

# Nordic Lights Group Corporation

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## HALF-YEAR FINANCIAL REPORT

January – June 2022



## Net sales growth of 45% and strong profitability

### JANUARY – JUNE 2022 IN BRIEF (H1)

- Net sales increased by 45.3% and totaled EUR 44.9 million (30.9)
- EBITA was EUR 6.4 million (5.7)
- EBITA margin was 14.3% (18.5%)
- Adjusted EBITA was EUR 7.6 million (5.7)
- Adjusted EBITA margin was 16.8% (18.5%)
- Operating profit was EUR 4.8 million (4.2)
- Operating profit margin was 10.7% (13.6%)
- Net cash flow from operating activities were EUR 6.6 million (0.0)
- The balance sheet totaled EUR 64.9 million (69.2)
- Trading of the shares of Nordic Lights Group Corporation commenced on Nasdaq First North Growth Market in Finland on 5 July 2022

The figures in the half-year report are unaudited. Comparative figures for the corresponding period of the previous year are in brackets.

### GUIDANCE FOR 2022 (NO CHANGE)

The financial guidance for 2022 remains unchanged, i.e. Nordic Lights expects its net sales to grow organically between 15 and 25 percent in 2022 as compared to 2021.

### TOM NORDSTRÖM, CEO:

During the first half-year, Nordic Lights continued to show strong growth, with net sales increasing by 45% to EUR 44.9 million from the previous year. Net sales increased in all end-industries, especially in agriculture, and in all geographical areas, with the strongest growth in EMEA and North America. We increased our share of wallet, won new customers and successfully implemented the ramp up of new business.

The underlying market demand has also developed favorably, especially in North America and Western Europe, despite challenging market conditions such as inconsistent availability of components, global supply constraints and the geopolitical tension. Our solid supply chain and agile approach in finding alternative solutions have enabled us to increase our production volumes and catch up delays from H2/2021. The business to Russia and Ukraine was not significant, thus the immediate direct impact from the war was limited.



Our adjusted EBITA increased by 31.7% to EUR 7.6 million (5.7). Adjusted EBITA margin was 16.8% (18.5%). Compared to full year 2021 the adjusted EBITA margin increased by 3.3 %-units. Nordic Lights' margins were in the second half year of 2021 negatively impacted by the increasing costs of raw material, components and freight costs. Measures to mitigate the impact on the profitability have successfully been undertaken.

In accordance with our reiterated guidance, we continue to expect Nordic Lights' net sales to grow by 15-25% during the full year 2022. We expect that the current macroeconomic uncertainty and fluctuating component availability across the value chain may result in an overall weaker market for our products during the second half-year of 2022. Additionally, our growth during the first half of 2022 was boosted by the ramp up the of new business, and this impact is expected to be significantly lower in the second half. It is normal in our business that growth is unevenly distributed during a certain year when significant new business has been won and is ramping up to normal levels.

Nevertheless, Nordic Lights is well-established among large global manufacturers of work machines, as well as mid-size and smaller equipment manufacturers. Our diverse customer base across multiple industries and regions as well as our considerable and expanding after-market business is likely to increase our resilience in challenging times.

Nordic Lights' mission is to provide visibility for safe and efficient operations of heavy-duty equipment. From the beginning, Nordic Lights has been focused on using the latest technology and innovations to bring added value to customers and end-users. We have been a forerunner to introduce new technology in our market, and have been able to double our market share in the last five years from three to six percent. We will continue introducing energy efficient lighting solutions which support our customers to reduce the fuel consumption and emissions of their equipment.

Our listing on First North provides a good platform for the next steps in our strategy. We continue to invest in sales and marketing, R&D and additional production capacity to support our long-term growth vision. We also plan to explore M&A possibilities to enable faster expansion into adjacent markets and segments.

Our journey as a listed company has started well and I would once again like to thank all of our customers, personnel, our shareholders and other stakeholders for their trust in making it happen.

## KEY PERFORMANCE INDICATORS

(EUR million)	1-6/2022	1-6/2021	Change	1-12/2021	1-12/2020
Net sales	44.9	30.9	45.3%	66.3 <sup>(1)</sup>	43.7 <sup>(1)</sup>
Change in net sales (%)	45.3	-		51.9	-2.0
Gross margin	15.3	11.4	34.3%	21.4	16.8
Gross margin, % of net sales	34.0	36.7		32.2	38.6
EBITDA	7.5	6.4	16.6%	10.0	8.6
EBITDA margin (%)	16.6	20.7		15.1	19.6
Items affecting comparability in other operating expenses	1.1	0.0		0.6	0.0
Adjusted EBITDA	8.6	6.4	34.1%	10.6	8.6
Adjusted EBITDA margin (%)	19.1	20.7		15.9	19.6
EBITA	6.4	5.7	12.2%	8.4	7.0
EBITA margin (%)	14.3	18.5		12.6	15.9
Adjusted EBITA	7.6	5.7	31.7%	8.9	7.0
Adjusted EITA margin (%)	16.8	18.5		13.5	15.9
Operating profit	4.8	4.2	14.5%	5.3 <sup>(1)</sup>	3.9 <sup>(1)</sup>
Operating profit margin (%)	10.7	13.6		8.0	9.0
Adjusted operating profit	5.9	4.2	41.2%	5.9	3.9
Adjusted operating profit margin (%)	13.2	13.6		8.9	9.0
EPS	0.13	0.14	-7,1%	0.09	0.03
Number of shares on average	17,940,430	17,940,430		17,940,430	17,940,430
Net cashflow from operating activities	6.6	0.0		-2.1	6.9
Gross capital expenditure	1.1	1.7	-33.3%	3.6	1.6
Gross capital expenditure, % of net sales	2.5	5.5		5.5	3.8
Net interest-bearing debt/Adjusted EBITDA (ratio)	1.8	-		2.5	3.2
Personnel, at the end of the period	315	254	24.0%	275	190

Key performance indicators are unaudited, unless otherwise indicated. 1) Audited

## MARKET OVERVIEW

Nordic Lights operates in the global heavy-duty equipment lighting market. The addressable market includes work lights, driving lights and signal lights for five end-user segments; construction, agriculture, mining, forestry and material handling.

Our core addressable market is estimated to amount to approximately EUR 1.1 billion, with an average growth of 4-5% p.a. for the period 2021-2026 (Source: International management consultant analysis in spring 2021 and commissioned by Nordic Lights). In the short-term we expect that the current macroeconomic uncertainty may result in an overall weaker market for our products during the second half-year of 2022.

Nordic Lights has an established position in both the OEM and aftermarket channels. The OEM channel includes lights that are mounted on original equipment during manufacturing. The aftermarket channel includes spare parts used to upgrade equipment or repair and upgrade installed equipment. The aftermarket channel includes both original equipment spare parts and independent spare parts, which are used either to upgrade existing lights or to repair or replace broken lights. Original equipment spare parts are sold to OEMs as original spare parts. Independent spare parts include white-label spares as well as upgrades sold independently to end-users without going via an OEM.



## STRATEGY

Nordic Lights strives to be the leading premium supplier of high-quality work, driving and signal lights for heavy-duty equipment to OEMs and the aftermarket.

Nordic Lights has an ambitious growth strategy within its current core market. The strategy is based on nurturing the position as a premium player in the heavy-duty equipment lighting market by growing its core business both by expanding the share of wallet within current OEM customers and targeting new landmark OEM customers. In addition, Nordic Lights intends to strengthen the position of driving lights and signal lights in the product portfolio, and establish a stronger position in the aftermarket. In addition to targeted growth within its current core markets, Nordic Lights sees additional potential for organic growth in adjacent markets as well as mergers and acquisitions as an additional avenue for further accelerating its growth.

## MEDIUM AND LONG-TERM FINANCIAL TARGETS

Nordic Lights has the following medium and long-term financial targets:

**Growth:** Annual organic net sales growth of over 10 percent on average. Growth can be further accelerated via selected mergers and acquisitions, in line with Nordic Lights' strategy.

**Profitability:** Adjusted EBITA margin above 18 percent.

**Leverage:** Net debt in relation to adjusted EBITDA below 2.0x. Target may temporarily be exceeded, for example in conjunction with acquisitions.

## FINANCIAL PERFORMANCE

### Net sales split by geography:

(EUR million)	1-6/2022	1-6/2021	Change	1-12/2021	1-12/2020
EMEA	21.3	13.5	58%	28.6	19.8
APAC	10.6	8.5	25%	17.7	12.0
North America	11.3	7.4	53%	16.9	9.7
South America	1.7	1.5	13%	3.1	2.3
<b>Total</b>	<b>44.9</b>	<b>30.9</b>	<b>45%</b>	<b>66.3</b>	<b>43.7</b>

### Net sales split by end-industry:

(EUR million)	1-6/2022	1-6/2021	Change	1-12/2021	1-12/2020
Construction	20.1	16.5	22%	33.2	22.0
Mining	10.7	8.0	34%	16.9	12.6
Agriculture	7.8	1.9	310%	7.2	1.7
Forestry	2.6	1.8	44%	3.7	2.8
Material handling	2.8	2.0	40%	4.3	3.1
Other	0.9	0.7	29%	1.1	1.6
<b>Total</b>	<b>44.9</b>	<b>30.9</b>	<b>45%</b>	<b>66.3</b>	<b>43.7</b>

In January to June, the group's net sales increased by 45% to EUR 44.9 million. The increase in net sales was based on a significant increase in sales volume. During the first half of 2022, the net sales increased in all end-industries, especially in agriculture, and in all geographical areas, increasing the most in EMEA and North America. Nordic Lights has increased the share of wallet, obtained new customers, and in addition the underlying markets have developed positively. The ramp up of new business has been successfully implemented and is expected to continue throughout 2022.

### Profitability

Gross margin increased by 34.3% and totaled EUR 15.3 million (11.4). Gross margin in % of net sales decreased with 2.8%-units to 34.0% compared to previous year's H1 but increased from full year 2021 by 1.8%-units and from H2 2021 by 5.7%-units.

Nordic Lights margins were in the second half year of 2021 negatively impacted by the rapidly increasing costs of raw material, components and freight costs. Mitigating actions including an active pricing strategy and different supply chain measures were implemented, with a positive effect during H1 2022. Activities to compensate the impact from cost inflation are expected to continue throughout the year 2022.

EBITA increased by 12.2% to EUR 6.4 million (5.7). EBITA margin was 14.3% (18.5%). Non-recurring items (listing costs) of EUR 1.1 million are included in other operating expenses in H1 2022. Adjusted EBITA increased by 31.7% to EUR 7.6 million (5.7). Adjusted EBITA

margin was 16.8% (18.5%). Operating profit was EUR 4.8 million (4.2) and the Adjusted operating profit was EUR 5.9 million (4.2).

Nordic Lights' financial expenses amounted to EUR 1.6 million (1.1) and included listing costs of EUR 1.1 million.

Profit before taxes was EUR 3.2 million (3.1) and net profit for the period was EUR 2.3 million (2.5).

The total listing cost amounted to EUR 2.7 million, out of which EUR 0.5 million affected 2021 year's result and EUR 2.2 million H1 2022 result. Out of the EUR 2.2 million, EUR 1.1 million is included in other operating expenses and EUR 1.1 million in financial expenses.

## Financial position and cash flow

The balance sheet totaled at the end of the review period EUR 64.9 million (69.2), of which equity constituted EUR 20.4 million (18.6).

At June end the Group's net debt was EUR 22.9 million (27.9). Interest-bearing liabilities were 28.2 million (39.1).

The company will receive EUR 15.1 million gross proceeds from the offering, of which EUR 5 million will be used to repay non-current debt.

During the period January – June 2022, the Group's net cash flow from operating activities were EUR 6.6 million (0.0). Cash and cash equivalents amounted to EUR 5.2 million (11.1). The strong cash flow is a result of a strong profit in combination with a decrease of net working capital and especially of inventory levels.

Net debt/adjusted EBITDA was 1.8x (before IPO proceeds). Nordic Lights' long term target is to keep net debt/adjusted EBITDA below 2x.

At the end of the review period the Group's Equity ratio was 31.4% (26.9). Adjusted return on capital employed (ROCE) was 47.4%.

## Investments

Nordic Lights' investments during January -June amounted to EUR 1.1 million (1.7) and were mainly related to production machinery and tooling and R&D capitalization.



## Research and development

R&D expenditure in January to June totaled EUR 1.4 million (1.1), of which EUR 0.4 million (0.5) was capitalized as development costs in intangible assets. R&D costs accounted for 3.1% (3.6%) of Net sales.

Nordic Lights has a very strong know-how about lighting technology and solid experience from collaborating with demanding customers and meeting their requirements. Our experienced in-house R&D organization covers electronic, optical, and mechanical design. With the help of advanced simulation tools, we support our customers to choose the optimal light set-up for their equipment.

In the R&D activities in recent years Nordic Lights has taken measures with regards to development of smart lighting approaches, increased energy efficiency of lights and development of more environmentally friendly products while researching cost-effective product construction with increased technical performance, such as optimized lighting properties.

## Personnel

At the end of the review period, Nordic Lights had 315 employees (excluding rental employees). Since beginning of 2021 the number of personnel has increased with 125 people.

## SHARES AND SHAREHOLDERS AFTER THE LISTING

Trading of the shares of Nordic Lights Group Corporation commenced on Nasdaq First North Growth Market Finland on 5 July 2022. The total number of issued and outstanding Shares in the Company will increase to 20,957,962 Shares after the New Shares offered in the Share Issue are registered in the Trade Register. The company has a single series of shares, and each share entitles its holder to one vote in the General Meeting of shareholders of the company. The subscription price for the Offer Shares was EUR 5.02 per share in the Public Offering and the Institutional Offering, and EUR 4.52 per share in the Personnel Offering, which in total corresponds to a market capitalization of the Company of approximately EUR 105.2 million immediately following the Offering.

## SHORT-TERM RISKS AND BUSINESS UNCERTAINTIES

Fluctuations in component prices and disruptions in their availability may have an adverse effect on Nordic Lights' profitability. The components needed by Nordic Lights in its production include, for example, electronic components, housings, brackets and optics. Price increases of components may result in higher manufacturing costs. Further, the prices and availability of components depend on factors beyond Nordic Lights' control, such as global supply chains,



production capacity, disruptions in infrastructure, regulation, export restrictions, political stability, level of import duties, demand among other users and currency exchange rates.

The uncertainty in the global markets and the general cost increase might have a negative impact on investments in infrastructure as well as building and construction. This might affect the investments in new equipment and capacity.

If Nordic Lights is not successful in recruiting and retaining qualified personnel and key personnel, this may affect its competitive position and ability to grow capacity.

Further information on the company's main strategic, operative and financial risks is described in detail in the offering circular, which was published on 27 June 2022 and is available on the corporate website.

## SUSTAINABILITY

Nordic Lights' mission is to provide visibility for safe operation of heavy-duty vehicles for its end-customers. The majority of Nordic Lights' products are based on LED technology, a highly energy-efficient source of light that uses at least 75 percent less energy, and lasts longer times than incandescent lighting.

Nordic Lights' Code of Conduct provides a framework that guides behavior and summarizes topics crucial to its business, which include compliance with laws and regulations, prohibition of corruption and bribery, respect for the basic human rights of employees, prohibition of child labour, health and safety of employees, environmental protection, and supply chain. Nordic Lights sustainability engagements are present in initiatives towards responsible procurement and third-party sustainability, as well as responsible business conduct.

Nordic Lights requires that its suppliers adhere to its code of conduct. In accordance with its code of conduct, the signatories are required to ensure compliance with applicable legislation, relating to, among others, the use of certain hazardous substances in electrical and electronic equipment and the use of chemicals.

Nordic Lights' efforts in health and safety aim to ensure a safe working environment for all Nordic Lights' employees and strives to make safety a part of its everyday work life by risk observations, safety inspections, and safety training. Product safety is always one of the main drivers in all Nordic Lights' R&D projects.

Nordic Lights examines its carbon footprint annually and all of its electricity in Finland has been renewable since 2017.

## EVENTS AFTER THE REVIEW PERIOD

Trading of the shares of Nordic Lights Group Corporation commenced on Nasdaq First North Growth Market Finland on 5 July 2022. The subscription price for the Offer Shares was EUR

5.02 per share in the Public Offering and the Institutional Offering, and EUR 4.52 per share in the Personnel Offering, which in total corresponds to a market capitalization of the Company of approximately EUR 105.2 million immediately following the Offering. The company will receive gross proceeds of approximately EUR 15.1 million.

## WEBCAST

A webcast on the second quarter results will be held on 16 August 2022 at 11:00 a.m. (EEST). It will be held in English and can be followed at:

<https://nordiclights.videosync.fi/h1-2022>

Presentation materials will be available at <https://investors.nordiclights.com/en/reports-and-presentations/>.

## NEXT FINANCIAL RELEASE

Nordic Lights will publish full year 2022 report on 16 February 2023.

Pietarsaari 16 August 2022

NORDIC LIGHTS GROUP CORPORATION

Board of Directors

## Further enquiries

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## Nordic Lights Group Corporation

### Financial information for the period 1.1.-30.6.2022

#### CONSOLIDATED INCOME STATEMENT

(EUR thousand)	1-6/2022	Carve-out 1-6/2021	Carve-out 1-12/2021	Carve-out 1-12/2020
<b>Net sales</b>	<b>44,934</b>	<b>30,931</b>	<b>66,337</b>	<b>43,665</b>
Change in stocks of finished and work-in-progress products (+/-)	-563	502	885	301
Other operating income	8	1	14	11
Materials and services	-25,543	-18,079	-41,224	-24,009
Personnel expenses	-7,770	-5,438	-12,021	-8,832
Depreciation, amortization and impairment	-2,664	-2,208	-4,677	-4,654
Other operating expenses	-3,597	-1,511	-3,965	-2,572
<b>OPERATING PROFIT / LOSS</b>	<b>4,805</b>	<b>4,197</b>	<b>5,320</b>	<b>3,909</b>
Financial income and expenses	-1,649	-1,059	-2,320	-2,182
<b>PROFIT / LOSS BEFORE APPROPRIATIONS AND TAXES</b>	<b>3,156</b>	<b>3,138</b>	<b>2,999</b>	<b>1,727</b>
Income taxes	-829	-601	-1,359	-1,192
<b>PROFIT / LOSS FOR THE PERIOD</b>	<b>2,327</b>	<b>2,537</b>	<b>1,640</b>	<b>535</b>

## CONSOLIDATED BALANCE SHEET

<b>ASSETS</b> (EUR thousand)	<b>30.6.2022</b>	Carve-out <b>30.6.2021</b>	Carve-out <b>31.12.2021</b>	Carve-out <b>31.12.2020</b>
<b>Fixed assets</b>				
Intangible assets	23,150	23,983	24,340	25,041
Tangible assets	9,897	9,327	10,191	8,710
Investments	98	98	111	3,833
<b>Total fixed assets</b>	<b>33,145</b>	<b>33,409</b>	<b>34,642</b>	<b>37,584</b>
<b>Current assets</b>				
Inventories	9,167	8,407	11,637	5,346
Short-term receivables	17,373	16,247	14,552	9,864
Cash and cash equivalents	5,211	11,146	2,861	12,212
<b>Total current assets</b>	<b>31,752</b>	<b>35,799</b>	<b>29,050</b>	<b>27,422</b>
<b>TOTAL ASSETS</b>	<b>64,897</b>	<b>69,208</b>	<b>63,692</b>	<b>65,006</b>
<b>EQUITY AND LIABILITIES</b> (EUR thousand)	<b>30.6.2022</b>	Carve-out <b>30.6.2021</b>	Carve-out <b>31.12.2021</b>	Carve-out <b>31.12.2020</b>
<b>Total equity</b>	<b>20,394</b>	<b>18,624</b>	<b>17,992</b>	<b>16,296</b>
<b>Liabilities</b>				
Non-current liabilities	26,850	38,018	26,850	37,262
Current liabilities	17,653	12,566	18,849	11,449
<b>Total liabilities</b>	<b>44,503</b>	<b>50,583</b>	<b>45,699</b>	<b>48,711</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>64,897</b>	<b>69,208</b>	<b>63,692</b>	<b>65,006</b>

## CONSOLIDATED CASH FLOW STATEMENT

(EUR thousand)	1-6/2022	1-6/2021	1-12/2021	1-12/2020
<b>Cash flow from operating activities</b>				
Profit / loss before appropriations and taxes	3,156	3,138	2,999	1,727
Adjustments for				
Depreciation and amortization according to plan	2,664	2,208	4,677	4,654
Financial income and expenses	1,756	1,168	2,377	2,152
Other adjustments	-38	-214	112	-607
Cash flow before working capital changes	7,539	6,300	10,165	7,926
Working capital changes	814	-4,314	-5,558	405
Operating cash flow before financing items and taxes	8,353	1,986	4,607	8,330
Interests and other financial expenses paid relating to operating activities	-539	-327	-5,063	-799
Income taxes paid	-1,246	-1,635	-1,665	-658
<b>Net cash flow from operating activities</b>	<b>6,568</b>	<b>24</b>	<b>-2,060</b>	<b>6,880</b>
<b>Cash flow from investing activities</b>				
Purchase of tangible and intangible assets	-1,152	-1,708	-3,632	-1,639
Purchase of other investments	13	-	-13	-
Proceeds from repayment of loans	-	1,650	3,735	-
Adjustment to purchase price of subsidiaries	-1,778	-	-130	-
<b>Net cash flow from investing activities</b>	<b>-2,918</b>	<b>-58</b>	<b>-40</b>	<b>-1,639</b>
<b>Cash flow from financing activities</b>				
Purchase of own shares	-	-	-	-107
Proceeds from long-term loans	-	-	30,750	-
Repayment of long-term loans	-1,300	-1,033	-38,001	-877
<b>Net cash flow from financing activities</b>	<b>-1,300</b>	<b>-1,033</b>	<b>-7,251</b>	<b>-984</b>
<b>Net increase (+)/ decrease (-) in cash and cash equivalents</b>	<b>2,350</b>	<b>-1,067</b>	<b>-9,351</b>	<b>4,257</b>
Cash and cash equivalents at the beginning of period	2,861	12,212	12,212	7,955
Cash and cash equivalents at the end of period	5,211	11,146	2,861	12,212

## ACCOUNTING POLICIES

Finnish accounting Principles ('FAS') have been applied in the preparation of the interim financial information for 1.1-30.6.2022.

Nordic Lights Group Corporation has been an independent legal group since 1.10.2021.

The comparison financial information, presented in this package, is based on carve-out figures of Nordic Lights Group Corporation (former Sponfyr Ltd) where the historical income and expenses, assets and liabilities as well as cash flows of the Herrmans Bike Components-

business has been excluded. The same principles was used in the carve-out financial statement that are enclosed to the Nordic Lights Group Corporation offering circular

Due to the fact that the comparison financial information is based on carve-out figures they are not necessary fully comparable with the figures of 2022.

## CHANGES IN CONSOLIDATED EQUITY

(EUR thousand)	30.6.2022	30.6.2021
<b>Restricted equity</b>		
Share capital 1.1	12,663	12,663
Share capital 30.6	12,663	12,663
<b>Total restricted equity</b>	<b>12,663</b>	<b>12,663</b>
<b>Non-restricted equity</b>		
Retained earnings 1.1	5,329	3,632
Translation differences	75	-27
Other corrections		-182
<b>Retained earnings 30.6</b>	<b>5,404</b>	<b>3,424</b>
<b>Profit of the period</b>	<b>2,327</b>	<b>2,537</b>
<b>Total non-restricted equity</b>	<b>7,731</b>	<b>5,961</b>
<b>Total equity</b>	<b>20,394</b>	<b>18,624</b>

## GUARANTEES AND OFF-BALANCE SHEET LIABILITIES

(EUR thousand)	30.6.2022	Carve-out 30.6.2021	Carve-out 31.12.2021
<b>Liabilities and other obligations for with pledges were given</b>			
Loans from financial institutions	28,150	23,135	24,168
Agreed overdraft limit	3,000	-	-
Overdraft limit in use	0	-	-
<b>Mortgages as guarantees</b>			
Corporate mortgages	167,700	167,700	167,700
Real estate mortgages	10,584	10,584	10,584
<b>Total mortgages</b>	<b>178,284</b>	<b>178,284</b>	<b>178,284</b>

The Group's financing was rearranged on 1 October 2021 as a part of the initial public offering in 2022.

Nordic Lights Group Corporation has pledged the shares of its subsidiary Sponbeam Ltd (100%). Correspondingly, Sponbeam Ltd has pledged the shares of its subsidiary Nordic Lights Ltd (100%) and Nordic Lights Ltd the shares of its Chinese subsidiary Nordic Lights (Suzhou) Co. Ltd (100%).

The bank accounts of Nordic Lights Group Corporation, Sponbeam Ltd and Nordic Lights Ltd were pledged to the provider of financing.

Further the inter-company loan receivables are pledged as collateral to the loans from financial institutes. As at the end of financial period ending on 30 June 2022 Nordic Lights Group Corporation had a loan receivable from Sponbeam Ltd amounting to 8.545.000 euros and Nordic Lights Ltd had a loan receivable from Sponbeam Ltd amounting to 12.615.000 euros.

(EUR thousand)	30.6.2022	Carve-out 30.6.2021	Carve-out 31.12.2021
<b>Leasing liabilities</b>			
Payables during the following financial year	124	190	204
Payables in later years	258	225	251
<b>Total</b>	<b>383</b>	<b>416</b>	<b>455</b>
<b>Other commitments</b>	100	100	30
<b>Rental liabilities</b>	36	36	36

## KEY PERFORMANCE INDICATORS

<b>(EUR thousand)</b>	<b>1-6/2022</b>	<b>1-6/2021</b>	<b>1-12/2021</b>	<b>1-12/2020</b>
Net sales	44,934	30,931	66,337 <sup>(1)</sup>	43,665 <sup>(1)</sup>
Change in net sales (%)	45.3	-	51.9	-2.0
Gross margin	15,268	11,365	21,374	16,834
Gross margin, % of net sales	34.0	36.7	32.2	38.6
EBITDA	7,469	6,405	9,996	8,562
EBITDA margin (%)	16.6	20.7	15.1	19.6
Adjusted EBITDA	8,602	6,414	10,555	8,562
Adjusted EBITDA margin (%)	19.1	20.7	15.9	19.6
EBITA	6,423	5,726	8,378	6,959
EBITA margin (%)	14.3	18.5	12.6	15.9
Adjusted EBITA	7,555	5,735	8,937	6,959
Adjusted EBITA margin (%)	16.8	18.5	13.5	15.9
Operating profit	4,805	4,197	5,320 <sup>(1)</sup>	3,909 <sup>(1)</sup>
Operating profit margin (%)	10.7	13.6	8.0	9.0
Adjusted operating profit	5,938	4,205	5,878	3,909
Adjusted operating profit margin (%)	13.2	13.6	8.9	9.0
EPS	0.13	0.14	0.09	0.03
Number of shares on average	17,940,430	17,940,430	17,940,430	17,940,430
Return on capital employed (ROCE) (%)	13.5	-	12.4	8.6
Adjusted return on capital employed (ROCE) (%)	47.4	-	44.2	35.8
Research and development expenses	1,391	1,101	2,332	2,149
Research and development expenses, % of net sales (%)	3.1	3.6	3.5	4.9
Gross capital expenditure	1,140	1,708	3,645	1,639
Gross capital expenditure, % of net sales	2.5	5.5	5.5	3.8
<b>Balance sheet and solvency</b>				
Capital employed	43,333	46,529	44,581	43,411
Adjusted capital employed	21,760	23,594	21,419	19,006
Net interest-bearing debt	22,939	27,905	26,589	27,115
Net interest-bearing debt/Adjusted EBITDA (ratio)	1.8		2.5	3.2
Equity ratio (%)	31.4	26.9	28.2	25.1
Net gearing (%)	112	150	148	166
<b>Personnel</b>				
Personnel, average	303	219	237	185
Personnel, at the end of the period	315	254	275	190

Key performance indicators are unaudited, unless otherwise indicated. 1) Audited



## CALCULATION OF KEY PERFORMANCE INDICATORS

Key Performance Indicators	Definition	Purpose of use
Change in net sales (%)	$\frac{\text{Change in net sales during the financial year}}{\text{Net sales for the previous financial year}}$	Change in net sales indicates the development of Nordic Lights' operations.
Gross margin	Net sales – direct material and direct labor	Gross margin is a measure used to assess Nordic Lights' efficiency at using its labor resources and supplies in producing goods and service.
Gross margin, % of net sales (%)	$\frac{\text{Gross margin}}{\text{Net sales}} \times 100$	
EBITDA	Operating profit + Depreciation and amortization of tangible and intangible assets + amortization of consolidated goodwill	EBITDA is an internal measure used to assess Nordic Lights' performance.
EBITDA margin (%)	$\frac{\text{EBITDA}}{\text{Net sales}} \times 100$	
Adjusted EBITDA	EBITDA+ items affecting comparability	Adjusted key figures are used to improve the comparability between different periods.
Adjusted EBITDA margin (%)	$\frac{\text{Adjusted EBITDA}}{\text{Net sales}} \times 100$	
EBITA	Operating profit + amortization of consolidated goodwill	EBITA is an internal measure used to assess Nordic Lights' performance.
EBITA margin (%)	$\frac{\text{EBITA}}{\text{Net sales}} \times 100$	
Adjusted EBITA	EBITA + items affecting comparability	Adjusted key figures are used to improve the comparability between different periods.
Adjusted EBITA margin (%)	$\frac{\text{Adjusted EBITA}}{\text{Net sales}} \times 100$	
Operating profit margin (%)	$\frac{\text{Operating profit}}{\text{Net sales}} \times 100$	Operating profit margin is an internal measure used to assess Nordic Lights' performance.
Adjusted operating profit	Operating profit + items affecting comparability	Adjusted key figures are used to improve the comparability between different periods.
Adjusted operating profit margin (%)	$\frac{\text{Adjusted EBIT}}{\text{Net sales}} \times 100$	
Return on capital employed (ROCE) (%)	$\frac{\text{Profit before taxes + financial expenses (rolling 12 months)}}{\text{Equity + net interest-bearing debt, average of the financial period}} \times 100$	Return on capital employed is an internal indicator to evaluate capital employed and to assess different businesses and opportunities, taking into account the capital they require.
Adjusted return on capital employed (ROCE) (%)	$\frac{\text{Adjusted EBITA (rolling 12 months)}}{\text{Equity + interest-bearing liabilities – goodwill, average of the financial period}} \times 100$	

Research and development expenses	Personnel expenses of research and development personnel as well as other expenses related to the research and development work, including capitalized product development expenses		Research and development expenses indicate Nordic Lights' investments in research and development work, including capitalized product development expenses.
Research and development expenses, % of net sales (%)	$\frac{\text{Research and development expenses}}{\text{Net sales}} \times 100$		
Purchase of tangible and intangible assets, % of net sales (%)	$\frac{\text{Purchase of tangible and intangible assets + other investments}}{\text{Net sales}} \times 100$		The key figure provides additional information on the cash flow needs of the organic business.
Capital employed	Equity + net interest-bearing debt		Capital employed is a measure used to assess Nordic Lights' invested capital, in addition, it is used to calculate the return on capital employed.
Adjusted capital employed	Capital employed – consolidated goodwill		
Net interest-bearing debt	Loans from financial institutions + convertible loans – cash and cash equivalents		Net interest-bearing debt and adjusted EBITDA describes on the financial stability of Nordic Lights.
Net interest-bearing debt/Adjusted EBITDA (ratio)	$\frac{\text{Net interest bearing debt}}{\text{Adjusted EBITDA}}$		
Equity ratio (%)	$\frac{\text{Equity total}}{\text{Total assets – advances received}} \times 100$		Equity ratio describes the financial risk level and is a useful measure for Nordic Lights' management to monitor the capital required for its business operations.
Net gearing (%)	$\frac{\text{Net interest-bearing debt}}{\text{Equity}} \times 100$		Net gearing describes the indebtedness of Nordic Lights.
Earnings per share (EPS)	$\frac{\text{Profit/loss for the year}}{\text{Weighted average number of shares}}$		EPS describes how much a company earns for each share

## RECONCILIATION OF CERTAIN KEY PERFORMANCE INDICATORS

<b>(EUR thousand)</b>	<b>1-6/2022</b>	<b>1-6/2021</b>	<b>1-12/2021</b>	<b>1-12/2020</b>
EBITDA	7,469	6,405	9,996	8,562
EBITDA margin (%)	16.6	20.7	15.1	19.6
Listing costs	1,133	-	491	-
Company re-arrangement	-	9	68	-
Adjusted EBITDA	8,602	6,414	10,555	8,562
Adjusted EBITDA margin (%)	19.1	20.7	15.9	19.6

<b>(EUR thousand)</b>	<b>1-6/2022</b>	<b>1-6/2021</b>	<b>1-12/2021</b>	<b>1-12/2020</b>
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Operating profit	4,805	4,197	5,320	3,909
Operating profit margin (%)	10.7	13.6	8.0	9.0
Listing costs	1,133	-	491	-
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Adjusted operating profit	5,938	4,205	5,878	3,909
Adjusted operating profit margin (%)	13.2	13.6	8.9	9.0