

The background of the entire page is a photograph of a snowy mountain range under a night sky. A vibrant green aurora borealis is visible in the upper half of the image, with a soft orange glow from the setting or rising sun at the horizon. The mountains are covered in snow, and the sky is filled with stars and the aurora's light.

GoNorth[®]

Go North Group AB
Q4 Interim Report

Interim Report Fourth Quarter 2023

Fourth quarter Oct - Dec 2023 (compared to Oct - Dec 2022)

- › Net sales were KSEK 185,801 (71,239).
- › Adjusted EBITDA was KSEK -16,526* (8,584).
- › EBITA was KSEK -23,985* (147).
- › Net financial debt / Adjusted EBITDA was N/A (3.6).
- › Cash flow from operating activities was KSEK -42,119 (27,052).
- › ROCE was -1.5% (0.0%).

*For details, see page 6.

FINANCIAL OVERVIEW

KSEK	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Net Sales	185,801	71,239	650,273	118,224
Adjusted EBITDA	-16,526	8,584	-4,004	-3,948
EBITA	-23,985	147	-30,491	-18,423
Net financial debt/Adjusted EBITDA	N/A	3.6	N/A	N/A
Cash flow from operating activities	-42,119	27,052	-189,089	-84,465
ROCE	-1.5%	0.0%	-12.8%	-3.4%

For definitions, please refer to page 14.

Update from CEO/Founder

Business Updates

In the fourth quarter, Go North continued the process of transforming our organization to focus on organic growth and profitability rather than fundraising and M&A. As a part of this, we have accelerated the sunsetting and liquidation of our slower-moving stock while focusing our resources on the most successful products as well as accelerating the development and launch of new products. Additionally, we have continued the work of our reorganization to achieve greater operational efficiency and lower overhead, with the target of overhead costs below 5 MSEK per month by the second quarter of 2024. These actions are expected to enhance profitability and contribute to the improvement of our operational cash flow.

The fourth quarter is the most important for Go North in terms of sales, similarly to Amazon in general, and we have seen several of our brands performing very well throughout the period, with net sales of 185,801 KSEK compared to 71,239 in the same quarter in 2022. The organization is now focused on building on this success to continue growing our brands in 2024.

Market Developments

Overall Amazon sales remained strong in the fourth quarter, with record-breaking sales on Black Friday and during the holiday season. US consumer spending and the economy overall have shown signs of steady recovery. Go North's macroeconomic climate therefore continues to be positive.

While the Amazon market is healthy, the aggregator space continues to struggle, with several either filing for bankruptcy or undergoing mergers. These news together with an overall challenging investor climate makes it even more important for us to position ourselves as a strong and innovative operator on the Amazon marketplace.

Outlook

After the reporting period, on the 25th of January, Go North announced a written procedure for its outstanding bonds, capitalized the next interest payment, and issued new senior secured bonds. This written procedure was approved on February 16th, ensuring a more favorable debt and cash situation for Go North going forward.

While many internal and external challenges remain, we are confident that we are on the right path to reaching sustainable operational and financial performance during 2024. Everyone in the organization is working intensely to grow the sales and profitability of our current products while also launching more new products than ever. We will continue to streamline both our operations and product portfolio with the aim to make 2024 the best one ever for Go North.

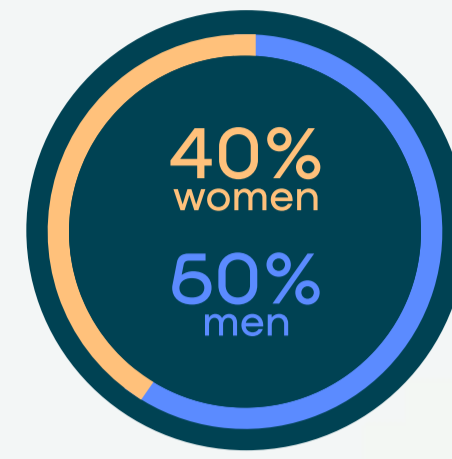
Johan Hallenby,
CEO/Founder



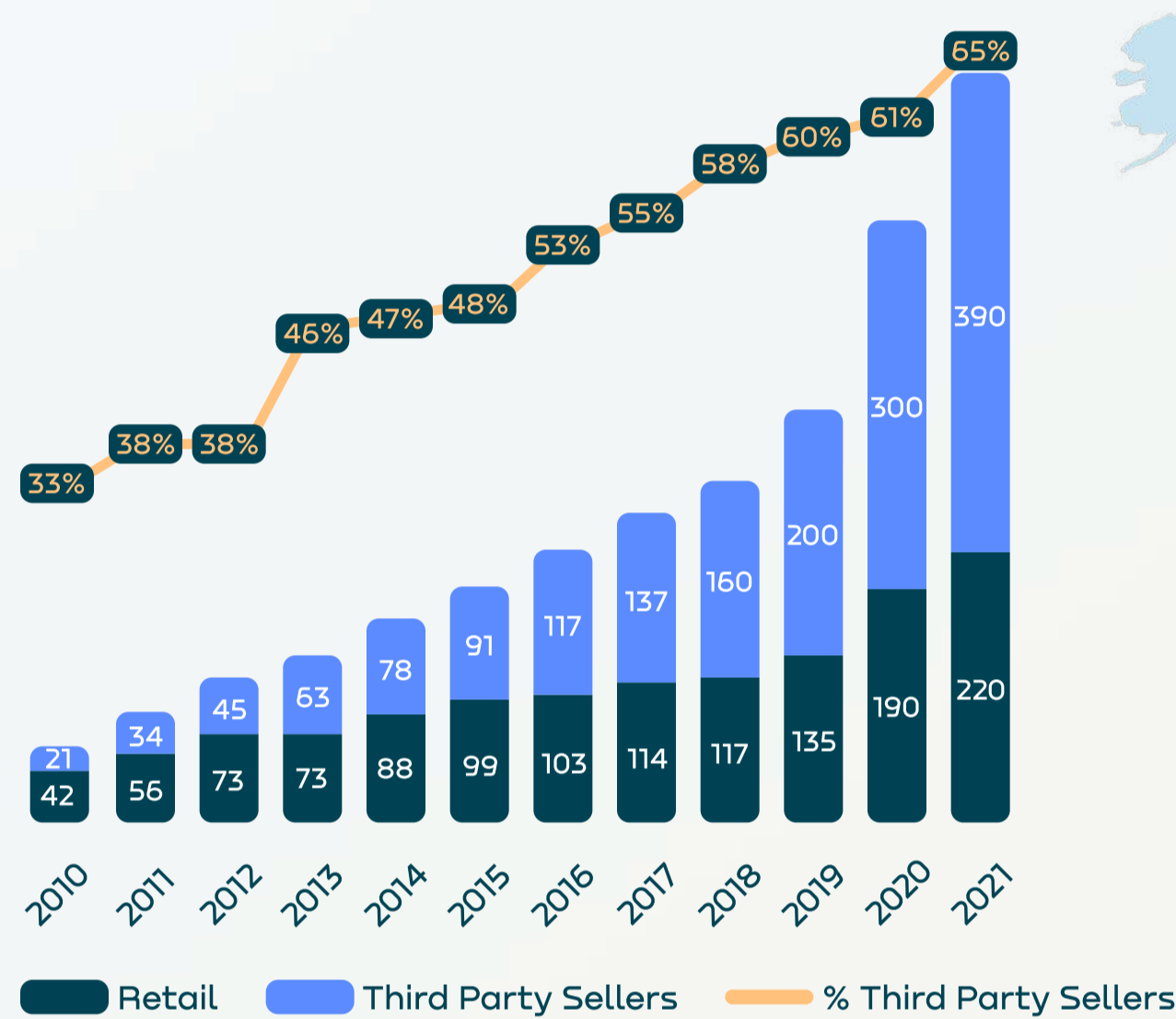
Go North in Brief

Go North is a leading Amazon FBA (Fulfillment By Amazon) operator in Northern Europe that acquires and scales brands on Amazon. We acquire Amazon FBA brands that are fast-growing, profitable and have a proven business model and track record with significant potential to accelerate organic growth.

We work as a third party seller and that market is a key driver behind Amazon's growth where our target brands are in the most attractive segments.



Amazon consumer good sales, USDbn



VISION

Go North unlocks the potential of products and people with knowledge and care - making sustainable consumption possible on Amazon and beyond.

MISSION

Our vision is to be the number one choice for brands believing in making sustainable consumption possible on Amazon and beyond.

SUSTAINABILITY

Our commitment to ethical, transparent business practices is in our core. Throughout a product's lifecycle, we actively reduce our environmental footprint, promoting sustainability for our customers, the planet, and our business. We take a long-term perspective in our brand investment and only focuses on evergreen products and avoid categories like fast fashion.

GO NORTH MANTRAS

Go People

Go Green

Go Fair

Go Secure

Go Data

Financial Reports

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in KSEK

Financial period

	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	185,801	71,239	650,273	118,224
Capitalized work on own account	1,505	-	10,811	5,885
Other operating income	61	6,705	1,391	7,401
Total Income	187,367	77,944	662,475	131,510
Cost of goods sold	-59,017	-19,519	-177,641	-33,595
Gross profit	128,350	58,425	484,834	97,915
Selling and administrative costs	-151,185	-55,890	-512,621	-109,555
Depreciation, amortization and impairments	-966	-	-95,139	-
Other operating costs	-714	-2,388	-714	-6,783
Operating profit (loss)	-24,515	147	-123,640	-18,423
Financial income	12,072	939	14,580	939
Financial expenses	-19,829	-13,115	-107,981	-22,401
Net financial items	-7,757	-12,176	-93,401	-21,462
Profit (loss) before tax	-32,272	-12,029	-217,041	-39,885
Income tax	-	-9,502	-	-9,502
Profit (loss) for the period	-32,272	-21,531	-217,041	-49,387

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

	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Earnings per share	-18.2	-12.1	-122.3	-27.8
Number of shares	1,775,045	1,775,045	1,775,045	1,775,045

Management Comments

Net sales

During the fourth quarter, net sales amounted to KSEK 185,801 (71,239). No acquisitions were made during the quarter, with stronger sales performance related to acquisitions made earlier in 2023.

Adjusted EBITDA

In the fourth quarter, adjusted EBITDA reached KSEK -16,526 (8,584), primarily related to lower margins, higher overhead costs and corrections related to inventory (approximately 5 MSEK, related to both 2022 and 2023) and incorrect consolidation in 2022 (also approximately 5 MSEK).

EBITA

EBITA in the fourth quarter closed at KSEK -23,985 (147), primarily related to lower margins, higher overhead costs and corrections related to inventory (approximately 5 MSEK, related to both 2022 and 2023) and incorrect consolidation in 2022 (also approximately 5 MSEK).

Net debt/Adjusted EBITDA

During the fourth quarter, the Net financial debt/Adjusted EBITDA ratio was N/A (3.6), a consequence of Go North's previous use of debt to finance its acquisition strategy and investments in building core capabilities.

Cash flow from operating activities

In the fourth quarter, cash flow from operating activities was KSEK -42,119 (27,052). This is primarily related to low financial results and inventory payments related to previous acquisitions.

ROCE

During the fourth quarter, our return on capital employed (ROCE) stood at -1.5% (-0.0%), indicative of a decline in profitability due to increased operating expenses and lower margins.

Significant events in the fourth quarter, October – December 2023

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

In this quarter, there have also been several large corrections related both to inventory (approximately 5 MSEK, related to both 2022 and 2023) and incorrect consolidation in 2022 (also approximately 5 MSEK) which have significant effects on the financial results.

On November 2nd, it was concluded and communicated via a press release from the Group that due to an updated financial outlook a restructuring program was launched, to reduce total overhead costs. The press release also stated that the group expected to be in breach with financial covenants under the terms and conditions of its existing senior secured floating rate bond. Pareto Securities AB was mandated as an Advisor to initiate discussions with bondholders and the provider of the revolving credit facility to find a long-term solution for these debt vehicles.

In the reporting period of Q3'23, it became evident that the Group had breached its financial covenants. The primary factors for this breach were the lack of profitability as well as not being able to raise sufficient new capital. As press released by Go North on 6th October 2023, Go North's parent company was unsuccessful with the contemplated convertible bond issue which would have provided Go North with additional capital. Due to IAS 1 point 69, the bond was reclassified as short-term. In response to this, The Group initiated a proactive dialogue with the bondholders and applied for a waiver to address these covenant violations.

Significant events after the end of the reporting period

After the reporting period, on the 25th of January, Go North announced a written procedure for its outstanding bonds, capitalized the next interest payment, and issued new senior secured bonds. This written procedure was approved on February 16th, ensuring a more favorable debt and cash situation for Go North going forward. This includes lower interest rates, more payment flexibility and the removal of some covenants as well as a new cash issuance of 10 MUSD. This also means that the bond loan will be considered a non-current liability after this. More information on this can be found in the associated press release on Go North's website (https://gonorth.co/mfn_news/go-north-announces-approval-of-written-procedure/).

Parent company

The net sales for the parent company during the fourth quarter was KSEK 32,693 (24,807). The parent company's net profit during the same period was KSEK -14,498 (-47,227).

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

Amounts in KSEK

Financial period

	Dec 31, 2023	Dec 31, 2022
ASSETS		
Non-current assets		
Goodwill	-	714
Brands	562,639	437,030
Other intangible assets	15,579	5,885
Property, plant and equipment assets	847	714
Right-of-use assets	2,492	4,362
Total non-current assets	581,557	448,705
Current assets		
Stock	95,703	65,230
Accounts receivables	89	-
Other current receivables	40,683	30,292
Prepaid expenses and accrued income	7,628	8,910
Cash and cash equivalents	14,742	159,242
Total current assets	158,845	263,674
TOTAL ASSETS	740,402	712,379

Amounts in KSEK

Financial period

	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES		
EQUITY		
Share capital	500	500
Other capital contributed	285,388	240,048
Retained earnings	-51,611	-2,224
Net profit for the year	-217,041	-49,387
Total equity attributable to Parent Company's shareholders	17,236	188,937
LIABILITIES		
Non-current liabilities		
Bond loan	-	269,457
Liabilities to credit institutions	45,354	1,313
Leasing liabilities	574	2,778
Deferred tax liability	16,662	16,662
Other non-current liabilities	29,807	10,088
Provisions	3,126	-
Total non-current liabilities	95,523	300,298
Current liabilities		
Bond loan	523,269	-
Accounts payable	7,769	12,678
Leasing liabilities	2,204	1,901
Liabilities to credit institutions	63	-
Other current liabilities	73,059	193,853
Accrued expenses and prepaid income	21,279	14,712
Total current liabilities	627,643	223,144
TOTAL EQUITY AND LIABILITIES	740,402	712,379

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in KSEK

Attributable to shareholders of the parent company

	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit (loss) for the year	Total equity
Opening balance at Jan 1, 2022	46	6,061	-	-2,224	3,883
Profit (loss) for the period	-	-	-	-49,387	-49,387
Total comprehensive income for the period	-	-	-	-49,387	-49,387
Transactions with shareholders in their role as owners					
New share issue	18	80,182	-	-	80,200
Bonus issue	436	-436	-	-	-
Issue cost	-	-759	-	-	-759
Shareholders contribution	-	155,000	-	-	155,000
Closing balance at Dec 31, 2022	500	240,048	-	-51,611	188,937
Opening balance at Jan 1, 2023	500	240,048	-	-51,611	188,937
Profit (loss) for the period	-	-	-	-217,041	-217,041
Total comprehensive income for the period	-	-	-	-217,014	-217,041
Transactions with shareholders in their role as owners					
Issue cost	-	-2,038	-	-	-2,038
Shareholders contribution	-	47,378	-	-	47,378
Closing balance at Dec 31, 2023	500	285,388	-	-268,652	17,236

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in KSEK

Financial period

	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Cash flow from operating activities				
Profit/loss after financial items	-32,272	-12,028	-217,041	-39,885
Adjustments for items not included in cash flow*	-20,611	687	96,430	1,463
Income tax paid	-	-	-9,662	-
Cash flow from operating activities before changes in working capital	-52,883	-11,341	-130,273	-38,422
Cash flow from changes in working capital				
Increase (+) /decrease (-) of inventories	16,893	-31,475	-30,473	-63,607
Increase (+) /decrease (-) of operating receivables	21,136	32,760	-9,199	-38,765
Increase (+) /decrease (-) of operating liabilities	-27,265	37,108	-19,144	56,329
Total changes in working capital	10,764	38,393	-58,816	-46,043
Cash flow from operating activities	-42,119	27,052	-189,089	-84,465
Cash flow from investing activities				
Acquisition of subsidiaries after deduction of acquired liquid assets	-	-2,068	-	-2,068
Investments in intangible fixed assets	-14,096	-129,264	-297,884	-256,099
Investments in tangible assets	-	-3,237	-343	-4,583
Cash flow from investing activities	-14,096	-134,569	-298,227	-262,750
Cash flow from financing activities				
Increase/decrease of loans	-	53,423	297,276	269,457
New issue/Shareholders contribution	-	104,416	47,378	234,431
Change in overdraft facility/loans	-	-	-	-800
Amortization of lease liabilities	-529	-	-1,838	-
Cash flow from financing activities	-529	157,839	342,816	503,088
Closing cash and cash equivalents				
Decrease/increase in liquid assets	-56,744	50,322	-144,500	155,873
Opening cash and cash equivalents	71,486	108,920	159,242	3,369
Closing cash and cash equivalents	14,742	159,242	14,742	159,242

*For Jan-Dec 2023, 95 139 KSEK relates to depreciation, amortization and impairments.

Parent Company

Income statement

Amounts in KSEK	Financial period			
	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Operating income				
Net sales	32,693	24,807	97,561	71,792
Capitalized work on own account	1,505	5,885	10,811	5,885
Other operating income	1,421	6,705	2,741	7,401
Total income	35,619	37,397	111,113	85,078
Cost of goods sold	-	-44,391	-	-65,326
Sales and administration costs	-25,209	-18,446	-108,173	-59,367
Other operating costs	-	-2,401	-	-6,796
Depreciation, amortization and impairments	-24,880	-	-197,249	-
Operating profit	-14,470	-27,841	-194,309	-46,411
Results from shares in subsidiaries	-	-7,430	2,542	-7,430
Financial income	10,967	939	13,473	939
Financial expenses	-24,726	-12,895	-113,329	-22,181
Financial items - net	-13,759	-19,386	-97,314	-28,672
Income after financial items	-28,229	-47,227	-291,623	-75,083
Group contributions received	9,843	-	9,843	-
Deferred tax	3,888	-	3,888	-
Profit (loss) for the period	-14,498	-47,227	-277,892	-75,083

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

	Dec 31, 2023	Dec 31, 2022
ASSETS		
Non-current assets		
Brands	438,526	416,795
Other intangible assets	15,579	5,885
Property, plant and equipment assets	847	713
Shares in group companies	34,130	5,560
Total non-current assets	489,082	428,953
Current assets		
Receivables from group companies	155,014	92,590
Stock	-	655
Accounts receivables	89	-
Other current receivables	848	16,926
Prepaid expenses and accrued income	1,960	9,024
Cash and cash equivalents	2,933	137,776
Total current assets	160,844	256,971
TOTAL ASSETS	649,926	685,924

Amounts in KSEK

Financial period

	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES		
EQUITY		
Share capital	500	500
Fund for development expenditure	15,555	5,885
Other capital contributed	272,631	234,873
Retained earnings	-77,307	-2,224
Net profit for the year	-277,893	-75,083
Total equity attributable to parent company's shareholders	-66,514	163,951
LIABILITIES		
Non-current liabilities		
Bond loan	-	269,457
Liabilities to credit institutions	45,354	1,313
Deferred tax liability	12,775	16,662
Other non-current liabilities	29,807	10,088
Total non-current liabilities	87,936	297,520
Current liabilities		
Bond loan	523,269	-
Accounts payable	3,805	12,545
Liabilities to credit institutions	63	-
Liabilities to group companies	800	-
Other current liabilities	83,700	197,996
Accrued expenses and prepaid income	16,867	13,912
Total current liabilities	628,504	224,453
TOTAL EQUITY AND LIABILITIES	649,926	685,924

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 2022 Annual Report and should be read in conjunction with that Annual Report.

Related party transactions

No related party transactions have been performed during the period.

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			
	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Geographic market				
United States	171,832	58,630	581,537	85,019
Germany	3,043	4,011	19,764	4,221
United Kingdom	5,865	5,254	26,360	4,791
Canada	921	324	4,113	1,626
Other	4,140	3,020	18,498	22,567
Net sales	185,801	71,239	650,273	118,224

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.

* 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 organizational structure of Go North.

Pro Forma Income Statement

Amounts in KSEK

Financial period

	Dec 2023 LTM	Dec 2022 LTM
Net sales	717,177	432,661
Other operating income	23,948	6,636
Total income	741,125	439,297
COGS and shipping	-199,098	-115,907
Gross profit 1	542,027	323,390
<i>Gross margin 1</i>	75.6%	74.7%
FBA, selling and logistics fees	-323,169	-164,650
Gross profit 2	218,858	158,740
<i>Gross margin 2</i>	30.5%	36.7%
Ad spend	-97,101	-56,264
Gross profit 3	121,757	102,476
<i>Gross margin 3</i>	17.0%	23.7%
Overhead costs	-107,029	-30,462
Other operating costs	-16,182	-6,783
Adjustments	24,500	8,983
Adjusted EBITDA	23,046	74,214
<i>Adj EBITDA margin</i>	3.1%	16.9%

Description of basis of preparation

This is a table with mainly alternative financial measures outside the IFRS accounting principles.

The pro forma figures from Revenue to Gross profit 3, except Other operating income, include all brands that were owned by Go North at the end of each period as if they were owned during that entire period. These figures for 2022 are based on data from the associated Amazon Seller Central accounts, except for production and shipping which is based on data from the seller of the brand to Go North and/or internal cost data from Go North. Figures from Revenue to Gross Profit 3 for Q1 and Q2 2023 are based on Go North's actual figures during this period, except if a brand was not owned by Go North for one or several months in this period. In that case, figures from Amazon Seller Central are used for those months instead.

Other operating income, Overhead, and Adjustments are based on Go North's actual overhead costs and adjustments during the entire period. Gross margins are calculated as a percentage of net sales while adjusted EBITDA is calculated as a percentage of total income.

Other Information

Significant Risks and Uncertainties

Due to a more conservative capital market, we have put the previously planned acceleration of our acquisition strategy on hold. Should this environment remain, the low valuation multiples of acquisition targets may change and this value creation lever, which Go North has previously focused on, could become less pronounced.

If the operations don't perform financially as expected, there is a risk that Go North will not be able to maintain its debts while also fulfilling its obligations under the new bond covenants. This can also be affected by Go North's exposure to risk related to changing interest rates.

Additionally, if operations don't perform financially as expected over an extended period, there is a risk that Go North would no longer have the liquidity to keep operations running, including ongoing expenses to staff and suppliers.

Personnel

In Quarter 4, Go North continued to adapt to a product-focused business with less complexity, fewer products to manage, and in turn a lower overhead cost.

As planned, Go North continued to phase out consultant costs and implemented further overhead optimizations. The total number of FTEs at the end of Q4 was 85.

Auditor's Review

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

Financial Calendar

30 April 2024 - Annual Report 2023

For more information, please contact:

Johan Hallenby, CEO/Founder

Phone: +46 735 070 707

E-mail: johan.hallenby@gonorth.co

GoNorth[®]

www.gonorth.co