

Go North[®]

Go North Group AB (Publ)

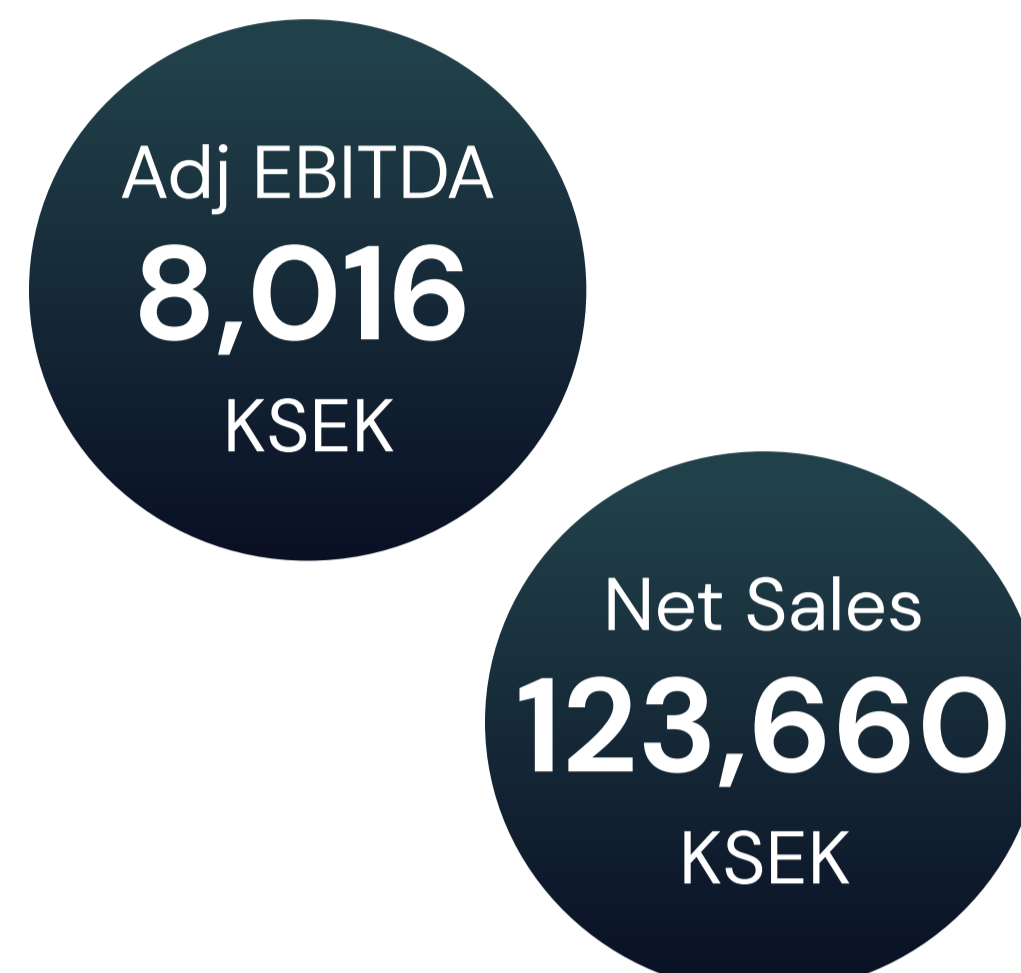
Interim Report Q1 January 1 – March 31, 2023



Interim Report first quarter 2023

First quarter January – March 2023 (compared to January – March 2022)

- Net sales were KSEK 123,660 (4,053).
- Adjusted EBITDA was KSEK 8,016 (-1,082).
- EBITA was KSEK -3,120 (-2,048).
- Net financial debt / Adjusted EBITDA was 9.6 (14.8).
- Cash flow from operating activities was KSEK -56,429 (-760).
- ROCE was 0.0% (-2.3%).

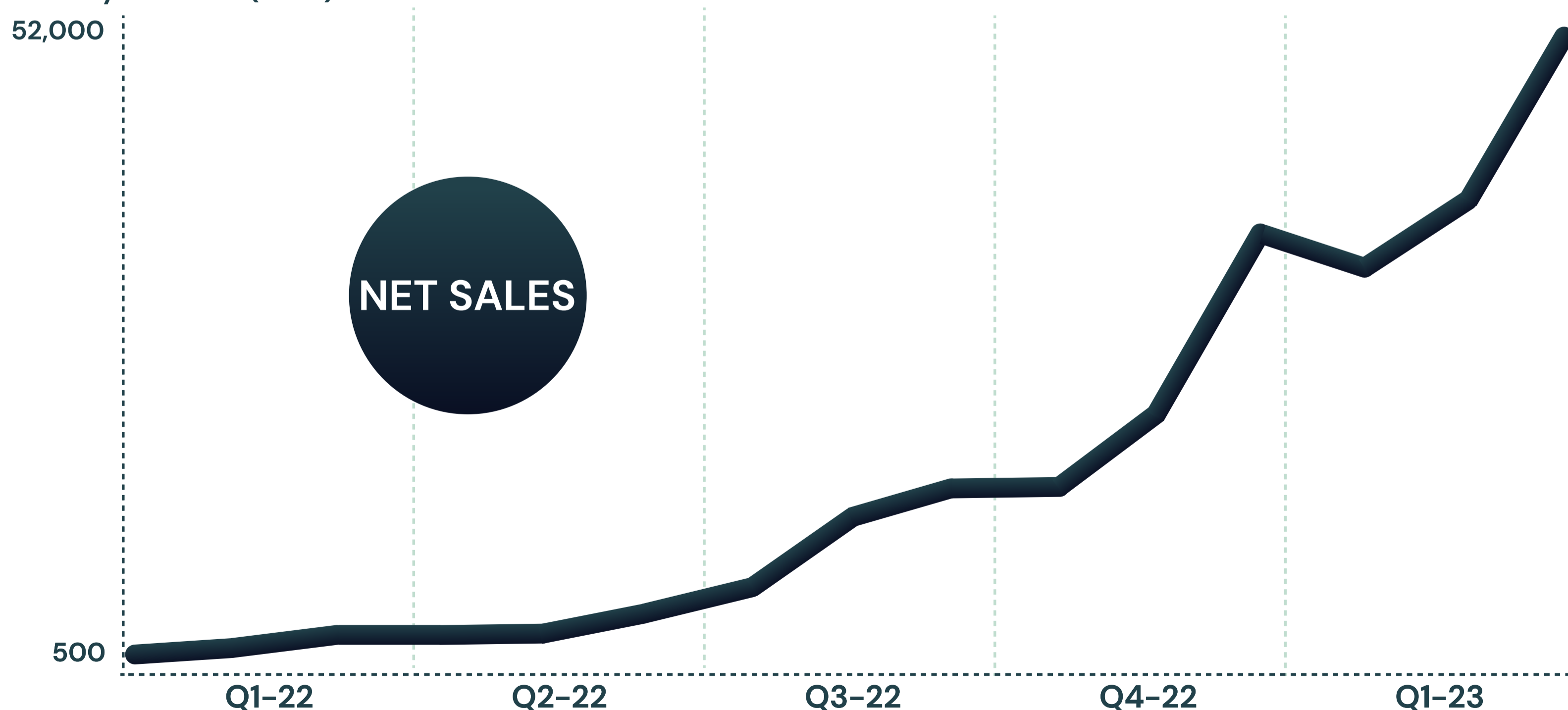


FINANCIAL OVERVIEW

KSEK	Q1 2023	Q1 2022	Full year 2022
Net Sales	123,660	4,053	118,224
Adjusted EBITDA	8,016	-1,082	-3,948
EBITA	-3,120	-2,048	-18,423
Net financial debt/Adjusted EBITDA	9.6	14.8	-30.9
Cash flow from operating activities	-56,429	-760	80,331
ROCE	0.0%	-2.3%	-3.4%

For definitions, please refer to page 14.

Monthly Net Sales (KSEK)





Update from CEO/Founder

Market developments in first quarter

During the first quarter of 2023, there have been no significant external market developments.

The fundamental business model remains strong, and whilst there remains whispers of consolidation of the fragmented Amazon Aggregator market, there have been no significant movements in quarter one of note.

Amazon's marketplace also remains robust, with naturally a softer performance in quarter one than quarter four, but seemingly remains largely resilient to the increasing cost of living and inflationary pressures.

Go North's positioning as an FBA operator also continues to resonate with sellers and the wider industry sector. As validated in March, during the Prosper Show, one of the leading conferences for established Amazon marketplace sellers. And Go North's first, with exhibitor presence.

Business updates

Throughout quarter one, our internal organisation has further matured, through process, technology and people. Building the next phase of business foundations, whilst in parallel, implementing cutting edge technology, people and innovations.

Investments into growth continue to accelerate our new product development team and processes, actively driving assortment and category growth, with our first product launch in April.

Our internal brand factory established in quarter four, 2022 is now high performing, reinventing, and refreshing brands and in turn delivering improved conversion rates and brand equity.

Our technology foundation and ERP implementation also continues to mature, as does our financial team.

Go North was also able to make it's first visit to China in May. It provided the supply and new product development teams the opportunity to visit our top suppliers, to negotiate payment terms, cost of goods, and future new product launch opportunities.

Our first Sustainability Report was also published in May, underpinning our commitment to the topic, and also believed to be the first in the industry segment. Finally, we continue to make controlled investments in our Go North brand, further strengthening our direct relationships with Amazon, which in turn, also help position the outlook in a positive frame.

#Go People

#Go Fair

#Go Green

#Go Secure

#Go Data

Significant risks and uncertainties

During the first quarter of 2023, there have been two risks worthy of noting that Go North has had to manage.

Firstly, Amazon has increased FBA fulfilment and storage fees coming into 2023. The increased fees affect specific short and long term storage fees, as well as fulfilled by Amazon fees. Our mitigation activities are being coordinated by our strengthening business financial controlling function. Data based insights are driving actions to into sun-setting activities for slow moving SKUs, to in turn improve working capital, reduce storage fees, and improve margins. Secondly the team continue to focus on size and category reduction projects, price increase opportunities, and storage optimisation projects to counter the fee increases.

Finally, strengthening relationships and coordination directly with Amazon is also presenting future opportunities of improvement and optimisations within these areas.

Secondly, we've been seeing an increase in competition in certain categories. These competitors are typically coming in at a lower price point, which in turn are affecting our short term margins, as we continue to build brand and product differentiation.

Personnel

During the first quarter in 2023, Go North recruited 27 full-time employees, taking our total to 81 FTE's. Go North's hiring plan continues to focus on building out our core value chain functions, with a talent focus on Amazon and Fulfilled By Amazon (FBA) experience.

Outlook

Go North continues to remain well positioned to become the global leading operator in the Amazon Marketplace category.

Our continued improvements and investments to our people, processes and technology, combined with the robust Amazon marketplace demand, makes us confident to continue to scale organic profit growth of existing and new brands.

Johan Hallenby

CEO/Founder

Financial Reports

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in KSEK	Financial period		
	Q1 2023	Q1 2022	Full year 2022
Net sales	123,660	4,053	118,224
Capitalized work on own account	3,165	-	5,885
Other operating income	1,200	20	7,401
Total Income	128,025	4,073	131,510
Cost of goods sold	-31,319	-782	-55,455
Gross profit	96,706	3,291	76,055
Selling and administrative costs	-97,124	-5,281	-87,695
Other operating costs	-2,702	-58	-6,783
Operating profit (loss)	-3,120	-2,048	-18,423
Financial income	3,922	-	939
Financial expenses	-32,563	-46	-22,401
Net financial items	-28,641	-2,094	-21,462
Profit (loss) before tax	-31,761	-2,094	-39,885
Income tax	-	-	-9,502
Profit (loss) for the period	-31,761	-2,094	-49,387

Profit (loss) for the period and total comprehensive income are, in their entirety, attributable to shareholders of the Parent Company.

Earnings per share, calculated on profit (loss) for the period attributable to Parent Company shareholders of number ordinary shares:

Amounts in KSEK	Financial period		
	Q1 2023	Q1 2022	Full year 2022
Earnings per share, basic	-17.9	-1.2	-27.8

Management Comments

Net sales

During the first quarter 2023, net sales amounted to KSEK 123,660 (4,053), representing a 2951% increase compared to Q1 2022. This quarter's performance was primarily driven by the acquisition of three brands, in the categories of household, and children products, as well as the continued growth and expansion of our existing brand portfolio.

Adjusted EBITDA

In the first quarter, adjusted EBITDA reached KSEK 8,016 (-1,082). Whilst trending positively compared to the previous period, this result is a little softer than forecasted, largely attributed to our operating costs increasing at a faster relative rate to revenue and profit. This is due to being more selective with brand acquisitions, than first planned.

EBITA

EBITA in the first quarter closed at KSEK -3,120 (-2,048) reflecting a decline compared to the previous period. The decrease in EBITA is largely attributed to an increase in operating expenses.

Net debt/Adjusted EBITDA

During the first quarter, the Net debt/Adjusted EBITDA ratio changed to 9.6 (14.8), demonstrating an improvement compared to the previous period. This improvement was primarily driven by the increase in adjusted EBITDA, indicating a healthier financial position for our business.

Cash flow from operating activities

In the first quarter, cash flow from operating activities amounted to KSEK -56,429 (-760).

ROCE

During the first quarter, our return on capital employed (ROCE) stood at 0.0% (-2.3%). Considering that quarter one remains a part of our build-up phase, it is encouraging that our ROCE remains close to positive.

Significant events in the first quarter, January – March 2023

During the first quarter in 2023, Go North has acquired in total three brands, in the categories children products and household products. The total balance sheet impact, i.e. upfront payment plus future stability payment plus estimated earn-out plus inventory at the acquisition, of these investments is KSEK 164,195.

From 3 March 2023, Go North has a new bond totalling equivalent to KSEK 550,000 in one SEK-tranche of KSEK 350,000 and one USD-tranche of equal to KSEK 200,000. It replaced the previous bond of KSEK 280,000. In line with the terms of this new bond, a revolving credit facility in USD, equal to KSEK 50,000, was established in March.

The not yet amortized residual cost in the balance for establishing the previous bond (KSEK 10,157) was removed from the balance, as a financial cost.

The total cost for establishing the new bond is estimated to KSEK 25,000, whereof KSEK 18,519 was balanced for Q1 and is fully amortized over the three year duration of the new bond.

Shareholder contributions of KSEK 20,000 were received by the Group during the first quarter.

Other current receivables have increased with 100 % (KSEK 30,338) comparing to 31 Dec 2022, while the revenue increase between December 2022 and March 2023 amounted to 45%. These current receivables are VAT and receivables from Amazon.

Significant events after the end of the reporting period

Go North is since April 2023 exploring the possibility of raising additional equity if market conditions permit. To advise on the process, Go North has mandated Carnegie Investment Bank AB (publ) as its financial advisor.

Go North's board of directors has decided to start making Go North IPO ready. And one of the top-4 global audit firms has been assigned as IPO readiness advisor.

Parent company

The net sales for the parent company during the first quarter was KSEK 17,133 (4,053). The net profit during the same period was KSEK -61,692 (-2,094).

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

Amounts in KSEK	Financial period		
	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
ASSETS			
Fixed assets			
Goodwill	714	-	714
Brands	573,104	22,020	437,030
Other intangible assets	9,050	-	5,885
Property, plant and equipment assets	859	76	714
Right-of-use assets	3,894	-	4,362
Total fixed assets	587,621	22,096	448,705
Current assets			
Stock	76,751	1,449	65,230
Other current receivables	60,630	1,921	30,292
Prepaid expenses and accrued income	2,819	982	8,910
Liquid assets	224,075	64,064	159,242
Total current assets	364,275	68,416	263,674
TOTAL ASSETS	951,896	90,512	712,379

Amounts in KSEK	Financial period		
	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital	500	45	500
Other capital contributed	258,757	85,867	240,048
Reserves	-	-	-
Balanced results	-51,611	-2,224	-2,224
Net profit for the year	-31,761	-2,094	-49,387
Total equity attributable to Parent Company's shareholders	175,885	81,593	188,937
LIABILITIES			
Long-term liabilities			
Bond loan	479,336	-	269,457
Liabilities to credit institutions	33,603	3,418	1,313
Leasing liabilities	2,240	-	2,778
Deferred tax liability	16,662	-	16,662
Other long-term liabilities	10,172	-	10,088
Total long-term liabilities	542,013	3,418	300,298
Current liabilities			
Accounts payable	18,910	1,368	12,678
Leasing liabilities	2,100	-	1,901
Other current liabilities	192,598	3,988	193,853
Accrued expenses and prepaid income	20,390	146	14,712
Total current liabilities	233,998	5,501	223,144
TOTAL EQUITY AND LIABILITIES	951,896	90,512	712,379

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in KSEK

Attributable to shareholders of the Parent Company

	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit (loss) for the year	Total Equity
Opening balance at January 1, 2022	46	6,061	-	-2,224	3,883
Profit (loss) for the year	-	-	-	-49,387	-49,387
Total comprehensive income for the year	-	-	-	-49,387	-49,387
Transactions with shareholders in their role as owners					
New share issue	18	80,182	-	-	80,200
Bonus issue	436	-436	-	-	-
Issue cost	-	-759	-	-	-759
Shareholders contribution	-	155,000	-	-	155,000
Closing balance at December 31, 2022	500	240,048	-	-51,611	188,937
Opening balance at January 1, 2023	500	240,048	-	-51,611	188,937
Profit (loss) for the year	-	-	-	-31,761	-31,761
Total comprehensive income for the year	-	-	-	-31,761	-31,761
Transactions with shareholders in their role as owners					
Issue cost	-	-1,291	-	-	-1,291
Shareholders contribution	-	20,000	-	-	20,000
Closing balance at March 31, 2023	500	258,757	-	-83,372	175,885

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in KSEK	Financial period		
	Q1 2023	Q1 2022	Full year 2022
Cash flow from operating activities			
Profit/loss after financial items	-31,761	-2,094	-39,885
Adjustments for items not included in capital	611	393	1,463
Income tax paid	-	-	-
Cash flow from operating activities before changes in working capital	-31,150	-1,701	-38,422
Cash flow from changes in working capital			
Increase/decrease of inventories	-11,431	220	-63,607
Increase/decrease of working receivables	-24,247	-2,465	-38,765
Increase/decrease of working liabilities	10,399	3,186	221,125
Total changes in working capital	-25,279	941	118,753
Cash flow from operating activities	-56,429	-760	80,331
Cash flow from investing activities			
Acquisition of subsidiaries after deduction of acquired	-	-	-2,068
Investments in intangible fixed assets	-139,229	-19,754	-420,895
Investments in tangible assets	-200	-72	-4,583
Cash flow from investing activities	-139,429	-19,826	-427,546
Cash flow from financing activities			
The raising of loans	240,691	1,228	269,457
New issue/Shareholders contribution	20,000	80,053	234,431
Change in overdraft facility	-	-	-800
Cash flow from financing activities	260,691	81,281	503,088
Closing cash and cash equivalents			
Decrease/increase in liquid assets	64,833	60,695	155,873
Opening cash and cash equivalents	159,242	3,369	3,369
Closing cash and cash equivalents	224,075	64,064	159,242

Parent Company

Income statement

Amounts in KSEK	Financial period		
	Q1 2023	Q1 2022	Full year 2022
Operating income			
Net sales	17,133	4,053	71,792
Capitalized work on own account	3,165	-	5,885
Other operating income	-	21	7,401
Total income	20,298	4,074	85,078
Cost of goods sold	-	-783	-65,326
Sales and administration costs	-52,069	-5,281	-59,367
Other operating costs	-1,353	-57	-6,796
Operating profit	-33,124	-2,047	-46,411
Results from shares in subsidiaries	-	-	-7,430
Financial income	3,922	-	939
Financial expenses	-32,490	-47	-22,181
Financial items - net	-28,568	-47	-28,672
Profit after financial items	-61,692	-2,094	-75,083
Tax on net income for the year	-	-	-
Net profit for the year	-61,692	-2,094	-75,083

Balance sheet

Amounts in KSEK	Financial period		
	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
ASSETS			
Fixed Assets			
<i>Intangible assets</i>			
Brands	510,789	22,020	416,795
Other intangible assets	9,050	-	5,885
Total intangible assets	519,839	22,020	422,680
<i>Tangible assets</i>	859	76	713
Total tangible assets	859	76	713
<i>Financial fixed assets</i>			
Shares in Group companies	5,560	-	5,560
Total financial fixed assets	5,560	-	5,560
Total fixed assets	526,258	22,096	428,953
Current assets			
<i>Stock</i>	705	1,449	705
<i>Short-term receivables</i>			
Receivables from Group companies	143,735	-	92,590
Other receivables	20,385	1,921	16,926
Prepaid expenses and accrued income	1,353	982	9,024
Total current receivables	165,473	1,173	118,540
<i>Cash and bank</i>	202,088	64,064	137,776
Total current assets	368,266	68,416	257,021
TOTAL ASSETS	894,524	90,512	685,794

Amounts in KSEK	Financial period		
	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity capital</i>			
Share capital	500	45	500
Fund for development expenditure	9,050	-	5,885
Total restricted equity capital	9,550	45	6,385
<i>Unrestricted equity capital</i>			
Other capital contributed	251,758	85,867	5,778
Profit or loss balance	-77,307	-2,224	-2,224
Net profit for the year	-61,692	-2,094	-75,083
Total unrestricted equity capital	112,759	81,549	157,616
Total equity capital	122,309	81,593	164,001
Long-term liabilities			
Bond loan	479,337	-	269,457
Liabilities to credit institutions	33,603	3,418	1,313
Deferred tax liability	16,662	-	16,662
Other liabilities	10,171	-	10,088
Total long-term liabilities	539,773	3,418	297,520
Current liabilities			
Accounts payable	16,327	1,368	12,545
Other current liabilities	6,479	-	-
Liabilities to Subsidiaries	195,914	3,988	197,996
Accrued expenses and prepaid income	13,722	146	13,912
Total current liabilities	232,442	5,501	224,453
TOTAL EQUITY AND LIABILITIES	894,524	90,512	685,974

Notes to the consolidated statements

General

Go North Group AB ("Go North"), Corp. Id. No 559252-2188 is a Parent Company registered in Sweden and domiciled in Gothenburg, with address Norra Allégatan 5, 413 01, Gothenburg, Sweden.

All amounts are stated in SEK thousand (KSEK) unless stated otherwise. Amounts in brackets refer to the comparative year.

The Groups interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. For the Parent Company, the report has been prepared in accordance with the Swedish Annual Accounts act and RFR 2. The accounting policies adopted are consistent with those applied for the 2022 Annual Report and should be read in conjunction with that Annual Report.

Related party transactions

No related party transactions have been performed during the period.

Definitions of financial measures used in the financial overview

Below the measures used in the financial overview of this report are defined.

Go North presents in that financial overview also alternative financial measures (AFMs) in addition to the financial measures established by IFRS, in order to better explain the development of the business and the financial position. However, such measures shall not be considered as a substitute for the key measures required under IFRS. The alternative financial measures presented in this report are also described below.

Financial measure	AFM/IFRS	Definition	Rationale
Net Sales	IFRS	Total revenue generated excluding any sales returns, allowances, and discounts	This measure shows how well Go North sells its products and generates other revenue.
Adjusted EBITDA	AFM	Net income with interest, taxes, depreciation, amortization and one-time acquisition costs* and one-time restructuring costs* added back.	The core measure for Go North's underlying health and ability to generate cash, when filtering out one-time change activities.
EBITA	AFM	Operating profit after depreciation of property, plant and equipment before amortization.	The measure enables comparisons of profit generation over time regardless of amortization of acquisition-related intangible assets and regardless of the corporate tax rate and the company's financing structure. However, depreciation on tangible assets is included, which is a measure of a resource consumption that is necessary to generate the result.
Net Financial Debt/Adjusted EBITDA ratio	AFM	Net interest bearing debt divided by annual Adjusted EBITDA. The quarter's Adjusted EBITDA has been annualised by multiplying with 4.	This shows how many years it would take for Go North to pay back its debt if net financial debt and Adjusted EBITDA are held constant, i.e. without costs for changing the company.
Cash flow from operating activities	IFRS	Operating Income plus depreciation minus taxes plus change in working capital.	This indicates the amount of money brought in from ongoing, regular business activities.
ROCE	AFM	Dividing net operating profit by capital employed. Capital employed being share capital, other equity contributions and borrowings.	This measure helps to understand how well Go North generates profits from its capital as it is put to use.

* These adjustments are aligned to Go North's agreement of 3 March 2023 for SEK Tranche Bonds ISIN NO0012829847 and USD Tranche Bonds ISIN NO0012829854, published in the investor relations section on Go North's web-site. Acquisition costs are the one-time costs associated with the pre-deal activities for acquiring (brand) businesses in a share purchase agreement, and the post-deal integration costs of all acquired (brand) businesses. Restructuring costs are the one-time costs when changing the legal or organisational structure of Go North (up to a maximum total cost of five percent of the total Adjusted EBITDA for the specific quarter).

Pro forma Income statement

Amounts in KSEK

Financial period

	March 2023 LTM	Dec 2022 LTM
Net Sales	595,235	432,661
Other operating income	7,805	6,636
Total income	603,040	439,297
COGS and shipping	153,142	109,271
Gross profit 1	442,093	323,390
<i>Gross margin 1</i>	74.3%	74.7%
FBA, selling and logistics fees	233,520	164,650
Gross profit 2	208,573	158,740
<i>Gross margin 2</i>	35.0%	36.7%
Ad spend	76,811	56,264
Gross profit 3	131,762	102,476
<i>Gross profit 3</i>	22.1%	23.7%
Overhead costs	53,095	30,462
Other operating costs	9,428	6,783
Adjustments	18,994	8,983
Adjusted EBITDA	88,233	74,214
<i>Adj EBITDA margin</i>	14.8%	17.2%

Description of basis preparation

This is a table with mainly alternative financial measures outside the IFRS accounting principles. It is prepared following the terms of Go North's agreement of March 3, 2023 for SEK Tranche Bonds ISIN NO0012829847 and USD Tranche Bonds NO0012829854, published in the investor relations section on Go North's website.

The proforma figures from Revenue to Gross profit 3, except Other operating income, include all brands which were owned by Go North at end of each period as if they were owned from that specific period. These figures for 2022 are based on data from the associated Amazon Seller Central accounts, except for Production and shipping which is based on data from the seller of the brand to Go North and/or internal cost data from Go North. Figures from Revenue to Gross profit 3 for Q1 2023 are based on Go North's actual figures during this period, except if a brand was not owned by Go North for one or several months in this period. In that case, figures from Amazon Seller Central are used for those months instead.

Other operating income, Overhead and Adjustments are based on Go North's actual overhead costs and adjustments during the entire period.



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ABOUT GO NORTH GROUP AB (PUBL)

Go North Group AB (publ) is a Swedish e-commerce group. The company is operated by Amazon FBA entrepreneurs, that acquires and scales brands on Amazon and beyond.

Read more at www.gonorth.co

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