities	Financial position	**50 036**
Non-current lease liabilities	Financial position	**122 786**
Total cash outflows for leases	Cash flows	**-46 934**

Summary of the lease liabilities in the financial statements	Statement of:	Total
At initial application 31.12.2021		**172 817**
New lease liabilities recognised in the year		**195 108**
Cash payments for the principal portion of the lease liability	Cash flows	**-59 391**
Cash payments for the interest portion of the lease liability	Cash flows	**-11 730**
Interest expense on lease liabilities	Profit and loss	**11 730**
Reassessment of the discount rate on previous lease liabilities	Profit and loss	**-**
Currency exchange differences	Profit and loss and Other comprehensive	**4 189**
Total lease liabilities at 31 December 2020		**312 723**
Current lease liabilities	Financial position	**41 084**
Non-current lease liabilities	Financial position	**271 639**
Total cash outflows for leases	Cash flows	**-72 505**

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

Practical expedients are applied

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

Summary of other lease expenses recognised in profit or loss	Total
Operating expenses related to short-term leases (including short-term low value assets)	**937**
Total lease expenses included in other operating expenses	**937**

The leases do not contain any restrictions on the company’s dividend policy or financing.

Option to extend

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

Option to purchase

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

NOTE 18 ACCOUNTS RECEIVABLE

In the table below the Group's accounts receivable is presented according to functional currency. The amounts are revaluated to SEK according to balance date.

All amounts in SEK thousand

	2022-12-31	2021-12-31
Receivables related to revenue from contracts with customers - external	**114 409**	105 744
Provision for bad debts	**-1 194**	-735
Total accounts receivables	**113 215**	**105 009**

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

	2022-12-31	2021-12-31
SEK	**46 268**	95 124
DKK	**9 026**	9 159
EUR	**748**	462
USD	**223**	-
NOK	**56 950**	264
Total	**113 215**	**105 009**

	2022-12-31	2021-12-31
Receivables not due for payment	**102 309**	89 871
Less that 30 days since due date	**12 093**	13 925
30-60 days since due date	**666**	851
60-180 days since due date	**1 114**	1 642
More than 180 days since due date	**-1 773**	-545
Minus: provisions for bad debts	**-1 194**	-735
Total contract assets	**113 215**	**105 009**

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

NOTE 19 INVENTORIES

The value of the group’s inventories on 31 December 2022 was TSEK 88,829 (TSEK 88,043). In the financial year 2022, costs of goods sold of TSEK 565,741 (TSEK 498,326) were recognised in the statement of comprehensive income. They were accounted for as Raw materials and consumables in the statement of comprehensive income.

The write-down of net realisable value is TSEK 6,554 (TSEK 6,000). The write-down was recognised in Raw materials and consumables in the income statement in 2022.

NOTE 20 OTHER RECEIVABLES

	2022-12-31	2021-12-31
Deposits	**20**	20
Other	**4 609**	3 684
Totalt	**4 629**	**3 704**

NOTE 21 PREPAID EXPENSES AND ACCRUED INCOME

	2022-12-31	2021-12-31
Rent	**0**	10
Insurance	**887**	851
Marketing expenses	**1 579**	639
Leasing	**229**	1 611
Delivered, not invoiced goods	**2 421**	2 081
Other	**1 981**	1 079
Totalt	**7 097**	**6 271**

NOTE 22 CASH AND CASH EQUIVALENTS

	2022-12-31	2021-12-31
Cash at banks and on hand	**17 508**	45 530
Total	**17 508**	**45 530**

In addition to cash and cash equivalents, Sono Group has an undrawn credit facility of SEK 30 million (2021: SEK 30 million). The agreed credit for 2022 is SEK 30 million (2021: SEK 30 million).

NOTE 23 SHARE CAPITAL AND OTHER PAID IN CAPITAL

On 31 December 2022, the share capital consisted of 759 201 ordinary shares with a quotient value of SEK 139.12 per share.

	2022	2021
Ordinary shares, nominal amount SEK 139.12	759 201	759 201
Total number of shares	**759 201**	**759 201**

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

The shareholders at 31.12.22 are:

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

NOTE 24 ACQUISITIONS

The Group has not purchased any company during 2022 or 2021.

NOTE 25 BORROWINGS

Longterm	2022-12-31	2021-12-31
Bonds	285 000	285 000
Cost related to bonds	-3 846	-6 408
Leasing liability	271 639	122 787
Total long term	**552 793**	**401 379**

Shortterm	2022-12-31	2021-12-31
Leasing liability	41 084	50 035
Bonds short term	-	-
Cost related to bonds	-	-
Total short term	**41 084**	50 035
Totals liabilities	**593 877**	**451 414**

Bonds

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

The carrying amounts are considered to approximate the fair values.

The fair value of the bond loan is the listed price as of 31st December 2022 and the bond loan is classified in level 1 in the fair value hierarchy.

The group was in compliance with all covenants in 2022. This is mainly covenants on rolling 12 months profitability and limit on available liquidity. These are related to credit facilities and bond. Agreed credit facility for the group as of 31st Dec 2022 was SEK 30m (SEK 30m).

NOTE 26 ACCRUED EXPENSES AND DEFERRED INCOME

	2022-12-31	**2021-12-31**
Accrued salaries incl. holiday pay and social security	**35 424**	33 329
Cost of goods	**3 624**	3 605
Audit fee	**704**	730
Interest	**4 761**	3 990
VAT postponed due to Covid-19	**0**	8 655
Other items	**10 224**	11 008
Total	**54 737**	**61 317**

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 2021	30 530
Current service cost this year	-
Current service cost previous years	-
(gains)/losses from regulations	-152
Interest cost/(-income)	299
Total amount recognised in profit or loss	**147**
Actuarial gains/losses:	
- (gain)/loss from change in demographic assumptions	618
- (gain)/loss from change in financial assumptions	-32
Total amount recognised in other comprehensive income	**586**
Fees from:	
Employer	
Employees covered by plan	
Settlements	-
Payments from plan	-1 013
Per 31 December 2021	**30 250**
Per 1 januari 2022	30 250
Current service cost this year	-
Current service cost previous years	-
(gains)/losses from regulations	-594
Interest cost/(-income)	505
Total amount recognised in profit or loss	**-90**
Actuarial gains/losses:	
- (gain)/loss from change in demographic assumptions	2 818
- (gain)/loss from change in financial assumptions	-10 629
Total amount recognised in other comprehensive income	**-7 811**
Fees from:	
Employer	
Employees covered by plan	
Settlements	-
Payments from plan	-1 086
Per 31 december 2022	**21 262**

Actuarial assumptions as follows:	**2022-12-31**	**2021-12-31**
Discount rate	4,00%	1,70%
Inflation	2,00%	2,20%

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 13 years for 2022.

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

Changes to the obligation

	Change in assumption		**Increase in assumption**		**Decrease in assumption**	
	2022-12-31	**2021-12-31**	**2022-12-31**	**2021-12-31**	**2022-12-31**	**2021-12-31**
Discount rate	0,50%	0,50%	Reduction with 7.3 %	Reduction with 8.2 %	Increase with 7.3 %	Increase with 9.3 %
Inflation	0,50%	0,50%	Increase with 7.3 %	Increase with 9.2 %	Reduction with 7.4%	Reduction with 8.2%
Life expectancy	+/- 1 year	+/- 1 year	Increase with 4.2 %	Increase with 5.2 %	Reduction with 4.9%	Reduction with 5.1%

NOTE 28 PLEDGED ASSETS

Carrying amount for assets pledged as security	**2022-12-31**	**2021-12-31**
Shares in subsidiaries	266 573	240 332
Chattel	12 000	12 000
	278 573	252 332

Shares in subsidiaries are pledged as security for the groups credit line and bond loan.

NOTE 29 RELATED PARTY TRANSACTIONS

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

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

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

Sale of goods and services	**2022**	**2021**
Rental income properties	837	666
Other sale of goods and services	2 599	1 589
Total	**3 436**	**2 255**

Purchase of goods and services	**2022**	**2021**
Purchase of services	3 883	3 543
Total	**3 883**	**3 543**

Receivables and payables at year end due to sale/purchase of goods and services	**2022-12-31**	**2021-12-31**
Receivables to related parties		
Frigaard Gruppen AS	64	118
Other related parties	456	327
Payables to related parties		
Frigaard Gruppen AS	459	347
Other related parties	27	31

All trade with goods and services shown in table above 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

No events have occurred after the end of the financial year that affects the financial statement.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

All amounts in SEK thousand	Note	jan-dec 2022	jan-dec 2021
Revenue		-	-
Other operating revenue		-	-
Total operating revenue		**-**	**-**
Cost of goods sold		-	-
Other external cost	2	(1 017)	(1 038)
Salaries and personnel expense		-	-
Depreciation and amortization expense		-	-
Other operating expense		-	-
Total operating expense		**(1 017)**	**(1 038)**
Operating profit		**(1 017)**	**(1 038)**
Interest income and similar	3	16 993	10 034
Interest expense and similar	3	(35 600)	(38 167)
Net financial income (expenses)		**(18 607)**	**(28 133)**
Appropriations	10	-	-
Profit before income tax		**(19 624)**	**(29 171)**
Income taxes	4	-	-
Net profit for the period		**(19 624)**	**(29 171)**

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

PARENT COMPANY BALANCE SHEET

All amounts in SEK thousand

ASSETS	Note	2022 31-dec	2021 31-dec
Participations in Group companies	5, 8	306 456	306 456
Deferred tax receivables	4	321	321
Other long term receivables group	9	94 310	94 310
Total non-current financial assets		**401 087**	**401 087**
Total non-current assets		**401 087**	**401 087**
Other short term receivables group	9, 10	151 836	176 641
Other short term receivables		348	356
Tax recoverables			0
Prepaid expenses and accrued income		64	97
Cash and cash equivalents		16 456	43 483
Total current receivables		**168 704**	**220 577**
Total current assets		**168 704**	**220 577**
TOTAL ASSETS		**569 791**	**621 664**

EQUITY AND LIABILITIES	Note	2022 31-dec	2021 31-dec
Share capital	7	105 619	105 619
Other equity		-12 013	17 158
This years result	11	-19 624	-29 171
Equity attributable to majority shareholders		**73 982**	**93 606**
Bonds	6	281 154	278 592
Total non-current liabilities		**281 154**	**278 592**
Prepayments from customers		0	0
Accounts payable		0	104
Other short term liabilities group companies	0	209 829	244 127
Tax payable	4	0	0
Other short term liabilities		0	24
Accrued expenses and deferred income		4 826	5 211
Total current liabilities		**214 655**	**249 466**
TOTAL EQUITY AND LIABILITIES		**569 791**	**621 664**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

		Restricted equity	Unrestricted equity			
Amount in SEK thousand	**Note**	**Share capital**	**Other paid-in capital**	**Retained earnings**	**This years result**	**Total equity**
Equity on 1 January 2021		**105 619**	**-**	**33 808**	**-16 651**	**122 777**
Appropriation of profit according to General meeting		**-**	**-**	-16 651	16 651	**-**
This years result		-	-	-	-29 171	**-29 171**
Total comprehensive income		**105 619**	**-**	**17 157**	**-29 171**	**93 606**
Equity on 1 January 2022		**105 619**	**-**	**17 157**	**-29 171**	**93 606**
Appropriation of profit according to General meeting		**-**	**-**	-29 171	29 171	-
This years result	11				-19 624	**-19 624**
Total comprehensive income		**105 619**	**-**	**-12 014**	**-19 624**	**73 982**
Equity on 31 December 2022		**105 619**	**-**	**-12 014**	**-19 624**	**73 982**

PARENT COMPANY CASH-FLOW STATEMENT

All amounts in SEK thousand

	2022	2021
Cash flows from operations		
Profit/(loss) before income taxes	-19 624	-29 171
Taxes paid in the period	-	-
Dvidend received from assosiated companies	2 562	-
Net cash flow from operations before changes in working capital	**-17 062**	**-29 171**
Change in trade debtors	-2 044	5 042
Change in trade creditors	-480	104
Change in other provisions	0	8 017
Net cash flow from operations	**-19 586**	**-16 008**
Cash flows from investments		
Payment on loan receivables group (short/long)	-7 441	24 094
Net cash flows from investments	**-7 441**	**24 094**
Cash flow from financing		
Proceeds from long term loans	-	285 000
Repayment of borrowings group	-	71 941
Repayments of borrowings	-	-327 784
Net cash flow from financing	**0**	**29 157**
Net change in cash and cash equivalents	**-27 027**	**37 243**
Cash and cash equivalents at the beginning of the period	43 483	6 240
Cash and cash equivalents at the end of the period	**16 456**	**43 483**

1 SUMMARY OF PARENT COMPANY ACCOUNTING PRINCIPLES

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

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

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

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

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

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

Formats

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

Investments in subsidiaries

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

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

Shareholder contributions and group contributions

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

Financial instruments

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

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

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

Leases

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

NOTE 2 AUDITORS' FEES

PricewaterhouseCoopers	**2022**	**2021**
Statutory audit	545	508
Other assurance services	-	0
Other non-assurance services	-	0
Tax consultant services	-	0
Total	545	508

NOTE 3 INTEREST AND SIMILAR INCOMEAND EXPENSES

Interest and similar income	**2022**	**2021**
Exchange rate gain	-	60
Interest income other	437	179
Interest income group	16 556	9 795
Total	**16 993**	**10 034**

Interest and similar expense	**2022**	**2021**
Exchange rate losses	-	2
Interest expense group	3 535	448
Interest expense other	1 254	129
Interest expense bonds	30 811	37 588
Total	**35 600**	**38 167**

NOTE 4 TAX

	2022	2021
Income tax expense:		
Current tax:		
Tax payable	-	-
Deferred tax		
Changes in deferred tax	-	-
Changes in tax rate	-	-
Tax expense	**-**	**-**
This years result before tax	**-19 624**	**-29 171**
Tax on profit for the year (average effective tax rate)	4 043	6 009
Adjustment in respect of current income tax of previous years	-	-
Changes in unrecognised deferred tax asset	-197	-1 070
Non deductible expenses	-3 846	-4 939
Tax expense	**-0**	**-**

Tax loss carried forward	2022	2021
Losses carried forward	1 557	1 557
Not capitilised losses carried forward	4 130	11 505
	5 687	**13 062**
Potential tax benefit 20.6%		

NOTE 5 INVESTMENTS IN GROUP COMPANIES

Subsidiary	**Corp. Reg. no**	**registered office**	**Ownership/ voting right**	**Carrying amount 2022-12-31**	**Carrying amount 2021-12-31**
Directly owned					
Sono Holding Norge AS (prev. NIG Norge AS)	995 246 511	Borgenhaugen, NO	100%	**193 609**	193 609
ACAP Invest AB	556087-7838	Tranås, SE	100%	**112 847**	112 847
				306 456	306 456

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

NOTE 6 BORROWINGS

Longterm	**2022-12-31**	**2021-12-31**
Bonds	285 000	285 000
Cost related to bonds	-3 846	-6 409
	281 154	**278 591**

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

	2022-12-31	2021-12-31
Shares in subsidiaries	**306 456**	306 456

NOTE 9 RELATED PARTY TRANSACTIONS

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

Receivables on related parties:	2022-12-31	2021-12-31
ACAP Invest AB	44 310	44 310
NIG Norge AS	50 000	50 000
Other	-	-
Liabilities on related parties:		
Frigaard Gruppen AS	-	-
ACAP Invest AB	-	-
NIG Norge AS	-	-

NOTE 10 APPROPRIATIONS RECEIVED

	2022-12-31	2021-12-31
Group contribution received	**0**	0

NOTE 11 APPROPRIATIONS OF PROFIT OR LOSS

Proposed appropriation

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

Retained earnings	- 12 014
This year's loss	- 19 625
Appropriations	- 31 639

The group's income statement and balance sheets will be presented for approval to the Annual General Meeting on 12 May 2023.

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

Tranås, the date of the document electronic signatures

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

Tore Knut Skedsmo
Chief Executive Officer

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

PricewaterhouseCoopers AB

Kristoffer Johansson

Authorised Public Accountant

Auditor's report

Unofficial translation

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of North Investment Group AB (publ) for the year 2022 except for the corporate governance statement on pages 7-9.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 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 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 7-9. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Our audit approach

Audit scope

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

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

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

Materiality

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

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

Key audit matters

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

Key audit matter	*How our audit addressed the key audit matter*
Valuation of goodwill	
The Group recognised goodwill of SEK 246 MSEK as per 31 December 2022, divided between two cash-generating units – Sono Sweden and Sono Norway. Since this asset is not amortised on a continuous basis, an impairment test is to take place at least once a year. North Investment Group performed a test in the fourth quarter of 2022 and had not identified any impairment requirement as per 31 December 2022. Such a test includes assumptions about, for example, future growth, profitability and the discount rate. Accordingly, management and the Board must make complex assessments and estimates. This is a key audit matter since the amount of the asset is material and the assumptions required include judgements and estimates that individually could be crucial to the valuation. The significant assumptions applied to impairment testing are described in Notes 4 and 15.	We observed, together with PwC's valuation specialists, that the impairment tests prepared, one per segment, were conducted in accordance with accepted principles and methods. The most important assumptions made by management and the Board in the impairment test are profitability and the discount rate. We have assessed these assumptions by comparing against budget for 2023 and strategic plans for 2021-2023, as well as past outcomes. We also performed an independent assessment based on market-economic conditions for the cash-generating units. We compared discount rates with observable market data. We also examined the consistency of the significant assumptions compared with prior years. Based on the impairment testing, we conducted simulations and sensitivity analyses to understand how a change impacts the values and any impairment requirement. These tests also formed the basis of our examination of the disclosures provided in Note 4 and Note 15 of the annual report.

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

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

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

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

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

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

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

Finally, we assessed that the Group made satisfactory provision of relevant disclosures in Note 4 and Note 13 on the estimates and assessments made to value the asset on 31 December 2022.

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

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

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

Auditor's responsibility

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

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

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of North Investment Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

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

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

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

Auditor's responsibility

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

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

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

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

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 7-9 has been prepared in accordance with the Annual Accounts Act.

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

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

PricewaterhouseCoopers AB, Torsgatan 21, SE-113 97 Stockholm, was appointed auditor of North Investment Group AB (publ) by the general meeting on 25 April 2022 and has been the company's auditor since 2014.

Jönköping on the day that appears on our electronic signature

PricewaterhouseCoopers AB

Kristoffer Johansson
Authorized Public Accountant