

Go North[®]

Go North Group AB (Publ)

Interim Report Q2 April 1 - June 30, 2022



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INTERIM REPORT Q2 2022

MANAGEMENT COMMENTS

Company

Go North Group AB (publ) is a Swedish e-commerce group, formed in December 2021. The company is operated by Amazon FBA entrepreneurs, that acquires and scales brands on Amazon and beyond.

Second quarter review (April 1 - June 30, 2022)

Financial performance

The events that have affected Go North's financial position during the period are attributable to the business acquisitions in Q2 2022, equity injection of SEK 77.5 m in April, 2022, and business actions related to stable performance of existing brands.

Revenue

Revenue for the quarter amounted to SEK 9,339k (SEK 98k), which is an increase of 9,425% compared with the corresponding quarter previous year.

The increase in revenue derives from stable performance from the existing brands, and new brands acquired in Q2 2022.

EBITDA

Earnings before interests, taxes, depreciation, and amortizations (EBITDA) for the period amounted to SEK -6,035k (SEK -319k).

The increase in loss predominantly derives from strategic investments focused on mitigating organizational risk, and adding stability into our operations. These have included i. strategic talent acquisitions to provide stability to our core supply chain and brand management teams, ii. asset light IT infrastructure investments to build stability in our operations and reduce cyber-security risk, and iii. marketing investments to strengthen and solidify our brand position and potential.

Operating profit and loss

Operating loss for the quarter amounted to SEK -7,553k (SEK -320k). The primary drivers of this increase in loss are attributed to a five-year depreciation of the acquired brands, in accordance with Tier K2 of the Swedish Accounting Standards Board, and changes in foreign exchange differences.

Liquidity and cash flow

Cash flow for the period from operating activities prior to change in working capital amounted to a loss of SEK -6,228k (SEK -328k). Change in working capital amounted to SEK -1,761k (SEK -185k). Total cash flow for the period from operating activities amounted to SEK -7,989k (SEK -513k).

Cash flow for the period from investing activities amounted to SEK -31,434k (SEK 9k). The period's cash flow for investments for the period mainly consist of the purchase price regarding previous acquisitions.

Cash flow for the period from financing activities amounted to SEK -1,140k (SEK 372k).

At the end of the period, the group's cash and cash equivalents amounted to SEK 23,502k (SEK 0k).

Financial position

Equity amounted to SEK 73,994k (SEK -394k) on June 30, 2022. Total assets amounted to SEK 87,834k (SEK 65k) on June 30, 2022.

Escrow

The Escrow account has an available balance of SEK 136,119k. This amount excludes the drawdown required to complete the acquisitions made in August 2022.

Employees

The number of full time employees in Go North as of June 30, 2022, was approximately 16 (0).

Events during the reporting period

Go North has completed five new acquisitions during the second quarter of 2022. Each of the brands are diversified across five unique product categories, and deliver attractive cash conversion opportunities. The sum of the five acquisitions delivered a last twelve months (LTM) revenue total of SEK 59,537k and Gross Profit 3 (The Net Income for the brands acquired, contributing to our group EBITDA) 10,900k.

Events after the end of the reporting period

Issue of senior secured floating rate bond

Go North has successfully issued senior secured floating rate bonds in an amount of SEK 225,000k under a framework of up to SEK 280,000k with ISIN SE0018040867. The bonds were issued at a price of 100 per cent of the nominal amount and are due in July 2025. The transaction was well received by the market, as evidenced by a strong demand despite severe market conditions. Altogether over 30 investors participated in the issue and attracted significant demand from the US and Continental Europe. The funding comes shortly after the previously announced SEK 77,500k equity round in

April 2022 lead by eEquity. Pareto Securities AB acted as sole arranger and bookrunner in connection with the bond issue. Bird & Bird acted as legal counsel to Go North Group AB (publ) and Roschier acted as legal counsel to Pareto Securities AB.

New acquisitions completed

Go North further diversified its brand portfolio with the acquisition of two new brands after the end of the reporting period. The sum of the two acquisitions delivered a last twelve months (LTM) revenue total of SEK 85,769k and Gross Profit 3 (The Net Income for the brands acquired, contributing to our group EBITDA) of SEK 24,511k.

Other comments

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

Comment to appendix

Group pro forma July revenue amounts to 118,926k and adjusted EBITDA amounts to 15,742k.

P&L QUARTERLY

Condensed consolidated statement of comprehensive income					
<i>(in SEK '000)</i>	Q2 2022	Q2 2021	H1 2022	H1 2021	2021
Revenue	9,339	98	13,392	153	1,222
Other income	86	(9)	107	(9)	(8)
Total income	9,425	89	13,499	143	1,214
Cost of goods sold	(1,699)	(21)	(2,481)	(35)	(324)
Gross profit	7,726	67	11,018	108	890
<i>Gross margin %</i>	<i>82%</i>	<i>76%</i>	<i>82%</i>	<i>75%</i>	<i>73%</i>
Selling expenses	(6,608)	(197)	(9,112)	(286)	(1,524)
Other external operating expenses	(4,425)	(180)	(5,939)	(314)	(1,409)
Personnel	(2,729)	(9)	(3,598)	(10)	(58)
EBITDA	(6,035)	(319)	(7,631)	(502)	(2,101)
<i>EBITDA %</i>	<i>(64%)</i>	<i>(359%)</i>	<i>(57%)</i>	<i>(350%)</i>	<i>(173%)</i>
Depreciation and amortization	(1,372)	(1)	(1,765)	(2)	(4)
Foreign exchange differences	(146)	(0)	(204)	(0)	(6)
Operating profit	(7,553)	(320)	(9,600)	(504)	(2,111)
<i>Operating profit %</i>	<i>(80%)</i>	<i>(360%)</i>	<i>(71%)</i>	<i>(351%)</i>	<i>(174%)</i>
Financial income and expenses	(46)	(10)	(94)	(12)	(52)
Profit/(loss) before income tax	(7,600)	(329)	(9,694)	(516)	(2,162)
<i>Profit/(loss) before income tax %</i>	<i>(81%)</i>	<i>(371%)</i>	<i>(72%)</i>	<i>(360%)</i>	<i>(178%)</i>
Income tax	0	0	0	0	0
Net income	(7,600)	(329)	(9,694)	(516)	(2,162)

BALANCE SHEET

Balance sheet			
<i>(in SEK '000)</i>	30/06/2022	30/06/2021	31/12/2021
Non-current assets			
Intangible assets	52,026	0	2,655
Tangible assets	133	10	8
Total non-current assets	52,158	10	2,664
Current assets			
Inventories	8,368	215	1,623
Accounts receivable	1,301	0	166
Other current assets	1,096	65	151
Prepaid expenses and accrued income	1,409	31	120
Cash and cash equivalents	23,502	(257)	3,369
Total current assets	35,676	54	5,429
Total assets	87,834	65	8,092
Equity			
Share capital	500	25	45
Other contributed capital	85,412	159	6,063
Retained earnings including earnings for the period	(11,918)	(578)	(2,224)
Total equity	73,994	(394)	3,884
Long-term liabilities			
Bonds payable	0	0	0
Bank loans	2,278	400	2,189
Total long-term liabilities	2,278	400	2,189
Current liabilities			
Accounts payable	3,336	117	882
Current tax liabilities	0	0	0
Stability payment	9,189	0	1,134
Other current liabilities	(1,230)	(51)	2
Accrued expenses and deferred income	266	(8)	0
Total current liabilities	11,562	58	2,019
Total equity and liabilities	87,834	65	8,092

CASH FLOW

Cash flow					
<i>(in SEK '000)</i>	Q2 2022	Q2 2021	H1 2022	H1 2021	2021
Operating activities					
EBITDA	(6,035)	(319)	(7,631)	(502)	(2,101)
Financial posts	(193)	(10)	(298)	(12)	(57)
Tax	0	0	0	0	0
Operating cash flow before changes in working capital	(6,228)	(328)	(7,929)	(514)	(2,159)
Net cash flow from changes in working capital					
Increase (-)/Decrease (+) of inventory	(6,919)	(130)	(6,745)	(195)	(1,604)
Increase (-)/Decrease (+) of receivables	(903)	24	(3,369)	6	(334)
Increase (+)/Decrease (-) of liabilities	6,061	(79)	9,543	(143)	1,818
Cash flow from changes in working capital	(1,761)	(185)	(571)	(332)	(120)
Cash flow from operating activities	(7,989)	(513)	(8,499)	(846)	(2,278)
Investing activities					
Acquisition of brands	(31,372)	0	(51,126)	0	(2,655)
Acquisition of fixed assets	(62)	9	(384)	(3)	(3)
Cash flow from investing activities	(31,434)	9	(51,510)	(3)	(2,658)
Financing activities					
New issue of shares	(0)	109	80,054	109	6,033
New loans	0	263	1,500	657	2,200
Loan repayment	(1,140)	0	(1,411)	0	(11)
Cash flow from financing activities	(1,140)	372	80,142	766	8,223
Cash flow for the period Q2					
Cash of the beginning of April-22	64,064	132	3,369	83	83
Net change in cash and cash equivalents	(40,562)	(132)	20,133	(83)	3,286
Cash of the end of the period	23,502	(0)	23,502	(0)	3,369

P&L PRO FORMA

Group pro forma (LTM)		
<i>(in SEK '000)</i>	Apr-22	Jun-22
Revenue	40,112	61,588
Other income	17	107
Total income	40,129	61,695
Cost of goods sold	(7,612)	(11,878)
Gross profit	32,517	49,817
<i>Gross margin %</i>	<i>81%</i>	<i>81%</i>
Selling expenses	(21,175)	(35,513)
Other external operating expenses	(3,909)	(7,381)
Personnel	(1,420)	(3,647)
EBITDA	6,013	3,276
<i>EBITDA %</i>	<i>15%</i>	<i>5%</i>
Adjustments	590	802
Adj. EBITDA	6,603	4,078
<i>Adj. EBITDA %</i>	<i>16%</i>	<i>7%</i>



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ABOUT GO NORTH GROUP AB (PUBL)

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

Read more at www.gonorth.co

Go North Group AB
Org.nr 559252-2188
Norra Allégatan 5,
41301 Gothenburg

APPENDIX

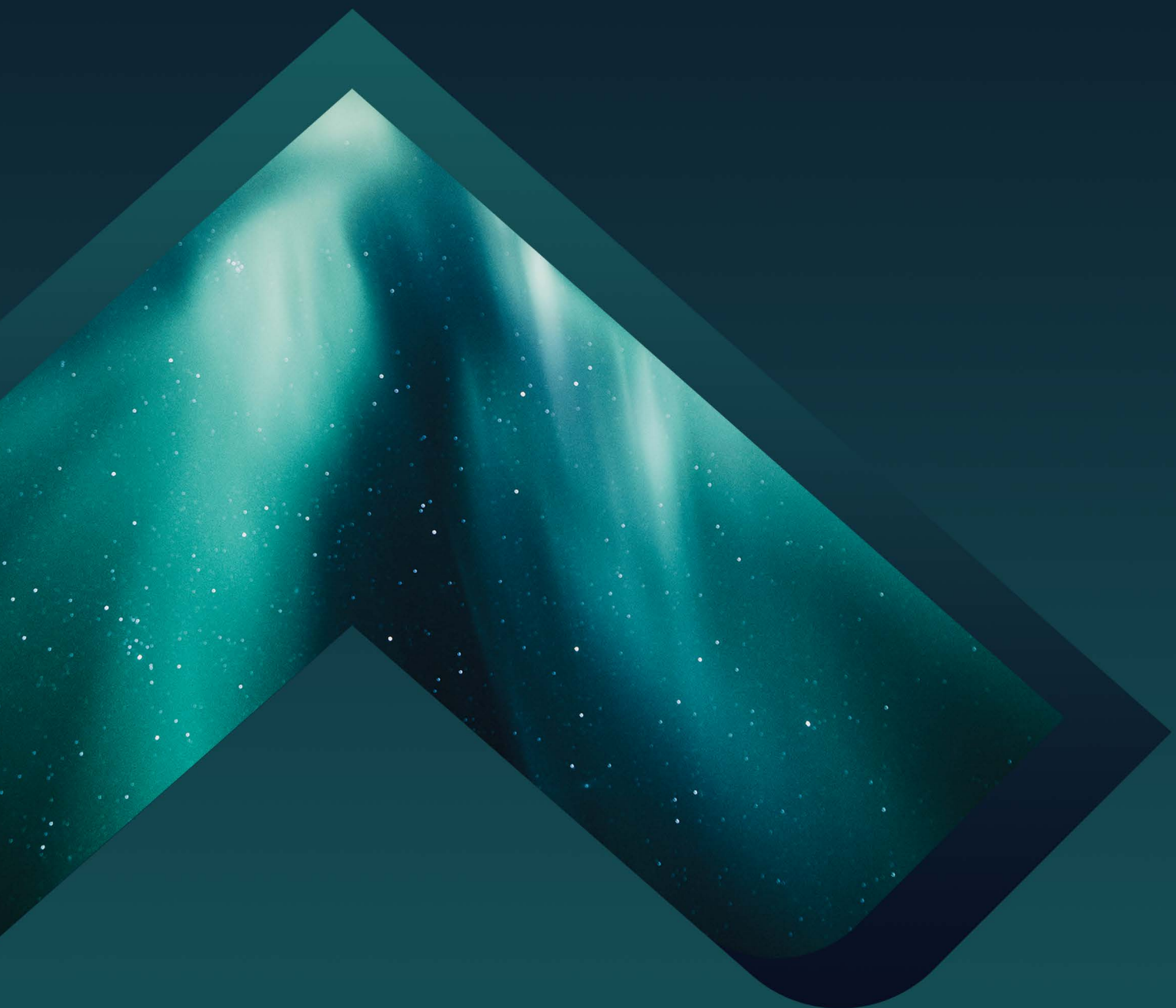
MONTHLY REPORT

ORGANIC GROWTH GROUP EBITDA

TABLE BLOCKED ACCOUNT

Go North[®]

Monthly Report July -22



ORGANIC GROWTH GROUP EBITDA

	Breakdown of change in Group pro forma				
	Group pro forma (LTM)	Group pro forma (LTM)	Change in Group pro forma (LTM)	Acquired brands pro forma (LTM)	Organic growth pro forma (LTM)
(in SEK '000)	Apr-22	Jul-22	Apr-22 vs. Jul-22	Jul-22	Apr-22 Jul-22
Revenue	40,112	118,926	78,814	54,949	23,865
Other income	17	107	90	0	90
Total income	40,129	119,033	78,904	54,949	23,955
Cost of goods sold	(7,612)	(25,447)	(17,835)	(13,149)	(4,686)
Gross profit	32,517	93,586	61,069	41,800	19,269
<i>Gross margin %</i>	<i>81%</i>	<i>79%</i>	<i>77%</i>	<i>76%</i>	<i>80%</i>
Selling expenses	(21,175)	(65,433)	(44,258)	(27,609)	(16,649)
Other external operating	(3,909)	(8,352)	(4,443)	0	(4,443)
Personnel	(1,420)	(4,925)	(3,504)	0	(3,504)
EBITDA	6,013	14,876	8,864	14,191	(5,327)
<i>EBITDA %</i>	<i>15%</i>	<i>12%</i>	<i>11%</i>	<i>26%</i>	<i>(22%)</i>
Adjustments	590	866	276	0	276
Adj. EBITDA	6,603	15,742	9,140	14,191	(5,051)
<i>Adj. EBITDA %</i>	<i>16%</i>	<i>13%</i>	<i>12%</i>	<i>26%</i>	<i>(21%)</i>

TABLE BLOCKED ACCOUNT

Blocked proceeds		
(in SEK '000)		Date
Opening balance	201,563*	15/07/2022
Initial release proceeds	(19,806)	15/07/2022
Organic growth release proceeds		
Acquisitions release proceeds	(45,638)	03/08/2022**
Closing balance	136,119	

* Less bonds held by the company and transaction costs

**Money drawn from escrow account completed 2022-08-03



Johan Hallenby
CEO/Founder
Go North



✉ johan.hallenby@gonorth.co
☎ (+46) 735 070707
📍 Go North Group AB, Norra Allégatan 5,
41301 Gothenburg, Sweden
🌐 gonorth.co