

The background of the entire page is a photograph of a snowy mountain range under a night sky. A vibrant aurora borealis (northern lights) is visible, displaying shades of green and blue. The mountains are covered in snow, and the sky is filled with stars and the soft glow of the aurora. The text is overlaid on the upper left portion of this image.

GoNorth[®]

Go North Group AB
Q1 Interim Report

Interim Report First Quarter 2024

First quarter Jan – Mar 2024 (compared to Jan – Mar 2023)

- › Net sales were KSEK 136,561 (123,660).
- › Adjusted EBITDA was KSEK -696 (8,016).
- › EBITA was KSEK -1,221 (-3,120).
- › Net financial debt / Adjusted EBITDA was N/A (9.6).
- › Cash flow from operating activities was KSEK 8,413 (-56,429).
- › ROCE was -16.5% (0.0%).

FINANCIAL OVERVIEW

KSEK	Q1 2024	Q1 2023	Jan-Dec 2023
Net Sales	136,561	123,660	650,273
Adjusted EBITDA	-696	8,016	-4,004
EBITA	-1,221	-3,120	-30,491
Net financial debt/Adjusted EBITDA	N/A	9.6	N/A
Cash flow from operating activities	8,413	-56,429	-189,089
ROCE	-16.5%	-0.0%	-12.8%

For definitions, please refer to page 13.

Update from CEO

Business Updates

In the first quarter of 2024, Go North's primary focus was on organic growth and profitability. Additionally, we have worked to secure a more sustainable financial position through completion of negotiations with our creditors. These actions are expected to improve liquidity in the short term while enabling the long-term success of Go North.

The first quarter is typically one of the slowest in terms of sales and this year has been no exception. However, we still saw a growth in net sales from 123,660 KSEK in Q1 2023 to 136,561 KSEK in Q1 2024, or a growth by roughly 10%. The gross profit was also higher at 103,524 (96,706) KSEK in the same period. The large loss during the period of -227,148 (31,761) KSEK was primarily caused by one-time effects in the form of depreciation, amortization and impairments. It should be emphasized though that this growth in net sales was mainly due to acquisitions made in the first half of last year and organic growth remains negative.

With the completion of the negotiations with our creditors in February, we are in a more sustainable position in terms of both liquidity and covenants. However, Go North's capital structure remains highly challenging and there are still issues with outstanding stability payments and earn-outs where negotiations are yet to be completed.

Outlook

Go North will continue its strategic and operational shift throughout the year from an acquisition-focused Amazon operator to a product-focused consumer goods company. This transformation serves to strengthen our organic growth and profitability. In combination with further actions to strengthen our financial position, we are confident that this will enable us to reach a more financially sustainable and profitable state within the next few years.

By shifting our focus away from acquiring brands on Amazon to developing, launching and selling products to consumers, we can unlock additional potential in both the current portfolio as well as new products. This will be done through our three main strategic initiatives: geographic expansion, channel expansion and new product development.

Currently, roughly 90% of our sales are in the United States. This shows that there is great potential for us to utilize the existing portfolio in new markets, especially in the UK and EU. Through accelerated geographic expansion, we believe that we can realize this potential and enable significant organic growth.

By also broadening our scope outside of Amazon, we will be able to utilize the current portfolio in new channels to further increase sales.

As a consumer goods company, it will be essential to keep adapting and expanding our product portfolio to meet customer needs and expectations. This requires us to expand our work on new product development, which in turn will facilitate new sales.

Of course, it is equally important for us to maintain and improve current sales. We will therefore keep optimizing our existing portfolio and processes, especially on the US Amazon marketplace.

Through this new strategic focus and our new initiatives, it is our firm belief that Go North will be able to overcome its current challenges and establish itself as a healthy and profitable global consumer goods company, guided by our new motto: *"Products with Purpose"*.

Ryan Looyzen, CEO

Financial Reports

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in KSEK

Financial period

	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Net sales	136,561	123,660	650,273
Capitalized work on own account	193	3,165	10,811
Other operating income	36	1,200	1,391
Total Income	136,790	128,025	662,475
Cost of goods sold	-33,266	-31,319	-177,641
Gross profit	103,524	96,706	484,834
Selling and administrative costs	-101,837	-97,124	-512,621
Depreciation, amortization and impairments	-194,445	0	-95,139
Other operating costs	-2,383	-2,702	-714
Operating profit (loss)	-195,141	-3,120	-123,640
Financial income	30,188	3,922	14,580
Financial expenses	-70,573	-32,563	-107,981
Net financial items	-40,385	-28,641	-93,401
Profit (loss) before tax	-235,526	-31,761	-217,041
Deferred tax	8,378	-	-
Profit (loss) for the period	-227,148	-31,761	-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

	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Earnings per share, basic	-128.0	-17.9	-122.3
Number of shares	1,775,045	1,775,045	1,775,045

Management Comments

Net sales

During the first quarter, net sales amounted to KSEK 136,561 (123,660). No acquisitions were made during the quarter. Go North owns 2 more brands compared to same quarter last year.

Adjusted EBITDA

In the first quarter, adjusted EBITDA reached KSEK -696 (8,016). The adjustments for Q1 2024 amount to O (10,703). The lower adjusted EBITDA is primarily a result of smaller adjustments compared to last year.

EBITA

EBITA in the first quarter reached KSEK -1,221 (-3,120).

Net debt/Adjusted EBITDA

During the first quarter, the Net financial debt/ Adjusted EBITDA ratio was N/A (9.6). The adjusted EBITDA is negative for Q1 2024.

Cash flow from operating activities

In the first quarter, cash flow from operating activities was KSEK 8,413 (-56,429), improved by positive effects from reduced inventory and receivables.

ROCE

During the first quarter, the return on capital employed (ROCE) stood at -16.5% (0.0%). The KPI is negatively affected by the impairments.

Significant events in the first quarter, January – March 2024

During the first quarter, Go North did not acquire any new brands, but focused on optimizing its current business.

On January 25 2024, the Group announced a written process for existing bonds, capitalized the next interest payment on these and issued new senior bonds. The written process was approved on February 16, securing a more favorable debt and liquidity situation for the Group going forward. This included lower interest rates on existing bonds, more flexibility in payment terms and the removal of certain covenants along with the issuance of USD 10 million of new senior bonds. Thus existing bonds were reclassified as long-term debt in Q1 2024. This agreement with the bondholders also meant that 20% of the shares in Go North Group AB will accrue to the bondholders through a set-off issue in the form of convertible bonds.

On March 22 2024, Go North announced that the CEO Johan Hallenby would leave his position on April 1 and be succeeded by Ryan Looyen. It was also announced that Johan Hallenby would continue to work within Go North as a working board member. However, the CEO change did not officially take place in April, but instead took place in May.

Due to lower-than-anticipated profitability and diminished sales performance as well as changes in Group strategy, an impairment occurred in the form of a write-down of brand assets, totaling KSEK 193,165 for twenty-one brands. This impairment was a consequence of a combination of lower profitability than expected as well as a cancellation of plans for further acquisitions, resulting in lower expected economies of scale in Group overhead.

Significant events after the end of the reporting period

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 are 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 and are currently being reviewed by the auditors.

Parent company

The net sales for the parent company during the first quarter was KSEK 23,707 (17,133). The parent company's net profit during the same period was KSEK -160,896 (-61,692).

The effect of the write-down of brand assets on the parent company was KSEK 98,972 for seventeen brands.

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. This balance sheet for liquidation purposes is currently being reviewed by the auditors.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

Amounts in KSEK

Financial period

	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
ASSETS			
Non-current assets			
Goodwill	-	714	-
Brands	359,760	573,104	562,639
Other intangible assets	15,108	9,050	15,579
Property, plant and equipment assets	790	859	847
Right-of-use assets	2,025	3,894	2,492
Total non-current assets	377,683	587,621	581,557
Current assets			
Stock	87,417	76,751	95,703
Account receivables	432	-	89
Other current receivables	32,042	60,630	40,683
Prepaid expenses and accrued income	1,957	2,819	7,628
Cash and cash equivalents	126,412	224,075	14,742
Total current assets	248,260	364,275	158,845
TOTAL ASSETS	625,943	951,896	740,402

Amounts in KSEK

Financial period

	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
EQUITY AND LIABILITIES			
EQUITY			
Share capital	500	500	500
Other capital contributed	288,185	258,757	285,388
Retained earnings	-268,652	-51,611	-51,611
Net profit for the year	-227,148	-31,761	-217,041
Total equity attributable to Parent Company's shareholders	-207,115	175,885	17,236
LIABILITIES			
Non-current liabilities			
Bond loan	659,625	479,336	-
Liabilities to credit institutions	48,898	33,603	45,354
Leasing liabilities	-	2,240	574
Deferred tax liability	8,284	16,662	16,662
Other non-current liabilities	-	10,172	29,807
Provisions	1,312	-	3,126
Total non-current liabilities	718,119	542,013	95,523
Current liabilities			
Bond loan	-	-	523,269
Accounts payable	6,801	18,910	7,769
Leasing liabilities	2,240	2,100	2,204
Liabilities to credit institutions	-	-	63
Other current liabilities	96,265	192,598	73,059
Accrued expenses and prepaid income	9,633	20,390	21,279
Total current liabilities	114,939	233,998	627,643
TOTAL EQUITY AND LIABILITIES	625,943	951,896	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	46	240,048	-	-51,611	188,937
Profit (loss) for the period	-	-	-	-31,761	-31,761
Total comprehensive income for the period	-	-	-	-31,761	-31,761
Transactions with shareholders in their role as owners					
New share issue	-	-	-	-	-
Bonus issue	-	-	-	-	-
Issue cost	-	-1,291	-	-	-
Shareholders contribution	-	20,000	-	-	-
Closing balance at Mar 31, 2023	500	258,757	-	-83,372	175,885
Opening balance at Jan 1, 2024	500	285,388	-	-268,652	17,236
Profit (loss) for the period	-	-	-	-231,156	-231,156
Total comprehensive income for the period	-	-	-	-231,156	-231,156
Transactions with shareholders in their role as owners					
Issue cost	-	-	-	-	-
Reversal of issue costs	-	2,797	-	-	-
Shareholders contribution	-	-	-	-	-
Closing balance at Mar 31, 2024	500	288,185	-	-499,808	-211,123

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in KSEK

Financial period

	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Cash flow from operating activities			
Profit/loss after financial items	-235,526	-31,761	-217,041
Adjustments for items not included in cash flow*	223,205	611	96,430
Income tax paid	-	-	-9,662
Cash flow from operating activities before changes in working capital	-12,321	-31,150	-130,273
Cash flow from changes in working capital			
Increase (+) /decrease (-) of inventories	8,286	-11,431	-30,473
Increase (+) /decrease (-) of operating receivables	13,968	-24,247	-9,199
Increase (+) /decrease (-) of operating liabilities	-1,520	10,399	-19,144
Total changes in working capital	20,734	-25,279	-58,816
Cash flow from operating activities	8,413	-56,429	-189,089
Cash flow from investing activities			
Acquisition of subsidiaries after deduction of acquired liquid assets	-	-	-
Investments in intangible fixed assets	-77	-139,229	-297,884
Investments in tangible assets	-	-200	-343
Cash flow from investing activities	-77	-139,429	-298,227
Cash flow from financing activities			
Increase/repayments of loans	103,334	240,691	297,276
New issue/shareholders contribution	-	20,000	47,378
Change in overdraft facility/loans	-	-	-1,838
Cash flow from financing activities	103,334	260,691	342,816
Closing cash and cash equivalents			
Decrease/increase in liquid assets	111,670	64,833	-144,500
Opening cash and cash equivalents	14,742	159,242	159,242
Closing cash and cash equivalents	126,412	224,075	14,742

Parent Company

Income statement

Amounts in KSEK	Financial period		
	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Operating income			
Net sales	23,707	17,133	97,561
Capitalized work on own account	193	3,165	10,811
Other operating income	36	-	2,741
Total income	23,936	20,298	111,113
Sales and administration costs	-18,804	-52,069	-108,173
Other operating costs	-8	-1,353	-
Depreciation, amortization and impairments	-126,598	-	-197,249
Operating profit	-121,474	-33,124	-194,309
Results from shares in subsidiaries	-	-	2,542
Financial income	30,163	3,922	13,473
Financial expenses	-74,075	-32,490	-113,329
Financial items - net	-43,912	-28,568	-97,314
Profit after financial items	-165,386	-61,692	-291,623
Group contributions received	-	-	9,843
Deferred tax	4,491	-	-
Income tax	-	-	3,888
Net profit for the period	-160,896	-61,692	-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

	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
ASSETS			
Non-current assets			
Brands	303,026	510,789	438,526
Other intangible assets	15,108	9,050	15,579
Property, plant and equipment assets	790	859	847
Shares in group companies	34,130	5,560	34,130
Total non-current assets	353,054	526,258	489,082
Current assets			
Receivables from group companies	140,630	137,256	155,014
Accounts receivables	92	-	89
Stock	-	705	-
Other current receivables	946	20,385	848
Prepaid expenses and accrued income	1,863	1,353	1,960
Cash and cash equivalents	106,458	202,088	2,933
Total current assets	249,989	361,787	160,844
TOTAL ASSETS	603,043	888,045	649,926

Amounts in KSEK

Financial period

	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
EQUITY AND LIABILITIES			
EQUITY			
Share capital	500	500	500
Fund for development expenditure	15,108	9,050	15,555
Other capital contributed	273,078	251,758	272,631
Retained earnings	-355,200	-77,307	-77,307
Net profit for the year	-160,896	-61,692	-277,893
Total equity attributable to parent company's shareholders	-227,410	122,309	-66,514
LIABILITIES			
Non-current liabilities			
Bond loan	659,625	479,337	-
Liabilities to credit institutions	48,898	33,603	45,354
Deferred tax liability	8,284	16,662	12,775
Other non-current liabilities	-	10,171	29,807
Total non-current liabilities	716,807	539,773	87,936
Current liabilities			
Bond loan	-	-	523,269
Liabilities to group companies	-	-	800
Accounts payable	5,839	16,327	3,805
Liabilities to credit institutions	-	-	63
Other current liabilities	104,206	195,914	83,700
Accrued expenses and prepaid income	3,601	13,722	16,867
Total current liabilities	113,646	225,963	628,504
TOTAL EQUITY AND LIABILITIES	603,043	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		
	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Geographic market			
USA	118,806	104,348	588,887
EU	10,798	11,338	33,525
United Kingdom	6,128	7,496	23,475
Canada	640	391	3,902
Other	190	87	484
Net sales	136,561	123,660	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 and ongoing strategic initiatives in early stages with uncertain outcomes which may have considerable effect on the financial performance of the Group going forward.

Personnel

In Quarter 1, 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 Q1 was 28, not including consultants.

Auditor's Review

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

Financial Calendar

31 August 2024 – Interim Report Q2 2024

For more information, please contact:

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