



Q2 2019
Interim financial report
North Investment Group AB (publ)

Highlights

- ✓ Group revenue of SEK 225m during the quarter comprising growth of 22.9% (+2.8% proforma 2018 incl Sørлие). Robust commercial development across most business areas.
- ✓ EBITDA of SEK 15.0m in Q2 (SEK 16.0m).
- ✓ Unrealized foreign exchange loss 1H 2019 of SEK 5.3m (SEK 1.1m gain 1H 2018).
- ✓ Appointment of Ole Vinje as CEO, effective from 1st of September.
- ✓ Integration of Sørлие Prosjektinnredninger continues at full strength.
- ✓ The Agentur for Fossafe products in Norway taken over in June.
- ✓ Order backlog of SEK 155m per Q2 2019 (SEK 136m Q2 2018).

Key consolidated figures

	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018
<i>(SEK m, unless stated)</i>	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	225.0	183.1	464.2	362.3
Gross profit	86.8	72.4	176.9	141.6
EBITDA	15.0	16.0	37.8	39.1
EBIT	6.3	5.2	18.3	17.4
Net profit	-4.2	-1.0	-3.9	2.7
Cash flow from operations	-1.8	-0.4	-19.3	-2.3
No of outstanding shares	759,201	725,344	759,201	725,344
Net earnings per share (SEK)	-5.47	-1.41	-5.08	3.74
Gross profit margin (%)	38.9	40.7	38.6	40.3
EBITDA margin (%)	6.7	9.0	8.2	11.1

Proforma Revenue incl Sørлие Prosjektinnredninger AS was SEK 219.9m in Q2 2018 and SEK 434.1m Jan-Jun 2018.
Proforma EBIT incl Sørлие Prosjektinnredninger AS was SEK 5.4m in Q2 2018 and SEK 18.1m Jan-Jun 2018.

CEO statement

"NIG continued to perform well during the second quarter of 2019, following our long term strategy. The sales figures are well ahead of previous year. With a negative difference in currency-effect YTD of SEK 6.4m compared to 2018 in mind, the underlying EBITDA of the Group is strong.

Both operating segments (Norway and Sweden) have performed well. The sales related to the school market in Sweden have not been at the expected level so far into 2019. But the underlying trend in Sweden is good for this market and we see our Group well positioned to take part in this growth in the years to come. The remaining business areas of the Group delivers according to, or better than, plan.

The integration of Sørлие Prosjektinnredninger will be accelerated further for the remaining of 2019. Different projects related to IT, purchase, sales etc will be initiated. During second quarter Sørлие Prosjektinnredninger renewed its frame agreement to the major municipalities in its main home region for the next 2-4 years with a yearly estimated sales value of NOK 20m, giving comfort that they will meet the Group's ambitious targets for the company. Through Sørлие NIG aims to increase its turnover towards customers requesting fixed furniture fittings.

The Group has through its daughter company Sarpsborg Metall agreed to take over the Agentur for Fossafe products in Norway. The product range is mainly fireproof filing cabinets, document cabinets, secure office cabinets, etc. This will broaden our portfolio making us more complete towards our customers, with an estimated revenue of appr. NOK 10m per year.

Our growth within workstations in Sweden to industrial customers continues at full strength. The agreement with Volvo Car Corporation gives us necessary volumes to further invest in employees within this segment, and we see this business area as one of the most exciting growth sectors for our Group in the years to come."



Ståle Eide, CEO
Tranås, 30th August 2019

Financial review

Q2 2019

Income statement

The Group reported revenue of SEK 225m (SEK 183m) and EBITDA of SEK 15m (SEK 16m) in Q2 2019. Order intake was SEK 262m (SEK 234m), corresponding to an increase of 12 % compared to Q2 2018. EBIT for the Group was SEK 6.3m (SEK 5.2m) and net profit SEK -4.2m (SEK -1.0m). Gross margin for the Group in Q2 2019 was 38.9% (40.7%). The main reason for the decrease in gross margin is the acquisition of Sørлие Projektinnredninger that has somewhat lower gross margin compared to Group average. As described above we have several initiatives ongoing to improve Sørлие Projektinnredninger's margin going forward.

Segments

NIG is divided into two segments, NIG Norway (Norway) and NIG Sweden (Sweden).

Norway delivered SEK 116m in revenue (SEK 73m) and SEK 11.2m in EBITDA (SEK 14.3m) during the quarter. Sweden reported revenue of SEK 114m (SEK 113m) and EBITDA of SEK 3.9m (SEK 1.7m).

Jan – Jun 2019

Income statement

The Group reported revenue of SEK 464m (SEK 362m) and EBITDA of SEK 38m (SEK 39m) in 1H 2019. Order intake was SEK 501m (SEK 397m), corresponding to an increase of 26 % compared to 1H 2018. EBIT for the Group was SEK 18.3m (SEK 17.4m) and net profit SEK -3.9m (SEK 2.7m). Gross margin for the Group in 2019 was 38.6% (40.3%). The main reason for the decrease in gross margin is the acquisition of Sørлие Projektinnredninger that has somewhat lower gross margin compared to Group average. The negative difference between the FX-loss in 2019 compared to the FX-gain in 2018 is SEK 6.4m.

Segments

NIG is divided into two segments, NIG Norway (Norway) and NIG Sweden (Sweden).

Norway delivered SEK 256m in revenue (SEK 149m) and SEK 26.5m in EBITDA (SEK 29.1m) during the first half year. Sweden reported revenue of SEK 228m (SEK 228m) and EBITDA of SEK 11.7m (SEK 11.0m).

Cash flow

The Group's net cash flow from operations was negative with SEK 19.3m (SEK 2.3m). The Cash and cash equivalents as of 30th June 2019 amounts to SEK 78m (SEK 7m). The liquidity situation of the Group is according to plan.

Balance sheet

As of Q2 2019, the Group had assets of SEK 870m, mainly related to goodwill, right of use assets, accounts receivable and cash and cash equivalents.

During 1st half year 2019, the Group invested SEK 1.2m (SEK 3.7m) in tangible assets and SEK 42.6m (SEK 1.3m) intangible assets. The investment in intangible assets is mainly related to Goodwill from purchase of Sørлие. The investments in tangible assets is mainly relate to replacement of light machinery.

Net interest bearing debt (excl. Lease liabilities) was SEK 236.4m (SEK 184.8m).

Risk and uncertainties

The Group's main risks and uncertainties are related to its high exposure to certain markets. In addition, the Group has financial risk related to primarily currency risk, interest rate risk related to its financing and credit risk related to sales.

Outlook

The Board of Directors is pleased with the 2019 first half year results. The order intake is good within most of our business areas. The market is still strong for our main categories. With our broad product portfolio and geographical footprint, the opportunities for succeeding in the sales going forward remains strong.

The integration of our latest acquisition, Sørliie Prosjektinnredninger, is progressing according to plan and we expect to generate positive synergy-effects already in 2019.

The Board of Directors would also take the opportunity to thank Ståle for a tremendous job growing and streamlining North Investment Group through his persistence and dedication, making the Group ready for its next phase with Ole Vinje as CEO. With Ole's long experience from IT industry we see his experience within digitalization together with operation and automation of logistics as a perfect match for our Group in the years to come.

The Group is continuously looking for new strategic acquisition targets mainly in the Nordic region combined with a strong focus on succeeding through profitable organic growth.



Group financial statements

Consolidated income statement

All amounts in SEK thousand

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Revenue	223 067	177 938	458 342	351 554
Other operating revenue	1 907	5 180	5 812	10 793
Total operating revenue	224 974	183 118	464 154	362 347
Cost of goods sold	(128 926)	(97 419)	(267 423)	(194 101)
Other external cost	(22 656)	(16 349)	(42 457)	(32 370)
Salaries and personnel expense	(55 487)	(45 779)	(108 365)	(88 929)
Other operating expense	(2 909)	(7 547)	(8 162)	(7 862)
EBITDA	14 996	16 024	37 747	39 085
Depreciation and amortization expense	(8 667)	(10 865)	(19 497)	(21 725)
Operating profit	6 329	5 159	18 250	17 360
Interest income and similar	190	477	747	550
Interest expense and similar	(11 840)	(5 041)	(23 935)	(12 349)
Net financial income (expenses)	(11 650)	(4 564)	(23 188)	(11 799)
Profit before income tax	(5 321)	595	(4 938)	5 561
Income taxes	1 171	(1 617)	1 080	(2 847)
Net profit for the period	(4 150)	(1 022)	(3 858)	2 714

Consolidated statement of comprehensive income

Items that may be reclassified subsequently to income statement

Translation differences on net investment in foreign operations	4 009	5 239	10 085	14 042
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Items that will not be reclassified to income statement

Remeasurement of defined benefit pension plans	-	-	-	-
Income taxes	-	-	-	-
Other comprehensive income (loss), net of taxes	4 009	5 239	10 085	14 042
Total comprehensive income	(141)	4 217	6 227	16 756

Total comprehensive income attributable to:

Equity holders of North Investment Group AB (publ)

Consolidated balance sheet statement

All amounts in SEK thousand

ASSETS	2019	2018	2018
	30.06.	30.06.	31.12.
Software, licences, etc.	4 708	4 668	5 029
Goodwill	250 905	207 853	200 675
Total intangible assets	255 613	212 521	205 703
Right of use assets	233 824	242 651	214 343
Land, buildings and other property	1 126	375	894
Machinery and plant	4 428	5 076	4 601
Office machinery, equipment and similar	3 452	2 891	2 693
Total property, plant and equipment	242 830	250 993	222 531
Other long term receivables	126	372	187
Total non-current financial assets	126	372	187
Deferred tax receivables	39 251	34 338	37 875
TOTAL NON-CURRENT ASSETS	537 820	498 224	466 296
Inventories			
Raw materials	17 192	5 194	10 662
Work in progress	11 032	5 233	6 832
Finished products	78 314	67 857	54 689
Advance payments to suppliers	1 164	1 743	1 263
Total inventories	107 702	80 027	73 446
Accounts receivables	116 538	103 999	91 682
Other short term receivables	17 803	2 281	11 346
Tax recoverables	2 830	4 789	1 401
Prepaid expenses and accrued income	9 494	17 304	12 348
Cash and cash equivalents	77 898	6 750	139 082
Total receivables	224 563	135 123	255 859
TOTAL CURRENT ASSETS	332 265	215 150	329 305
TOTAL ASSETS	870 085	713 374	795 601

All amounts in SEK thousand

EQUITY AND LIABILITIES	2019	2018	2018
	30.06.	30.06.	31.12.
Share capital	105 619	100 909	100 909
Other equity	-11 918	-11 972	-11 871
This years result	-9 131	-22 612	-39 929
Equity attributable to majority shareholders	84 570	66 325	49 109
Liabilities to shareholders	-	142 203	-
Liabilities to financial institutions	-	-	-
Bonds	313 218	-	310 599
Pension liabilities	30 502	34 703	31 944
Other provisions	1 029	2 702	1 487
Non-current Lease liabilities	230 835	249 651	224 075
Total non-current liabilities	575 584	429 259	568 105
Liabilities to financial institutions	1 148	46 930	37
Current lease liabilities	44 852	41 549	37 633
Prepayments from customers	-	554	1 196
Accounts payable	89 939	63 556	75 794
Tax payable	-	-	484
Other short-term liabilities	73 991	28 332	28 052
Accrued expenses and deferred income	-	36 870	35 191
Total current liabilities	209 930	217 791	178 387
TOTAL EQUITY AND LIABILITIES	870 085	713 374	795 601

Consolidated statement of changes in equity

All amounts in SEK thousand	Attributable to equity holders of the parent company			Total equity
	Share capital	Other Equity	Retained earnings	
		Other Equity		
Equity as at 01.01.2018	100 909	-11 972	-39 638	49 299
Comprehensive income				
Profit for the period			2 714	2 714
Other comprehensive income				
<i>Items that will not be reclassified in profit or loss</i>				
Translation difference, net assets in foreign currency		-	14 042	14 042
Total comprehensive income	-	-	16 756	16 756
Liquidation of daughter company			270	270
Total shareholders transactions	-	-	270	270
Equity as at 30.06 2018	100 909	-11 972	-22 612	66 325
Profit for the period			14 715	14 715
Other comprehensive income				
<i>Items that will not be reclassified in profit or loss</i>				
Actuarial loss on pension obligations			-944	-944
<i>Items that may be reclassified in profit or loss</i>				
Translation difference, net assets in foreign currency		101	-10 118	-10 017
Deffered tax			195	195
Total comprehensive income		101	3 848	3 949
Group Contribution			-11 421	-11 421
Dividends			-9 744	-9 744
Total shareholders transactions			-21 165	-21 165
Equity as at 31.12 2018	100 909	-11 871	-39 929	49 109
Equity as at 01.01 2019	100 909	-11 871	-39 929	49 109
Profit for the period			-3 858	-3 858
<i>Items that will not be reclassified in profit or loss</i>				
Issue of share capital	4 710		24 524	29 234
<i>Items that may be reclassified in profit or loss</i>				
Other income booked towards equity				
Translation difference, net assets in foreign currency		-	10 085	10 085
Total comprehensive income	4 710	-	30 751	35 461
Total shareholders transactions			-	-
Equity as at 30.06 2019	105 619	-11 871	-9 178	84 570

Consolidated statement of cash flows

All amounts in SEK thousand

	2019-04-01 - 2019-06-30	2018-04-01 - 2018-06-30	2019-01-01 - 2019-06-30	2018-01-01 - 2018-06-30	2018-01-01 - 2018-12-31
Cash flows from operations					
Profit/(loss) before income taxes	-5 321	595	-4 938	5 561	19 919
Taxes paid in the period	-968	-	-1 746	-	-
Depreciation	8 667	10 865	19 497	21 725	42 002
Other adjustments	-1 730	-854	-1 442	-1 695	-4 454
Currency (gains) losses not related to operating activities	-326	6 251	-1 360	6 031	-1 288
Change in inventory	-19 799	-6 708	-29 893	-11 986	-5 405
Change in trade debtors	17 082	-15 660	1 293	-18 613	-5 654
Change in trade creditors	4 867	6 038	3 897	249	12 487
Change in other provisions	-4 306	-890	-4 612	-3 547	-5 651
Net cash flow from operations	-1 834	-363	-19 304	-2 275	51 956
Cash flows from investments					
Purchase of intangible assets	-151	-1 065	-321	-1 253	-2 436
Purchase of fixed assets	-492	-464	-1 363	-908	-1 834
Purchase of subsidiaries (net of cash)	-	-	-19 550	-	-
Change in other short- and longterm investments	52	-1 033	45	-1 038	-853
Net cash flows from investments	-591	-2 562	-21 189	-3 199	-5 123
Cash flow from financing					
Net change in credit line	-6 754	-9 130	1 740	2 846	-44 046
Proceeds from long term loans	-	17 849	-	17 849	310 624
Repayment of borrowings	1 029	1	-458	-	-124 386
Repayment of leasing liabilities	-12 055	-10 011	-23 333	-20 147	-36 909
Dividends paid to equity holders of NIG AB	-	-	-	-	-24 577
Transactions with minority interests	-	-	-	-	-
Other transactions	-	-	-	270	270
Net cash flow from financing	-17 780	-1 291	-22 051	818	80 976
Net change in cash and cash equivalents	-20 205	-4 216	-62 544	-4 656	127 809
Cash and cash equivalents at the beginning of the period	97 777	10 802	139 082	11 022	11 022
Exchange rate differences in cash and cash equivalents	326	164	1 360	384	251
Cash and cash equivalents at the end of the period	77 898	6 750	77 898	6 750	139 082

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

Income statement

All amounts in SEK thousand

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Other external cost	(171)	(22)	(502)	(1 034)
Total operating expense	(171)	(22)	(502)	(1 034)
Operating profit	(171)	(22)	(502)	(1 034)
Interest income and similar	1 445	-	2 548	5
Interest expense and similar	(7 124)	(1 478)	(14 350)	(2 956)
Net financial income (expenses)	(5 679)	(1 478)	(11 802)	(2 951)
Profit before income tax	(5 850)	(1 500)	(12 304)	(3 985)
Income taxes	-	-	-	-
Net profit for the period	(5 850)	(1 500)	(12 304)	(3 985)
Other comprehensive income (loss), net of taxes	-	-	-	-
Total comprehensive income	(5 850)	(1 500)	(12 304)	(3 985)

Total comprehensive income attributable to:

Equity holders of NIG AB

Balance sheet statement

All amounts in SEK thousand

ASSETS	2019	2018	2018
	30.06	30.06	31.12
Other investments	303 390	303 390	303 390
Receivables to group companies	119 024	-	56 089
Deferred tax receivables	321	-	321
Total non-current financial assets	422 735	303 390	359 800
TOTAL NON-CURRENT ASSETS	422 735	303 390	359 800
Other short term receivables	2 555	12 713	12 490
Prepaid expenses and accrued income	31	27	84
Cash and cash equivalents	35 647	175	73 925
Total receivables	38 233	12 915	86 499
TOTAL CURRENT ASSETS	38 233	12 915	86 499
TOTAL ASSETS	460 968	316 305	446 299

All amounts in SEK thousand

EQUITY AND LIABILITIES	2019	2018	2018
	30.06	30.06	31.12
Share capital	105 619	100 909	100 909
Other equity	54 401	40 799	31 054
This years result	-12 304	-3 985	-1 178
Equity attributable to majority shareholders	147 716	137 723	130 785
Liabilities to group companies	-	178 426	-
Bonds	313 218	-	310 599
Total non-current liabilities	313 218	178 426	310 599
Accounts payable	19	18	-
Other short-term liabilities	15	-	76
Short-term liabilities to group companies	-	138	4 839
Total current liabilities	34	156	4 915
TOTAL EQUITY AND LIABILITIES	460 968	316 305	446 299

Accounting policies

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

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

The accounting policies applied correspond to the accounting policies and measurement principles presented in the 2018 Annual Report. The 2018 Annual Report is available at www.northinvestmentgroup.se.

The Group applied IFRS 16 Leases as of January 1, 2017. For more information see Annual report. The Group has not implemented new or changed standards in 2019 with material effects on the Group's financial position and results.

Critical accounting estimates and judgements

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

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

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

Risks and risk management

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

Seasonal variations

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

Related party transactions

The Group has immaterial transactions with other companies in the majority share owners' Group. In addition; through the acquisition of Sørлие there has been a private placement towards the previous owner of Sørлие, who is also an employee in Sørлие.

Events after the reporting date

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

Acquisitions

No acquisitions were made in Q2 2019.

Audit review report

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

Segments/revenue

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

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

- Business area NIG Sweden
- Business area NIG Norway

<i>All amounts in SEK million</i>	Apr-Jun 2019		Apr-Jun 2018		Jan-Jun 2019		Jan-Jun 2018	
	NIG	NIG	NIG	NIG	NIG	NIG	NIG	NIG
	Norway	Sweden	Norway	Sweden	Norway	Sweden	Norway	Sweden
Revenue per segment	116,4	114,2	72,9	112,5	253,0	224,6	140,7	225,5
Net sales to other segments	-3,9	-3,6	-4,0	-3,5	-10,0	-9,3	-9,4	-5,3
Revenue from external customers	112,5	110,6	68,9	109,0	243,0	215,3	131,3	220,2

	Apr-Jun 2019		Apr-Jun 2018		Jan-June 2019		Jan-Jun 2018	
NIG Norway	11,2		14,3		26,5		29,1	
NIG Sweden	3,9		1,7		11,7		11,0	
EBITDA	15,1		16,0		38,2		40,1	
for the Group's operating segments is reconciled with the Group's profit before tax in accordance with the following:								
NIG AB and elimination	-0,2		0,0		-0,5		-1,0	
EBITDA for the Group	15,0		16,0		37,7		39,1	
Amortisation and depreciation	-8,7		-10,8		-19,5		-21,7	
Financial items net	-11,7		-4,6		-23,2		-11,8	
Profit before tax	-5,3		0,5		-5,0		5,6	

Additional information

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