

The background of the cover features a vibrant aurora borealis (northern lights) in shades of green and blue, dancing across a dark, starry night sky. Below the aurora, a range of rugged, snow-covered mountains is visible under a soft, twilight glow. The overall scene is serene and evokes a sense of vastness and natural beauty.

GoNorth[®]

Go North Group AB
Q2 Interim Report

Interim Report Second Quarter 2024

Second quarter Apr – Jun 2024 (compared to Apr – Jun 2023)

- ▶ Net sales were KSEK 130,950 (173,115).
- ▶ Adjusted EBITDA was KSEK 3,831 (7,611).
- ▶ EBITA was KSEK 3,307 (1,345).
- ▶ Net financial debt / Adjusted EBITDA was 45.77 (12.18).
- ▶ Cash flow from operating activities was KSEK -419 (79,109).
- ▶ ROCE was -6.0% (1.6%).

FINANCIAL OVERVIEW

KSEK	Apr-Jun 2024	Apr-June 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Net Sales	130,950	173,115	267,511	296,775	650,273
Adjusted EBITDA	3,831	7,611	3,135	15,627	-4,004
EBITA	3,307	1,345	2,086	-1,775	-30,491
Net financial debt/Adjusted EBITDA	45.77	12.18	111.86	11.87	N/A
Cash flow from operating activities	-419	79,109	7,994	22,680	-189,089
ROCE	-6.0%	1.6%	-22.2%	1.7%	-12.8%

For definitions, please refer to page 13.

Update from CEO

For Go North, the second quarter 2024 marked a significant time of change. As I started as the new CEO in April, so too began a new era of strategic transition. With growth challenges present, and a current focus on increasing profitability, the new way forward was clear: Go North must now take the learnings from the past, where profitability had been a focus, and now drive profitable commercial growth. With this, new business objectives were put into place for expansion into more sales channels, more markets, and developing new products – all with the objective of boosting revenue beginning in the fourth quarter 2024 without hurting revenue and profit until then.

These objectives were initiated within the existing team structure during the second quarter, and will eventually lead the way to organizational changes throughout the third quarter. This new structure will support new business objectives, ensuring the company is set up to deliver more profitable revenue, consistently, and in a way that is scalable.

The results we see in the second quarter illustrate a continued challenge in achieving organic growth, and challenges in improving margins – resulting in a reduced Gross Profit. Nonetheless, with a reduction in fixed costs compared to 2023, this has helped Go North's EBITDA during the current year. Go North drives now for growth in top line while lifting margins and Gross Profit, thus elevating absolute EBITDA values.

Ryan Looyen, CEO

Financial Reports

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in KSEK	Financial period				
	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Net sales	130,950	173,115	267,511	296,775	650,273
Capitalized work on own account	0	1,973	193	5,138	10,811
Other operating income	31	2,656	67	3,856	1,391
Total Income	130,981	177,744	267,771	305,769	662,475
Cost of goods sold	-36,286	-43,297	-69,552	-74,616	-177,641
Gross profit	94,695	134,447	198,219	231,153	484,834
Selling and administrative costs	-90,270	-132,041	-192,107	-228,739	-512,621
Depreciation, amortization and impairments	-64,685	-438	-259,130	-864	-95,139
Other operating costs	-594	-623	-2,977	-3,325	-714
Operating profit (loss)	-60,854	1,345	-255,995	-1,775	-123,640
Financial income	338	12,866	30,526	16,788	14,580
Financial expenses	-23,453	-45,826	-94,026	-78,389	-107,981
Net financial items	-23,115	-32,960	-63,500	-61,101	-93,401
Profit (loss) before tax	-83,969	-31,615	-319,495	-63,376	-217,041
Deferred tax	1,531	-	9,909	-	-
Profit (loss) for the period	-82,438	-31,615	-309,586	-63,376	-217,041

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

The Group has no items that are recognized as other comprehensive income. Total comprehensive income is therefore the same as net profit for the period.

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

Amounts in KSEK	Financial period				
	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Earnings per share, basic	-46.4	-17.8	-174.4	-35.7	-122.3
Number of shares	1,775,045	1,775,045	1,775,045	1,775,045	1,775,045

Management Comments

Net sales

During the second quarter, net sales amounted to KSEK 130,950 (173,115). No acquisitions were made during the quarter. Go North owns 1 less brand compared to same quarter last year.

Adjusted EBITDA

In the second quarter, adjusted EBITDA reached KSEK 3,831 (7,611). The lower adjusted EBITDA is primarily due to non-recurring adjustments made in the previous year.

EBITA

EBITA in the second quarter reached KSEK 3,307 (1,345). The increased EBITA compared to previous year is due to reductions in fixed costs in the current year.

Net debt/Adjusted EBITDA

During the second quarter, the Net financial debt/ Adjusted EBITDA ratio was 45.77 (12.18), due in large part to increased debt with lower than desired profit growth. The increase is also due to the previous year containing adjustments in the second quarter which raised adjusted EBITDA.

Cash flow from operating activities

In the second quarter, cash flow from operating activities was KSEK -419 (79,109). The cash flow from operating activities in the current quarter decreased mainly due to a decrease in accounts payable from the previous quarter.

ROCE

During the second quarter, the return on capital employed (ROCE) stood at -6.0% (1.6%). The KPI is negatively affected by the impairments.

Significant events in the second quarter, April – June 2024

During the second quarter, Go North made no new acquisition but instead focused on optimizing its current business.

In April 2024, Go North reached a settlement with the previous owners of one of its brands regarding outstanding stability payments. As a part of this settlement, Go North returned the brand to the previous owner in exchange for writing off the stability payment. The brand asset was already fully impaired at this time, resulting in no balance sheet effect from the loss of the brand asset in itself. The brand had net sales of 3,359 KSEK in Q1 2024, or ~2.5% of total net sales, with a profit contribution of -122 KSEK.

Go North has also finalized or is in the process of finalizing negotiations of payments of several other outstanding stability payments and earn-outs.

Due to negative equity in both the parent company and several of the subsidiaries, the Board of Directors decided in May 2024 to establish balance sheets for liquidation purposes in these companies. These showed that the equity is less than half of the registered share capital in these companies.

Due to lower-than-anticipated profitability and diminished sales performance, an impairment occurred in the form of a write-down of brand assets, totaling KSEK 109,426 for nine brands. This impairment was a consequence of lower sales and profitability than expected. At the same time a reversal of impairment occurred during the quarter totaling KSEK 39,686 for nine other brands. This reversal of impairment was due to improved sales and profitability which resulted in the brand value being estimated to be higher than previous estimates in the impairment test process. The net effect of these impairment bookings in the second quarter totaled KSEK 69,741

Significant events after the end of the reporting period

Go North has finalized or is in the process of finalizing negotiations of payments of several other outstanding stability payments and earn-outs. As of August 31, there remains outstanding stability payments and earn-outs for 2 brands.

In connection with the CFO and Finance Director moving on to new opportunities after the close of the second quarter, Go North made the decision to merge these two roles into the CFO role. The position was filled with an internal recruitment.

Parent company

The net sales for the parent company during the second quarter was KSEK 20,851 (25,714). The parent company's net profit during the same period was KSEK -74,764 (-57,535).

The effect of the write-down of brand assets on the parent company was KSEK 72,953 for eight brands. The effect of reversal of previous impairments of brand assets on the parent company was KSEK 28,850. The net effect of these impairment adjustments in the second quarter totaled KSEK 44,103.

When the financial figures for the first quarter were finalized in May 2024, it became apparent that the parent company had negative equity in the balance sheet which could not be compensated for by excess value in the company's assets. The Board of Directors therefore found that the parent company had to establish a balance sheet for liquidation purposes.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

Amounts in KSEK

Financial period

	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
ASSETS			
Non-current assets			
Goodwill	-	714	-
Brands	293,066	740,927	562,639
Other intangible assets	14,259	11,023	15,579
Property, plant and equipment assets	734	821	847
Right-of-use assets	1,558	3,428	2,492
Total non-current assets	309,617	756,913	581,557
Current assets			
Stock	84,088	90,619	95,703
Account receivables	294	-	89
Other current receivables	24,365	93,274	40,683
Prepaid expenses and accrued income	2,065	1,181	7,628
Cash and cash equivalents	116,816	235,971	14,742
Total current assets	227,628	421,045	158,845
TOTAL ASSETS	537,245	1,177,958	740,402

Amounts in KSEK

Financial period

	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
EQUITY AND LIABILITIES			
EQUITY			
Share capital	500	500	500
Other capital contributed	288,185	285,395	285,388
Retained earnings	-268,652	-51,611	-51,611
Net profit for the year	-309,586	-63,376	-217,041
Total equity attributable to Parent Company's shareholders	-289,553	170,908	17,236
LIABILITIES			
Non-current liabilities			
Bond loan	676,101	538,552	-
Liabilities to credit institutions	50,023	47,761	45,354
Leasing liabilities	-	2,134	574
Deferred tax liability	2,866	16,662	16,662
Other non-current liabilities	-	10,652	29,807
Provisions	1,181	-	3,126
Total non-current liabilities	730,171	542,013	95,523
Current liabilities			
Bond loan	-	-	523,269
Accounts payable	3,596	17,207	7,769
Leasing liabilities	2,240	1,693	2,204
Liabilities to credit institutions	-	2,394	63
Other current liabilities	76,876	343,432	73,059
Accrued expenses and prepaid income	13,914	26,563	21,279
Total current liabilities	96,627	391,289	627,643
TOTAL EQUITY AND LIABILITIES	537,245	1,177,958	740,402

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 Jan 1, 2023	500	240,048	-	-51,611	188,937
Profit (loss) for the period	-	-	-	-63,376	-63,376
Total comprehensive income for the period	-	-	-	-63,376	-63,376
Transactions with shareholders in their role as owners					
New share issue	-	-	-	-	-
Bonus issue	-	-	-	-	-
Issue cost	-	-2,031	-	-	-2,031
Shareholders contribution	-	47,378	-	-	47,378
Closing balance at Jun 30, 2023	500	258,395	-	-114,987	170,908
Opening balance at Jan 1, 2024	500	285,388	-	-268,652	17,236
Profit (loss) for the period	-	-	-	-309,586	-309,586
Total comprehensive income for the period	-	-	-	-309,586	-309,586
Transactions with shareholders in their role as owners					
Issue cost	-	-	-	-	-
Reversal of issue costs	-	2,797	-	-	2,797
Shareholders contribution	-	-	-	-	-
Closing balance at Jun 30, 2024	500	288,185	-	-578,238	-289,553

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in KSEK

Financial period

	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Cash flow from operating activities					
Profit/loss after financial items	-83,969	-31,615	-319,495	-63,376	-217,041
Adjustments for items not included in cash flow*	84,539	416	307,744	1,027	96,430
Income tax paid	-	-	-	-	-9,662
Cash flow from operating activities before changes in working capital	570	-31,199	-11,751	-62,349	-130,273
Cash flow from changes in working capital					
Increase (+) /decrease (-) of inventories	3,329	-13,868	11,615	-25,299	-30,473
Increase (+) /decrease (-) of operating receivables	7,708	-31,006	21,676	-55,253	-9,199
Increase (+) /decrease (-) of operating liabilities	-12,026	155,182	-13,546	165,581	-19,144
Total changes in working capital	-989	110,308	19,745	85,029	-58,816
Cash flow from operating activities	-419	79,109	7,994	22,680	-189,089
Cash flow from investing activities					
Acquisition of subsidiaries after deduction of acquired liquid assets	-	-	-	-	-
Investments in intangible fixed assets	-9,177	-169,806	-9,254	-309,035	-297,884
Investments in tangible assets	-	-	-	-200	-343
Cash flow from investing activities	-9,177	-169,806	-9,254	-309,235	-298,227
Cash flow from financing activities					
Increase/repayments of loans	-	77,246	103,334	317,937	297,276
New issue/shareholders contribution	-	25,347	-	45,347	47,378
Change in overdraft facility/loans	-	-	-	-	-1,838
Cash flow from financing activities	-	102,593	103,334	363,284	342,816
Closing cash and cash equivalents					
Decrease/increase in liquid assets	-9,596	11,896	102,074	76,729	-144,500
Opening cash and cash equivalents	126,412	224,075	14,742	159,242	159,242
Closing cash and cash equivalents	116,816	235,971	116,816	235,971	14,742

Parent Company

Income statement

Amounts in KSEK	Financial period				
	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Operating income					
Net sales	20,851	25,714	44,558	42,847	97,561
Capitalized work on own account	0	1,973	193	4,161	10,811
Other operating income	41	3,991	77	3,991	2,741
Total income	20,892	31,678	44,828	51,976	111,113
Sales and administration costs	-19,978	-28,726	-38,782	-52,242	-108,173
Other operating costs	-4	-746	-12	-2,099	-
Depreciation, amortization and impairments	-58,723	-27,919	-185,321	-56,472	-197,249
Operating profit	-57,813	-25,713	-179,287	-58,837	-194,309
Results from shares in subsidiaries	-	2,542	-	2,542	2,542
Financial income	46	10,107	30,209	14,029	13,473
Financial expenses	-22,415	-44,471	-96,490	-76,961	-113,329
Financial items - net	-22,369	-31,822	-66,281	-60,390	-97,314
Profit after financial items	-80,182	-57,535	-245,578	-119,227	-291,623
Group contributions received	-	-	-	-	9,843
Deferred tax	5,418	-	9,909	-	-
Income tax	-	-	-	-	3,888
Net profit for the period	-74,764	-57,535	-235,659	-119,227	-277,892

The Parent Company has no items that are recognized as other comprehensive income. Total comprehensive income is therefore the same as net profit for the period.

Balance sheet

Amounts in KSEK

Financial period

	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
ASSETS			
Non-current assets			
Brands	240,484	510,789	438,526
Other intangible assets	14,259	9,050	15,579
Property, plant and equipment assets	734	859	847
Shares in group companies	34,130	5,560	34,130
Total non-current assets	289,607	526,258	489,082
Current assets			
Receivables from group companies	175,744	137,256	155,014
Accounts receivables	101	-	89
Stock	-	705	-
Other current receivables	1,589	20,385	848
Prepaid expenses and accrued income	1,969	1,353	1,960
Cash and cash equivalents	95,521	202,088	2,933
Total current assets	274,924	361,787	160,844
TOTAL ASSETS	564,531	888,045	649,926

Amounts in KSEK

Financial period

	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
EQUITY AND LIABILITIES			
EQUITY			
Share capital	500	500	500
Fund for development expenditure	14,259	9,050	15,555
Other capital contributed	273,927	251,758	272,631
Retained earnings	-355,200	-77,307	-77,307
Net profit for the year	-235,659	-61,692	-277,893
Total equity attributable to parent company's shareholders	-302,173	122,309	-66,514
LIABILITIES			
Non-current liabilities			
Bond loan	676,101	479,337	-
Liabilities to credit institutions	50,023	33,603	45,354
Deferred tax liability	2,866	16,662	12,775
Other non-current liabilities	-	10,171	29,807
Total non-current liabilities	728,990	539,773	87,936
Current liabilities			
Bond loan	-	-	523,269
Liabilities to group companies	52,010	-	800
Accounts payable	4,748	16,327	3,805
Liabilities to credit institutions	-	-	63
Other current liabilities	75,999	195,914	83,700
Accrued expenses and prepaid income	4,957	13,722	16,867
Total current liabilities	137,714	225,963	628,504
TOTAL EQUITY AND LIABILITIES	564,531	888,045	649,926

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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and RFR 1 Supplementary Accounting Rules for Groups. The group's 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 2023 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.

Note 1 – Distribution of revenue

The disaggregation of net sales in geographic markets and time of reporting is summarized below.

Amounts in KSEK	Financial period				
	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Geographic market					
USA	113,210	156,689	232,011	266,556	588,887
EU	11,998	9,350	22,808	17,387	33,525
United Kingdom	4,834	5,729	10,954	11,105	23,475
Canada	727	1,177	1,367	1,443	3,902
Other	181	170	371	284	484
Net sales	130,950	173,115	267,511	296,775	650,273

Note 2 – Financial instruments at fair value

The Group's financial instruments are recognized at amortized cost. The carrying amount offers a reasonable estimate of fair value.

Definitions of financial measurements used in the financial overview

In the financial overview Go North presents alternative performance measurements (APM) together with the financial measurements established by IFRS. This is in order to better explain the development of the business and the financial position. However, such measurements shall not be considered as a substitute for the key measurements required under IFRS. The alternative performance measurements presented in this report are described below.

Financial measure	APM/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	APM	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	APM	Operating profit excluding amortization and impairment of brands.	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	APM	The quarter's Adjusted EBITDA has been annualized by multiplying with 4. The half-year's Adjusted EBITDA has been annualized by multiplying with 2.	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.
Cash flow from operating activities	IFRS	Operating Income plus depreciation minus taxes plus change in working capital.	This indicates the amount of money generated in from ongoing, regular business activities.
ROCE	APM	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.

Other Information

Significant Risks and Uncertainties

Go North is in a challenging financial position, facing major risks in liquidity and capital structure as well as legal risks related to overdue stability payments and earn-outs for previous acquisitions. Meanwhile, the organic development of the business remains uncertain, with ongoing initiatives carrying additional operational risk.

It is uncertain whether the Group will have enough liquidity to fulfill its financial obligations and finance its ongoing business without breaking the liquidity covenants of its bonds and loans.

The capital structure, with significantly more debt than asset value, has resulted in large negative equity with uncertainties related to if, when and how this can be restored.

There are also several pending legal processes related to outstanding stability payments and earn-outs which may result in additional costs or lost assets.

Finally, the future operational performance of the business remains highly uncertain, with several brands not performing to expectations as well as ongoing strategic initiatives in their early stages with uncertain outcomes which may have considerable effect on the financial performance of the Group going forward.

Personnel

In Quarter 2, Go North continued to adapt to a product-focused business with less complexity and lower overhead cost. Go North continued to phase out consultants and implemented further overhead optimizations. The total number of employees at the end of Q2 was 26, not including consultants.

Auditor's Review

This interim report has not been reviewed by the company's auditors.

Financial Calendar

30 November 2024 – Interim Report Q3 2024

For more information, please contact:

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