

Go North[®]

Go North Group AB (Publ)

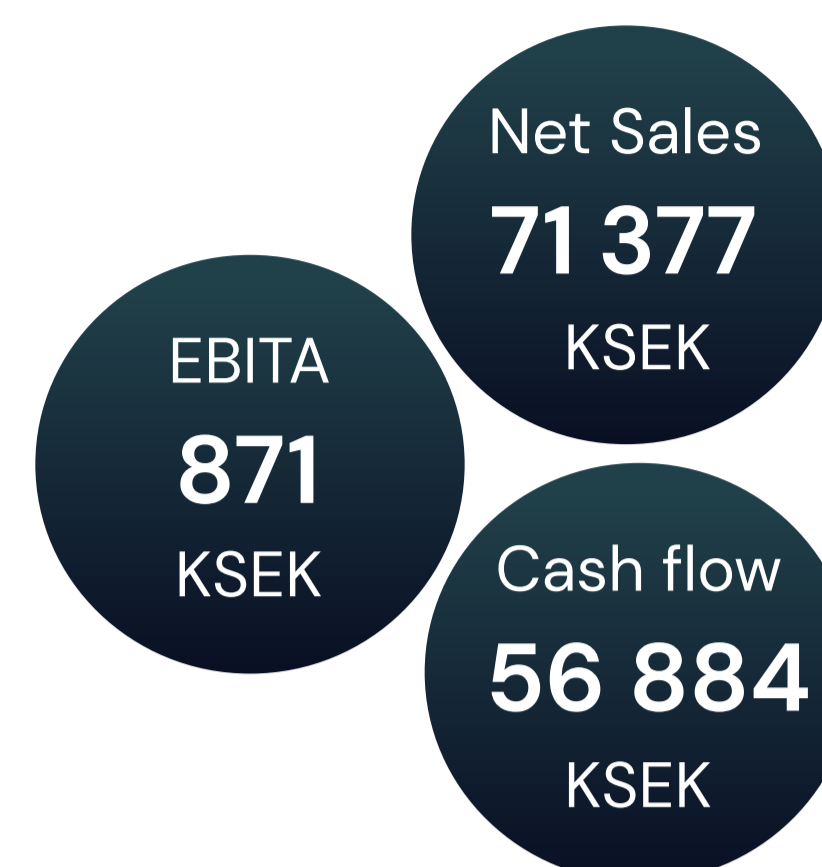
Interim Report Q4 October 1 - December 31, 2022



Interim Report fourth quarter 2022

Fourth quarter Oct – Dec 2022 (compared to Oct – Dec 2021)

- Net sales were KSEK 71 377 (791).
- Adjusted EBITDA was KSEK 9 795 (-870).
- EBITA was KSEK 871 (-1 020).
- Net debt / Adjusted EBITDA was 5,2 (-1,2).
- Cash flow from operating activities was KSEK 56 884 (-1 902).
- ROCE was 0% (-160%).



Twelve months, Jan – Dec 2022 (compared to Jan – Dec 2021)

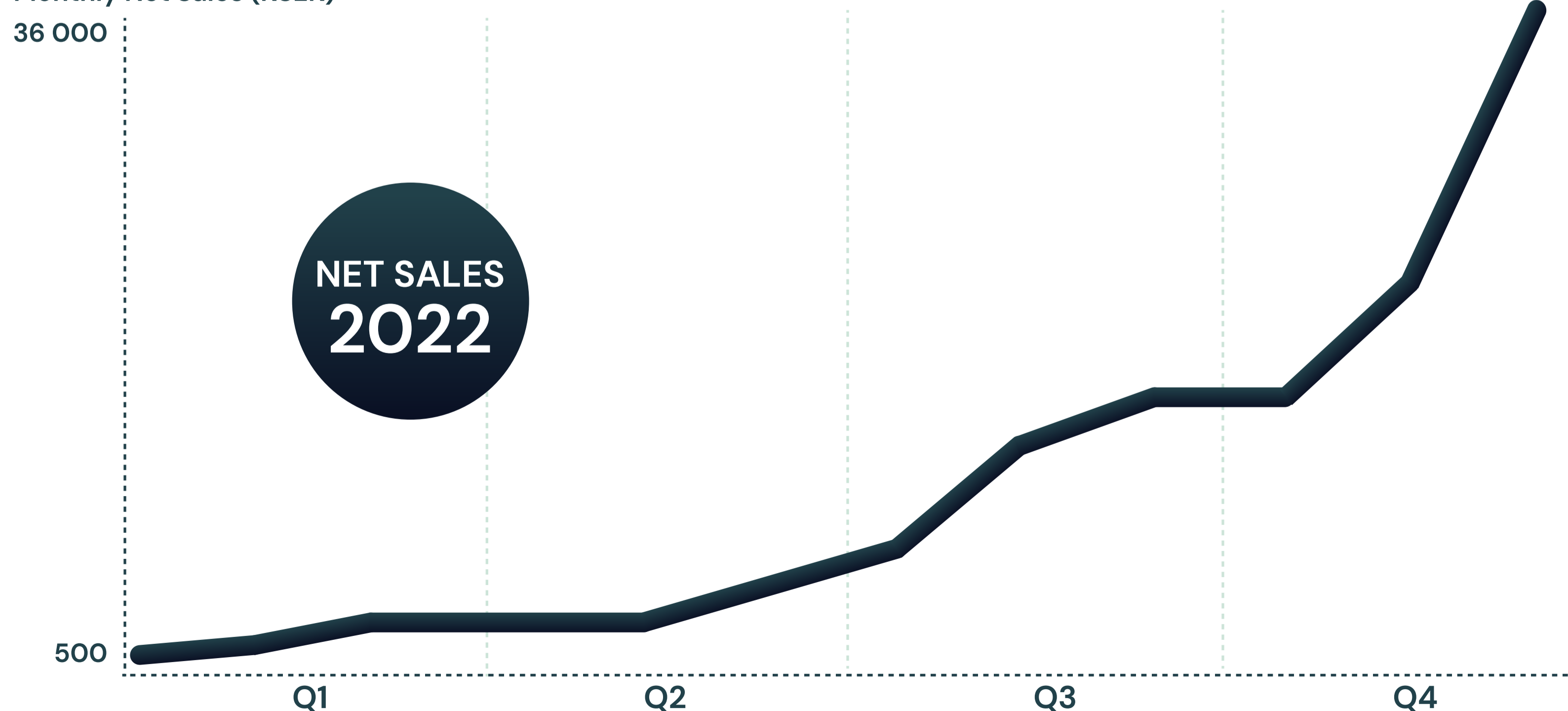
- Net sales were KSEK 118 280 (1 222).
- Adjusted EBITDA was KSEK -6 197 (-1 958).
- EBITA was KSEK -16 333 (-2 111).
- Net debt / Adjusted EBITDA was -33,0 (-2,1).
- Cash flow from operating activities was KSEK -52 537 (-3 338).
- ROCE was 0% (-80%).

FINANCIAL OVERVIEW

KSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net Sales	71 377	791	118 280	1 222
Adjusted EBITDA	9 795	-870	-6 197	-1 958
EBITA	871	-1 020	-16 333	-2 111
Net debt/Adjusted EBITDA	5,2	-1,2	-33,0	-2,1
Cash flow from operating activities	56 884	-1 902	-52 537	-3 338
ROCE	0%	-160%	0%	-80%

For definitions, please refer to page 18.

Monthly Net Sales (KSEK)





Update from CEO/Founder

Market developments

During the full year of 2022, the main message from the Amazon aggregator sector has been segmentation.

Whilst the fundamental business model remains very strong. Many of the first moving aggregators who have seen significant success, have, in 2022, undergone organisational restructures, slowed or stopped acquisitions, driven efficiency initiatives and, in some cases, faced financial headwinds.

The challenge for these older aggregators isn't the concept. It's the way they operate. The concept of aggregating brands is, and remains a proven business model which has been around since the start of Procter & Gamble.

We're not bankers. We're builders. By the end of quarter four, 77% of the Go North Operations Team have operated an FBA Business and 50% have launched and operated their own FBA Business.

With that, we've been able to demonstrate strong net sales performance, with full year 2022, net sales being KSEK 118 280 (1 222). In the fourth quarter, net sales amounted to KSEK 71 377 (791), accounting for 60% of the total net sales of 2022, indicating the strong momentum into Q4.

And whilst Go North's first full year of 2022 has also been a build up story, we have still been able to make smart and balanced operational and personnel investments.

This has been underpinned by quarter four delivering positive adjusted EBITDA of KSEK 9 795 (-870), and positive EBITA closing at KSEK 871 (-1 020). In the fourth quarter, full year adjustments were made impacting the adjusted EBITDA and EBITA negatively, and without those the adjusted EBITDA would have been KSEK 19 559 and the EBITA KSEK 10 635.

Looking forward, we now have an operational internal capability that are experts at scaling brands through increased brand building, streamlined logistics and e-commerce operations. Coupled with designing an agile and nimble organisation, we believe we have a competitive advantage as supported by:

- Growing and strengthening our network with key opinion leaders and subject matter experts within the sector
- Learning organisational culture, including analysis of first mover aggregators and industry reports
- Remaining nimble and agile as we grow, enabling speedy pivots and directional change
- The ability to integrate, build and reconfigure internal and external resources to address changing business environments

And so we are very positive and upbeat about the ongoing business model, buoyant industry, and readiness of Go North to further capitalise on the opportunity into 2023.

#Go People

#Go Fair

#Go Green

#Go Secure

#Go Data

Significant risks and uncertainties

During the full year of 2022, the largest risks that Go North have managed and mitigated have largely related to the macro-economic situations.

Rising costs of living, and reduced consumer confidence have been navigated through our brand acquisition strategy. Ensuring our brands are diversified across a variety of categories, are evergreen and largely at affordable price points, has meant that we've largely been able to mitigate the macro headwinds.

Inflationary pressures are also starting to put pressures on our suppliers, and in turn their cost of materials. However, through strong collaborations, an increase in buying power and consolidation of some of our logistical network, Go North has been able to manage our cost of goods sold in a proactive way, largely protecting potential margin erosion.

In relation to the fourth quarter, the most significant risk that Go North faced, related to Amazon's fee and inventory stock limitations. Whilst Go North had predicted and planned for the Q4 holiday season, Amazon implemented unprecedented stock control limitations and further service fee increases. These were there to largely ensure Amazon could maximise sales impact of high value, high velocity products, and in turn, turn a greater profit in a shorter period. The negative effect of this, being limitations to largely every Fulfilled by Amazon (FBA) seller. Positively, Go North was able to utilise newly established direct Amazon contacts to support with increasing stock allowances and workarounds and help mitigate the risk. It is also important to reflect that this is the first time that Go North has managed the business through Q4. As an organisation we have implemented several plans to ensure we are better prepared for Q4 2023, including earlier planning, SKU reviews and proactive account management directly with our newly established contacts within Amazon.

Outlook

Go North is positioned to become the global leading operator in the Amazon Market Place category. Every fundraising round during 2022 has been oversubscribed (both equity and debt) and we see continuous strong interest from new potential investors. With aggregators struggling, less competition in the market, and decreasing acquisition multiples we believe we can continue cherry picking the very best assets to be

acquired to low prices. During 2022 Go North's internal organisation matured, with in-house capabilities in place across the main growth levers and world class technology, we are confident to continue scaling organic profit growth post acquisition of brands.

Related party transactions

During the full year 2022, Go North has acquired in total 27 brands, in mainly the categories of pet products, health and beauty products, household products, and sports products. Of these, 11 brands were acquired in the fourth quarter.

Personnel

During the full year 2022, Go North recruited a total of 35 full time employees, with 10 of these full time employees being recruited in quarter four. Go North's hiring plan has focused on building out our core value chain functions, with a talent focus on Amazon and Fulfilled By Amazon (FBA) experience.

Performance and financial position

During the full year 2022, Go North's financial position is attributable to two factors. Firstly, acquisition of 27 brands purchased throughout 2022, in combination with the growth of these brands post acquisition. And secondly the raising of funds.

For the full year 2022, the Group received shareholder contributions of KSEK 234 441 from Go North Holding AB, owning 100% of the equity in Go North Group AB. Of these, KSEK 139 241 were contributed in the fourth quarter.

For the full year 2022, the Group received new bond debt of KSEK 280 000, whereof KSEK 55 000 were added in the fourth quarter from a tap issue in the original bond facility. Of the original bond issue, Go North itself acquired bonds to a value of KSEK 15 000. They were fully divested at the tap issue in the fourth quarter.

Johan Hallenby

CEO/Founder

Financial Reports

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in KSEK	Financial period			
	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	71 377	791	118 280	1 222
Cost of goods sold	-19 700	-217	-28 974	-325
Gross profit	51 677	574	89 306	897
Selling and administrative costs	-45 323	-1 339	-98 279	-2 732
Other operating income	5 792	5	5 918	4
Other operating costs	-11 275	-260	-13 278	-280
Operating profit (loss)	871	-1 020	-16 333	-2 111
Financial income	931	0	931	0
Financial expenses	-8 831	-21	-15 718	-51
Net financial items	-7 900	-21	-14 787	-51
Profit (loss) before tax	-7 029	-1 041	-31 120	-2 162
Income tax	-9 502	-0	-9 502	0
Profit (loss) for the period	-16 531	-1 041	-40 622	-2 162

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			
	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Earnings per share, basic	-9,3	-0,8	-22,9	-1,7

Management Comments

Net sales

During the full year 2022, net sales were KSEK 118 280, an increase of 9679% compared to the corresponding previous year (KSEK 1 222). The increase in net sales derives in part from acquired brands, and secondly, organic growth of the brands post acquisition.

In the fourth quarter, net sales amounted to KSEK 71 377 (791), accounting for 60% of the total net sales of 2022. This large allocation to the fourth quarter was driven firstly by the seasonal consumer behaviours typically associated with Q4, the acquisition of 11 brands, and finally our growing momentum and capability to grow the existing brands currently in our portfolio.

Adjusted EBITDA

During the full year 2022, adjusted EBITDA was KSEK -6 197 (-1 958). Strategic investments into the organisation's team and operations throughout 2022 have contributed to this full year result.

However, in the fourth quarter adjusted EBITDA was KSEK 9 795 (-870), indicating the positive momentum of the business whilst also enabling the continued investments to strengthen the fundamentals of the business. In the fourth quarter, full year adjustments were made impacting the adjusted EBITDA negatively, and without those the adjusted EBITDA would have been KSEK 19 559.

EBITA

During the full year 2022, EBITA was KSEK -16 333 (-2 111). As noted earlier, strategic investments into the organisation's team and operations throughout 2022 have contributed to this full year result.

And again, as with Adjusted EBITDA, the positive trend is illustrated in the fourth quarter, with EBITA closing at KSEK 871 (-1 020). In the fourth quarter, full year adjustments were made impacting the EBITA negatively, and without those the EBITA would have been KSEK 10 635. This again is an indication of the positive momentum of the business.

Net debt/Adjusted EBITDA

During the full year 2022, Net debt / Adjusted EBITDA was -33,0 (-2,1). This negative result illustrates that on average across the year, Go North's debt has been lower than its cash.

Moving into the fourth quarter, Net debt / Adjusted EBITDA was 5,2 (-1,2). The ratio has improved, due to the increase in adjusted EBITDA. Without the negative full year adjustments mentioned under the adjusted EBITDA headline, the Net debt / Adjusted EBITDA for the fourth quarter would have been 2,6.

Cash flow from operating activities

During the full year 2022, cash flow from operating activities was KSEK -52 537 (-3 338), largely caused due to previously noted strategic investments into the business.

However, in the fourth quarter, cash flow from operating activities was KSEK 56 884 (-1 902). This result is another indication of the core operations of the business trending positively.

ROCE

During the full year 2022, Go North's return on capital employed was 0% (-80%), with a similar result in the fourth quarter, 0% (-160%). With 2022 being a build-up phase, it's encouraging to see the trend towards a positive return on capital employed, when compared to the same periods last year.

Significant events in the full financial year, January – December 2022, and in the fourth quarter, October – December 2022

During the full year 2022, Go North has acquired in total 27 brands, in mainly the categories pet products, health & beauty products, household products, and sports 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 435 180. Of these, 11 brands were acquired in the fourth quarter to a total balance sheet impact of KSEK 248 194.

For the full year 2022, the Group received shareholder contributions of KSEK 154 241 from Go North Holding AB, owning 100% of the equity in Go North Group AB. Of these, KSEK 139 241 were contributed in the fourth quarter.

For the full year 2022, the Group received new bond debt of KSEK 280 000, where of KSEK 55,000 were added in the fourth quarter from a tap issue in the original bond facility. Of the original bond issue, Go North itself acquired bonds to a value of KSEK 15,000. They were fully divested at the tap issue in the fourth quarter.

Changing accounting standard to IFRS and to the Group's decided accounting policies resulted in some notable impacts compared to the previous accounting standard and policies, of the following estimated amounts on the full year 2022:

- Applying the decided amortization principle of impairment testing from the second year of the Group's ownership of an asset, to all trademark assets: KSEK 453 576.
- Capitalization of full equity and bond raising costs: KSEK 759.

The material items from the year-end closing were:

- COGS adjustment due to 20221231 : KSEK 9 348.
- Currency exchange differences, mainly due to the large fluctuations during 2022 between the Group's two key currencies USD and SEK: KSEK 2 017.

Significant events after the end of the reporting period

In February 2023, Go North raised a new bond totalling equivalent to MSEK 550 in one SEK-tranche of KSEK 350 000 and one USD-tranche of KUSD 20 000. It is effective from 3 March 2023 and has replaced the previous bond of KSEK 280 000. The bond was oversubscribed to Nordic and international investors. The new bond also allows for a revolving credit facility of up to KSEK 50 000. The intention is to establish the RCF during the first quarter of 2023.

Go North is also exploring other ways of financing its continued expansion, including 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.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

Amounts in KSEK	Financial period		
	Dec 31, 2022	Dec 31, 2021	Jan 1, 2021
ASSETS			
Non-current assets			
Intangible assets	460 205	2 655	0
Tangible fixed assets	728	8	9
Financial assets	0	0	0
Right-of-use assets	4 361	0	0
Total non-current assets	465 294	2 663	9
Current assets			
Inventories	104 644	1 623	19
Trade receivables	-	-	-
Current receivables	43 688	437	103
Cash and cash equivalents	158 217	3 369	83
Total current assets	306 549	5 429	205
TOTAL ASSETS	771 843	8 092	214

Amounts in KSEK	Financial period		
	Dec 31, 2022	Dec 31, 2021	Jan 1, 2021
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to Parent Company shareholders			
Share capital	64	45	25
Other contributed capital	234 441	285	0
Share premium reserves	5 779	5 778	0
Retained earnings (including profit (loss) for the year)	-42 563	-2 224	-12
Total equity attributable to Parent Company shareholders	197 721	3 884	13
LIABILITIES			
Non-current liabilities			
Borrowings	267 395	2 189	-
Lease liabilities	4 679	-	-
Deferred tax liabilities	16 662	-	-
Other non-current liabilities	37 319	-	-
Total non-current liabilities	326 055	2 189	-
Current liabilities			
Trade payables	12 462	882	0
Lease liabilities	-	-	-
Tax liabilities	1	-	-
Other current liabilities	235 604	1 137	201
Total current liabilities	248 067	2 019	201
Total liabilities	574 122	4 208	201
TOTAL EQUITY AND LIABILITIES	771 843	8 092	214

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, 2021	25	-	-	-12	13
Profit (loss) for the year	-	-	-	-1 929	-1 929
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-1 929	-1 929
Transactions with shareholders in their role as owners					
New share issue	21	-	-	-	21
New issue of employee options	-	-	-	-	-
Shareholders contribution	-	5 779	-	-	5 779
Closing balance at December 31, 2021	46	5 779	-	-1 941	3 884
Opening balance at January 1, 2022	46	5 779	-	-1 941	3 884
Profit (loss) for the year	-	-	-	-40 622	-40 622
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-42 563	-36 738
Transactions with shareholders in their role as owners					
Registered new share issue	18	-	-	-	18
Option proceeds	-	-	-	-	-
Shareholders contribution	-	234 441	-	-	234 441
Closing balance at December 31, 2022	64	240 220	-	-42 563	197 721

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in KSEK	Financial period			
	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Cash flow from operating activities				
Operating profit (loss)	871	-1 020	-16 333	-2 111
Adjustments for non-cash items	1	0	1	1
Interest received	931	0	931	0
Interest paid	-8 832	-21	-15 719	-52
Income taxes paid	-9 502	0	-9 502	0
Cash flow from operating activities before changes in working capital	-16 531	-1 041	-40 622	-2 162
Cash flow before changes in working capital				
Increase/decrease of inventories	-69 901	-944	-110 011	-1 623
Increase/decrease of operating receivables	29 003	-346	-35 331	-437
Increase/decrease of trade payables	0	0	0	0
Increase/decrease of operating liabilities	114 313	429	133 427	884
Total changes in working capital	73 415	-861	-11 915	-1 176
Cash flow from operating activities	56 884	-1 902	-52 537	-3 338
Cash flow from investing activities				
Investments in tangible and intangible assets	-156 313	-2 655	-287 436	-2 667
Cash flow from investing activities	-156 313	-2 655	-287 436	-2 667
Cash flow from financing activities				
New share issue	103 889	4 300	234 458	6 108
New issue debt	55 681	1 000	282 565	1 000
Repayment of leasing liability	-337	-	-1 011	-
Repayment of debt	-5 396	0	-16 170	0
Stability payments	-2 850	-1 134	-3 004	-1 134
Cash flow from financing activities	150 987	4 166	496 838	5 974
Closing cash and cash equivalents				
Decrease/increase of cash and cash equivalents	51 558	2 367	156 865	3 369
Opening cash and cash equivalents	108 442	1 002	3 369	0
Exchange rate differences in cash and cash equivalents	-1 783	-	-2017	-
Closing cash and cash equivalents	158 217	3 369	158 217	3 369

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.

Summary of significant accounting policies

Included in the Note is a list of significant accounting policies applied in the preparation of these consolidated financial statements. The policies have been applied consistently for all year presented, unless otherwise stated. The consolidated financial statements cover the Parent Company Go North Group AB and its subsidiaries.

Basis of Preparation

This interim report contains Go North Group AB's first published consolidated financial statements. The consolidated financial statements for Go North have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 *Supplementary rules for groups*, and International Financial Reporting Standards (IFRS) and interpretations from IFRS Interpretations Committee (IFRS IC), as endorsed by the EU. 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.

The reason why no consolidated financial statements have been prepared and published in accordance with previously applied accounting policies is that the Group's operations, in all significant aspects, have comprised the Parent Company Go North Group AB. See page 18 regarding the choices made at the preparation of the opening balance for recognition in accordance with IFRS as per January 1, 2021.

The preparation of annual accounts in accordance with IFRS requires that qualified estimates and assessments be used for accounting purposes. Furthermore, company management exercises its judgement in the application of the Group's accounting policies. Areas that comprise a high level of assessments, that are complex, or areas where estimates and assessments are significant for the consolidated financial statements, are presented on page 16.

The Parent Company applies RFR 2 *Accounting for legal entities* and the Swedish Annual Accounts Act. The application of RFR 2 implies that the Parent Company in the interim Report for the legal entity applies the IFRS and related statements, as endorsed by the EU, to the largest extent possible under the Swedish Annual Accounts Act, the Act respecting retirement pensions and with consideration taken to the connection between accounting and taxation. The preparation of annual accounts in accordance with RFR 2 requires that qualified estimates and assessments be used for accounting purposes. Furthermore, company management exercises its judgement in the application of the Parent Company's accounting policies. Areas that comprise a high level of assessments, that are complex, or areas where estimates and assessments are significant for the annual report are presented on page 16 of the consolidated financial statements.

The Parent Company applies other accounting policies than the Group in accordance with the following:

Formats

The income statement and balance sheet are in accordance with the format of the Annual Accounts Act. Statement of changes in equity is in accordance with the Group's format, but should contain the columns stipulated in the Annual Accounts Act. Further, this entails differences in terms, mainly regarding financial income and costs and equity.

Participations in subsidiaries

Participations in subsidiaries are recognized at cost, adjusted for any impairment. In cost are included acquisition related costs and any additional purchase price.

Whenever there is an indication that participations in subsidiaries has decreased in value, a calculation of the recoverable amount is performed. If this is lower than the carrying value, an impairment is made. Impairment is recognized in the item "Performance from participation in Group companies".

Financial instruments

IFRS 9 is not applied in the Parent Company. Instead, the Parent Company applies the points in RFR 2 (IFRS 9 *Financial instruments*, p. 3-10). Financial instruments are valued at cost. In subsequent periods, financial assets acquired as short-term investments will be recognized in accordance with the principle of the lowest value, to the lowest of cost and market value.

At the calculation of the net sales value of receivables reported as current assets, the principles for impairment tests and provisions for bad debts in IFRS 9 should be applied. For an asset recognized at amortized cost at consolidated level, this implies that the provision for bad debts recognized in the consolidated financial statements should also be recognized in the Parent Company.

Operational leases

All leases are recognized as operational leases.

Consolidated financial statements

Subsidiaries

Subsidiaries are all companies in which the Group has a controlling influence. The Group has control over a company when it is exposed to or have a right to variable returns from its participation in the company, and has the possibility to influence the return through its participation in the company. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to recognize the Group's business combinations. The acquisition price is the consideration paid for a subsidiary and comprise the fair value of the assets transferred, the liabilities incurred by the Group to the previous owner of the company. The consideration also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred. Inter-company transactions, balance sheet items and unrealized gains and losses on transaction between Group companies are eliminated. The accounting principles for subsidiaries have, when necessary, been revised in order to ensure a consistent application of the Group's accounting principles.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing the performance of the operating segments. The CEO of Go North is the chief operating decision maker. Go North has identified an operating segment which makes up the Group's operation as a whole. The assessment is based on the operations in their entirety being reviewed regularly by the chief executive officer, as a base for allocating resources and assessing the performance.

Translation of foreign currencies

(i) Functional currency and presentation currency

The entities in the Group have the local currency as their functional currency, as the local currency has been defined as the primary economic environment in which each entity operates. The consolidated accounts are presented in SEK, which is the Parent Company's functional and the Group's presentation currency.

(ii) Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction dates. Foreign exchange-rate profits and losses from such transactions and at the translation of monetary assets and liabilities in foreign currencies using the exchange rates prevailing at the balance sheet date, are recognized in operating profit (loss) in other comprehensive income.

Foreign exchange-rate profits and losses attributable to liabilities and cash and cash equivalents are recognized in the statement of comprehensive income as financial income and financial costs. All other foreign exchange-rate profits and losses are recognized under other operating costs and other operating income, respectively.

(iii) Translation of foreign Group companies

Profit (loss) and financial position for all companies with a functional currency other than the reporting currency are translated to the reporting currency of the Group. Assets and liabilities for each of the balance sheets are translated from the foreign operation's functional currency to the Group's reporting currency, using the exchange rates prevailing at the balance sheet date. Income and costs for each of the income statements are translated to SEK using the average exchange rate prevailing at each transaction date. Foreign exchange differences arising from the currency translation of foreign operations are recognized in other comprehensive income. Accumulated profit or loss are recognized in profit (loss) for the year when the foreign entity is disposed of, wholly or in part.

Revenue

The Group's principles for recognition of revenue from customer contracts are presented below.

Revenue is recognised when control of the goods or services sold is passed to the customer. The fundamental principle is that the Group recognises revenue in the manner that best reflects the transfer of control of the promised goods or services to the customer. Reporting in the Group uses a five-step process that is applied to all customer contracts:

- Identify contracts with customers
- Identify the separate performance obligations
- Determine the transaction price
- Allocate the transaction price to each of the separate performance obligations
- Recognize the revenue as each performance obligation is satisfied

Using the above five-step model, it has been determined that the Group's performance obligation mainly comprises of sale of goods.

Revenue includes the fair value of the amount that has been, or will be, received for goods and services sold in the Group's operating activities. Revenues are recognised excluding value added tax and discounts, and after the elimination of Intra-Group sales.

Intangible assets

Capitalized expenditure for development activities

Maintenance costs are expensed as incurred. Development costs directly attributable to the development of intangible assets and over which the Group has control, are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete them so that they will be available for use;
- it is the Group's purpose to complete them so that they will be available for use or sale;
- there are prerequisites to make them available for use or sale;
- it is possible to prove how they are likely to generate future economic benefits;
- there are adequate technical, economic and other resources to fulfill the development and to make them available for use or sale; and
- the costs attributable to the assets during development can be reliably calculated.

Directly attributable costs recognized as a component of development work include costs of personnel and external consultants.

Other development costs, that do not meet these criteria, are expensed as incurred. Development expenditure previously carried at cost is not recognized as an asset in a subsequent period.

Capitalized development expenditure is recognized as intangible assets and is depreciated from the date when the asset is ready for use.

Property, plant and equipment

Property, plant and equipment are recognized at cost less depreciation and any impairment. In cost is included expenditure directly attributable to the acquisition of the asset, and the cost of bringing it to the location and condition necessary for it to be capable of operating in the manner intended by the acquisition.

Additional costs are added to the asset's carrying value or are recognized as a separate asset, depending on which is most suitable, only when it is probable that the future economic benefits attributable to the asset will flow to the Group and the cost of the asset can be reliably measured. The carrying value of a substituted part is derecognized. All other kinds of reparations and maintenance are recognized at cost in the statement of comprehensive income in the period in which they occur.

Depreciation of assets, in order to allocate their cost to their estimated residual value over their estimated useful lives, is done on a straight-line basis according to the following:

The following depreciation periods apply:

IT hardware	3 years
Office furniture	5 years
IT software	5 years

The assets' residual values and useful lives are assessed at the end of each reporting period and adjusted, if needed.

The carrying value is immediately written down to its residual value if the asset's carrying value exceeds its estimated residual value.

Profit or loss from the disposal of property, plant and equipment is established through a comparison of the profit from the sales and the carrying value, and is recognized in "Other operating income" and "Other operating costs", respectively, in the statement of comprehensive income.

Impairment of non-financial assets

Intangible assets not ready for use (capitalized expenditure for development activities), are not impaired, but tested annually for any indication of impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is made in the amount to which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the greater of an asset's fair value, less selling expenses and the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separate, identifiable cash flows (CGUs). Assets that have previously been impaired are tested for reversal on each balance sheet date.

Financial instruments – general information

Financial instruments are recognized in various balance sheet items and are further presented below.

Initial recognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual terms and conditions of the instrument. Purchases and sales of financial instruments are reported on the trade date, that is, the date on which the Group commits itself to purchase or sell the asset.

Financial instruments are initially valued at fair value plus transaction costs directly attributable to the acquisition or issuance of a financial asset or a financial liability, e.g., fees and commission fees.

Classification

The Group classifies its financial assets and liabilities in the category amortized cost. The classification is based on the purpose for acquiring the financial asset or liability.

Financial assets at amortized cost

Assets held with the sole purpose of collecting contractual cash flows, and where these cash flows comprise only principal and interest, are valued at amortized cost. The carrying value of these assets are adjusted for any expected credit losses that have been recognized (refer to impairment below). Interest income from these financial assets are recognized in accordance with the effective interest method and are included in financial income. The Group's financial assets valued at amortized cost comprise the items trade receivables, other receivables, accrued income and cash and cash equivalents.

Financial liabilities at amortized cost

The Group's other financial assets are classified as subsequently valued at amortized cost applying the effective interest method. Other financial liabilities comprise of borrowings, other non-current liabilities, trade payables and a portion of other current liabilities.

Financial liabilities at fair value

Other liabilities at fair value comprise liabilities attributable to contingent considerations related to acquisitions of trademarks. The amount that may be paid is initially recognized as a financial liability at the present value of the fair value to settle the contingent consideration.

Derecognition of financial instruments

Derecognition of financial assets

Financial instruments are derecognized from the balance sheet when the contractual rights to receive cash flows from the instruments have expired or been transferred, and the Group has either (i) substantially transferred all of the risks and rewards associated with ownership, or (ii) not substantially transferred all of the risks and rewards associated with ownership and the Group has not retained control of the asset.

Derecognition of financial liabilities

Financial liabilities are derecognized from the balance sheet when the obligations are settled, cancelled or has expired in any other way. The difference between the carrying value of a financial liability (or a portion of a financial liability) that has been extinguished or transferred to another party and the fee paid, including assets transferred, assets that are not cash and cash equivalents or assumed liabilities, are reported in the statement of comprehensive income.

When the terms and conditions are re-negotiated and are not derecognized, a profit or loss is reported in the statement of comprehensive income. The profit or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Offsetting of financial instruments

Financial assets and liabilities are offset and recognized with a net amount in the balance sheet only when there is a legal right to offset the recognized amounts and an intention to balance the items with a net amount, or to simultaneously realize the asset and settle the liability. The legal right must not be dependent on future events and it must be legally binding for the Company and the counterparty, both in the normal course of business and in case of suspension of payments, insolvency or bankruptcy.

Impairment of financial assets

Assets recognized at amortized cost

The Group assesses future credit losses associated with assets recognized at amortized cost. The Group recognizes a credit reserve for such expected credit losses on each reporting date. For trade receivables, the Group applies the simplified method of credit reserves, i.e., the reserve will correspond to the expected loss over the whole life of the trade receivable. In order to measure the credit losses, trade receivables are grouped based on credit risk characteristics and days past due. The Group applies forward-looking variables for expected credit losses. Expected credit losses are recognized in the consolidated statement of comprehensive income, in the items sales and administrative costs.

Inventories

Inventories are reported using the average cost method at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the on-going course of business, less applicable variable selling expenses.

Trade receivables

Trade receivables are amounts attributable to customers regarding good or services sold in the on-going course of business. Trade receivables are classified as current assets. Trade receivables are initially recognized at their transaction price. The Group hold the trade receivables in order to collect contractual cash flows, wherefore they are recognized at the subsequent reporting date at amortized cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include, in the balance sheet as well as in the income statement, cash and bank balances.

Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issuance of new ordinary shares are recognized, net of tax, in equity as a deduction for the proceeds of the issue.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs. Borrowings are subsequently recognized at amortized cost and any difference between the amount received (net of transaction costs), and the amount to be repaid is recognized in the statement of comprehensive income, distributed over the term of the loan, using the effective interest method.

The liability is classified as current in the balance sheet, if the company does not have an unconditional right to postpone the settlement of the liability for at least twelve months after the reporting period.

Borrowing cost associated to a bond is capitalized in the balance account for the specific bond, and amortized over the duration of its duration. Amortized value impacts the financial expense in the profit & loss sheet.

Employee benefits

Pension obligations

Group companies only have defined-contribution pension plans. Defined-contribution plans are plans under which the Group pays fixed contributions into a separate legal entity. The Group does not have any legal or informal obligations to pay additional contributions if this legal entity has insufficient assets with which to make all pension payments to employees that are associated with the current or past service of employees. The fees are recognised as an expense in profit for the period at the rate they are accrued as the employees perform services for the company during a specific period.

Short-term benefits

Liabilities for salaries and remuneration, including non-monetary benefits and paid sick leave, that are expected to be settled within 12 months after the end of the financial year, are recognized as current liabilities at the non-discounted amount expected to be paid when the liabilities are settled. The cost is recognized as the services are rendered by the employees. The liability is recognized as a liability regarding employee benefits in the balance sheet.

Trade payables

Trade payables are financial instruments and refer to the obligation to pay for goods and services acquired in the normal course of business from suppliers. Trade payables are classified as current liabilities if they fall due within one year. In other cases, they are recognized as non-current liabilities.

Cash Flow Statement

Cash flow statements are prepared in accordance with the direct method. The cash flow recognized comprise only transactions that have given rise to payments to or from the Company.

Earnings per share

Earnings per share, basic

Earnings per share, basic, is calculated by dividing:

- equity attributable to Parent Company shareholders, with a weighted average number of ordinary shares during the period.

(ii) Earnings per share, diluted

For the calculation of earnings per share, diluted, the amounts are adjusted that were used for the calculation of earnings per share, basic, by taking into account:

- the weighted average of the further ordinary shares that would have been outstanding at a conversion of all potential ordinary shares.

Trademarks can only be recognized when they have been acquired through a separate transaction or through the acquisition of an entire business that includes one or several trademarks. Trademarks are measured at cost after any accumulated amortization and accumulated impairment. All Go North's trademarks are perceived as having an indefinite useful life and are not amortized, but rather tested annually for impairment. A trademark is always at its first year-end after being acquired or launched valued at the same value as at acquisition or launch. Amortizations from previous years are added back to a trademark asset, should the impairment test support this.

Leases

The Group as a lessee

The Group's leases mainly comprise the right-of-use regarding premises and equipment. The leases are recognised as a right-of-use asset with a corresponding lease liability when the leased asset is available for use by the Group. Short-term leases and leases for which the underlying asset is of low value are exempted.

Each lease payment should be divided between amortisation of the lease liability and a financial cost. The financial cost should be allocated over the lease term, so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised under each period.

The lease term is determined as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Group's lease liabilities are recognised at the present value of the Group's fixed lease payments (including in-substance fixed lease payments). Purchase options are included if it is reasonably certain that the Group will exercise the option to acquire the underlying asset. Penalties for terminating the lease are included if the lease term reflects that the lessee will exercise an option to cancel the lease. Lease payments are discounted with the interest rate implicit in the lease, if this rate can easily be determined. Otherwise, the Group's incremental borrowing rate is applied.

The Group's right-of-use assets are recognised at cost, and include initial present value of the lease liability, adjusted for lease payment made at or before the commencement date and any initial direct expenses. Restoration costs are included in the asset if a corresponding provision for restoration costs exists. The right-of-use asset is depreciated on a straight-line basis over the asset's useful life and the lease term, whichever is the shortest.

Significant accounting estimates and judgements

The Group makes estimates and judgements concerning the future. The accounting estimates that result from these will, as per definition, seldom correspond to the real performance. The estimates and judgements that imply a significant risk of adjustments of carrying values for assets and liabilities for the next financial year are summarized below.

Valuation of inventories

The Group recognizes inventories of KSEK 104 644 (1 623). An obsolescence reserve is recognized if the estimated net sales value is lower than cost, and in connection with this, the Group makes estimates and judgements regarding, among other factors, future market situation and estimated net sales values. The risk of obsolescence arises in periods of a drop in demand, and where the technological development on the markets in which the Group has operations pose a specific risk. An inability to foresee and meet the expectations of the market might result in a future need of making provisions for inventory obsolescence.

Trademarks

The Group regards all its trademarks as having an indefinite useful life and are not amortized, but rather tested annually for impairment. The impairment requirement for intangible assets with an indefinite useful life is tested annually by the Group in accordance with the accounting policy. The recoverable amount for cash generating units (CGUs) has been established through the measurement of value in use. The impairment test contains a number of assumptions that can, according to different assessments, have a significant impact on the calculation of recoverable values such as: operating margins/results, discount rate, growth/inflation. Essential assumptions when testing the need for write-downs and a description of the effect of plausible, possible changes in these assumptions that are basis of the calculations are found in the notes to the annual report.

Acquisition stability payments and earn-outs

The Group holds financial instruments at fair value related to stability payments and earn-outs in relation to the acquisition of trademarks. Valuation at fair value includes estimates and judgments which can have a significant impact on the group's results and financial position. The valuation can, in the absence of quoted prices, involve, among other things, assessment and calculation of the instrument's future cash flows, the market's future yield requirements and the discount factor to be used for calculating future cash flows at the current present value.

Related party transactions

No related party transactions have been performed during the period.

Financial instruments

Go North has the following financial instruments measured at fair value. With regards to financial instruments reported at amortized cost, the carrying amount is deemed a reasonable approximation of fair value.

Earnings per share

Number	Financial period			
	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Weighted average number of ordinary shares at the calculation of earnings per share, basic	1 775 045	1 278 779	1 775 045	1 278 779

First time adoption of International Financial Reporting Standards (IFRS)

These are the first consolidated financial statements published by Go North Group AB, and the accounting policies chosen are IFRS. The accounting policies have been applied at the preparation of the consolidated financial statements as of December 31, 2022, as well as for the comparative figures presented as of December 31, 2021 and in the preparation of the statement of the opening financial position for the period (opening balance sheet) as of January 1, 2021.

This is the first time Go North publishes consolidated financial statements and, therefore, there are no previously presented annual accounts including previously presented consolidated financial statements in accordance with previously applied accounting policies, against which a reconciliation can be made. Consequently, no reconciliations between previously applied principles and IFRS are presented for the Go North Group.

Choices made at the preparation of the opening balance for recognition in accordance with IFRS

The first time IFRS are applied in the consolidated financial statements, accounting should be performed in accordance with IFRS 1, *First time adoption of IFRS*. The main rule is that all applicable IFRS and IAS standards, that have entered into force and been endorsed by the EU, should be applied retroactively.

Definitions of financial measures used in the financial overview

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

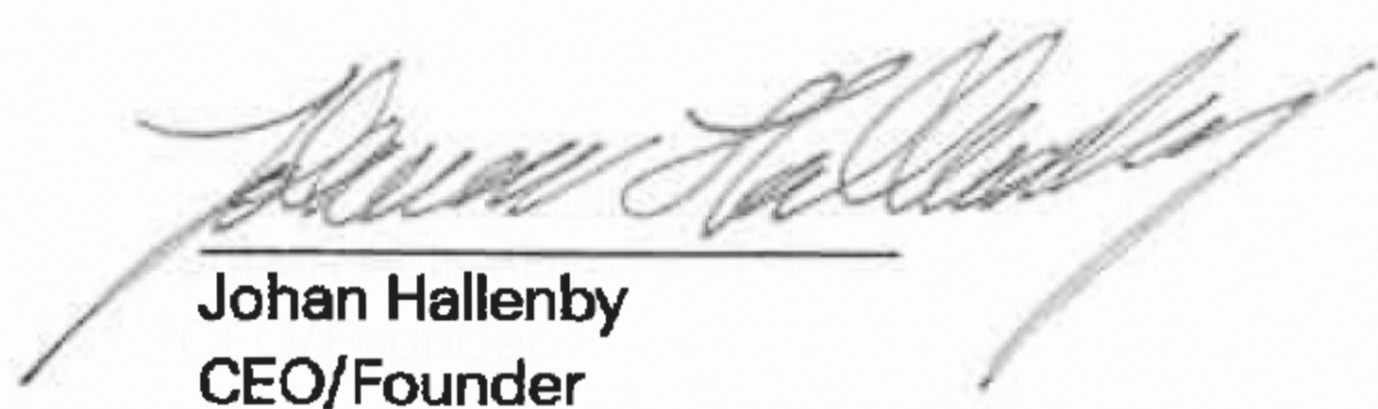
Go North presents in that financial overview also alternative financial measures (AFMs) in addition to the financial measures established by IFRS, in order to better explain the development of the business and the financial position. However, such measures shall not be considered as a substitute for 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 quarterly Adjusted EBITDA has been annualized by multiplying by 12 months divided by 3.	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 debt/Adjusted EBITDA ratio	AFM	Net interest bearing debt divided by 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 debt and Adjusted EBITDA is 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.

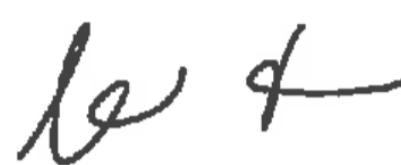
* These adjustments are aligned to the bond agreement in effect during 2022 and now, and to the new bond agreement replacing the current one on 3 March 2023. Acquisition costs are the one-time costs associated with the pre-deal activities for acquiring (brand) businesses in a share purchase agreement, 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).

Gothenburg, 03 March, 2023

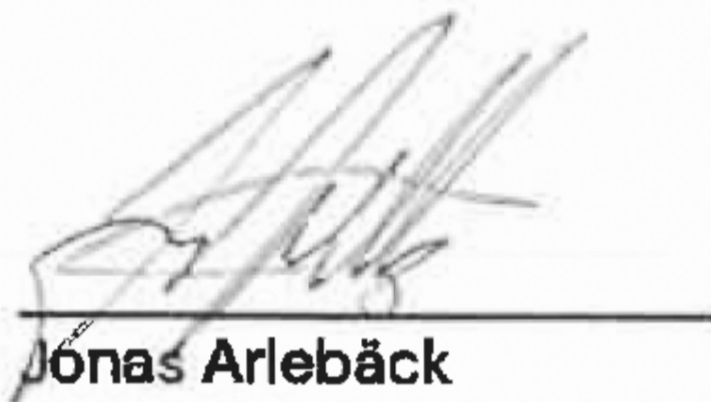
The Board of Directors and Chief Executive Officer warrant and declare that this year-end report for the period January – December 2022 gives a true and fair view of the Group's operations, financial positions and results, and that it describes significant risks and uncertainties faced by the companies included in the Group.



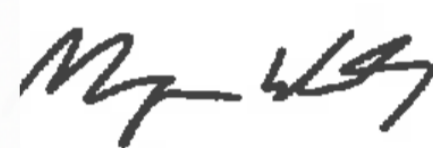
Johan Hallenby
CEO/Founder



Alexander Hars
Chairman of the Board



Jonas Arlebäck
Group CFO



Magnus Wiberg
Director

This report has not been reviewed by the Company's auditor.



Go North[®]

Go North Group AB (Publ) Interim Report Q4 2022

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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