

# Nordic Lights Group Corporation

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## FINANCIAL STATEMENTS RELEASE

January – December 2022



## Net sales land at the high end of guidance with good profitability

### JULY – DECEMBER 2022 IN BRIEF (H2)

- Net sales increased by 6% and totaled EUR 37.5 million (35.4)
- EBITA increased by 119% and totaled EUR 5.8 million (2.7)
- EBITA margin was 15.5% (7.5%)
- Adjusted EBITA increased by 83% and totaled EUR 5.9 million (3.2)
- Adjusted EBITA margin was 15.7% (9.0%)
- Operating profit increased by 270% and totaled EUR 4.2 million (1.1)
- Operating profit margin was 11.1% (3.2%)
- Net cash flow from operating activities were EUR 4.8 million (-2.1)

### JANUARY – DECEMBER 2022 IN BRIEF

- Net sales increased by 24% and totaled EUR 82.4 million (66.3)
- EBITA increased by 46% and totaled EUR 12.2 million (8.4)
- EBITA margin was 14.8% (12.6%)
- Adjusted EBITA increased by 50% and totaled EUR 13.4 million (8.9)
- Adjusted EBITA margin was 16.3% (13.5%)
- Operating profit increased by 69% and totaled EUR 9.0 million (5.3)
- Operating profit margin was 10.9% (8.0%)
- Net cash flow from operating activities were EUR 11.3 million (-2.1)
- The balance sheet totaled EUR 73.8 million (63.7)
- 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 this report are unaudited unless otherwise mentioned. Comparative figures for the corresponding period of the previous year are in brackets.

### GUIDANCE FOR 2023

Following rapid net sales growth in both 2022 (24.3%) and 2021 (51.9%), mostly driven by gains in market share, Nordic Lights continues to see opportunities to strengthen its market position in 2023, but the overall market demand is expected to be weaker, in particular during the first half of 2023. Furthermore, in 2022 profitability increased significantly mainly due to successful mitigation of cost inflation and increased production efficiency, and the company sees opportunities for further margin improvement also for the full year 2023.

The company has issued the following guidance for 2023:

- Nordic Lights net sales is expected to remain at approximately previous year's level (2022: EUR 82.4 million). Particularly in Q1 2023, and also in Q2 2023, net sales is expected to be below corresponding Q1 and Q2 2022 levels, while H2 2023 net sales is expected to be above H2 2022 levels.
- Full year 2023 adjusted EBITA-% is expected to be above previous year.

## TOM NORDSTRÖM, CEO:

Nordic Lights continued to deliver good growth in 2022, with net sales increasing by 24% to EUR 82.4 million from the previous year. Overall, we landed at the high end of our full year net sales guidance, supported by the 6 percent net sales growth during the second half, despite both tougher comparison figures compared to the first half and a weaker market. I am very pleased to see growth in all end-user segments and geographies.

We retain a clear focus on operational excellence. Active pricing efforts, successful cost management, increasing production efficiency, and broadening of our supplier network further enhanced our profitability throughout 2022, following successful efforts in late 2021.

We increased our adjusted EBITA by 83 percent to EUR 5.9 million (15.5% margin) during the second half, and by 50 percent to EUR 13.4 million (16.3% margin) during the full year, compared to the previous year. At the same time, our cash flow has remained strong, and our leverage low. We continue to strive to further improve our profitability, towards our medium and long-term target of an adjusted EBITA margin of 18 percent.

During 2022, we were proud to continue our commitment to sustainability by identifying key focus areas and activities, while setting new ESG targets in January of this year. We are now committed to achieve carbon neutrality in our Finnish factory by the end of 2024.

Also, I am pleased to see that the LED transition in the heavy-duty vehicle market continues. For example, our customers are increasingly replacing halogen driving lights with energy-efficient LED technology, and we have successfully expanded our offering to match the demand. This allows us to strengthen our relationship with our existing customers, as well as expand our business by acquiring new customers in new product categories.

During the past two years, the underlying global heavy-duty vehicle market has developed favorably, especially in North America and Western Europe. The growth of the overall addressable market has clearly exceeded the earlier forecast of CAGR of 4 percent. We have clearly outpaced the market: By year-end, we estimate that our market share has risen to approximately 8 percent (2021: 6%, 2016: 3%).



We expect the overall market demand to be weaker in 2023, but still remain at a historically high level. There is an overall uncertainty in general market conditions and it is hard to predict the impact from potential changes in inflation, cost of energy, component availability, customer inventories or further escalation of geopolitical tensions. So far our customers have retained a fairly positive short-term outlook. That said, considering Nordic Lights' rapid growth in 2022, we expect net sales in 2023 to remain at approximately previous year's level, while we expect full year adjusted EBITA-% to be above previous year.

To improve visibility for our shareholders, we will from this year start to report on our progress quarterly. Our diversified customer base, the recurring nature of our net sales and a growing presence in the aftermarket continue to help us to weather fluctuations in demand while also providing us with growth opportunities. Despite a softer market, we believe we have opportunities to continue strengthening our market position.

## KEY PERFORMANCE INDICATORS

(EUR million)	7-12/2022	7-12/2021	Change	1-12/2022	1-12/2021	Change
Net sales	37.5	35.4	6.0%	82.4	66.3 <sup>(1)</sup>	24.3%
Gross margin	13.4	10.0	33.7%	28.7	21.4	34.1%
Gross margin, % of net sales	35.7%	28.3%	7.4%	34.8%	32.2%	2.5%
EBITDA	6.8	3.6	89.4%	14.3	10.0	42.8%
EBITDA margin (%)	18.1%	10.1%	8.0%	17.3%	15.1%	2.2%
Items affecting comparability in other operating expenses	0.1	0.6		1.2	0.6	
Adjusted EBITDA	6.9	4.1	65.7%	15.5	10.6	46.5%
Adjusted EBITDA margin (%)	18.3%	11.7%	6.6%	18.8%	15.9%	2.8%
EBITA	5.8	2.7	119.3%	12.3	8.4	46.1%
EBITA margin (%)	15.5%	7.5%	8.0%	14.8%	12.6%	2.2%
Adjusted EBITA	5.9	3.2	83.4%	13.4	8.9	50.3%
Adjusted EBITA margin (%)	15.7%	9.0%	6.6%	16.3%	13.5%	2.8%
Operating profit	4.2	1.1	270.3%	9.0	5.3 <sup>(1)</sup>	68.5%
Operating profit margin (%)	11.1%	3.2%	7.9%	10.9%	8.0%	2.9%
Adjusted operating profit	4.2	1.7	151.8%	10.2	5.9	72.7%
Adjusted operating profit margin (%)	11.2%	4.7%	6.5%	12.3%	8.9%	3.5%
EPS	0.11	-0.05		0.23	0.09	
Number of shares on average	20,957,962	17,940,430		19,449,196	17,940,430	
Net cashflow from operating activities	4.8	-2.1		11.3	-2.1	
Gross capital expenditure	0.8	1.9	-60.8%	1.9	3.6	-47.9%
Gross capital expenditure, % of net sales	2.0%	5.5%	-3.4%	2.3%	5.5%	-3.2%

Net interest-bearing debt/Adjusted EBITDA (ratio)		0.2	2.5
Personnel, at the end of the period		271	275

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. Long-term growth drivers for the market are the strong demand for heavy-duty vehicles due to infrastructure development and urbanization, the increasing number of lights per vehicle to improve safety and efficiency, and the continuing transition to LED technology.

Nordic Lights has an established position in both the OEM and aftermarket channels. The OEM channel includes lights that are mounted on the 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.

The company's core addressable market is estimated to be approximately EUR 1.1 billion. In recent years, average annual market growth has been estimated to have been around 4-5 percent (Source: International management consultant analysis in spring 2021, commissioned by Nordic Lights). Nordic Lights has significantly outpaced the market and its market share has risen to approximately 8 percent (2021: 6%, 2016: 3%).

We expect overall market demand to be weaker in 2023, but to still to remain at a historically high level. There is an overall uncertainty in general market conditions and it is hard to predict the impact from potential changes in inflation, cost of energy, component availability or further escalation of geopolitical tensions.



## 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.

### Strategic focus areas:

- **Continued growth in core business:** Nurture the position as a premium player in the heavy-duty equipment lighting market by growing the core business both by expanding the share of wallet within current OEM customers and targeting new landmark OEM customers.
- **Growth in the aftermarket:** Establish a stronger position in the aftermarket.
- **Expansion in new markets:** Seek additional growth in adjacent markets, end-user segments and product categories, by expanding the product portfolio and market activities.
- **M&A:** Consider mergers and acquisitions as an additional avenue for further accelerating growth.
- **Continued improvement of operations:** Continue to invest in increased level of automation and efficiency in production, as well as continue significant investments in R&D. Operational excellence and continued improvement as part of the corporate culture and ways of working.

## 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)	7-12/2022	7-12/2021	Change	1-12/2022	1-12/2021	Change
EMEA	15.5	15.2	2.2%	36.8	28.6	28.7%
APAC	10.8	9.2	17.4%	21.3	17.7	20.5%
North America	9.6	9.5	1.8%	20.9	16.9	23.9%
South America	1.6	1.6	0.0%	3.4	3.1	7.6%
<b>Total</b>	<b>37.5</b>	<b>35.4</b>	<b>6.0%</b>	<b>82.4</b>	<b>66.3</b>	<b>24.3%</b>

### Net sales split by end-industry:

(EUR million)	7-12/2022	7-12/2021	Change	1-12/2022	1-12/2021	Change
Construction	18.1	16.6	9.0%	38.2	33.2	15.3%
Mining	6.6	8.8	-24.8%	17.3	16.9	2.5%
Agriculture	7.6	5.3	44.4%	15.4	7.2	114.6%
Forestry	2.0	1.9	5.0%	4.6	3.7	23.8%
Material handling	2.4	2.3	2.3%	5.2	4.3	19.9%
Other	0.8	0.5	59.7%	1.8	1.1	59.0%
<b>Total</b>	<b>37.5</b>	<b>35.4</b>	<b>6.0%</b>	<b>82.4</b>	<b>66.3</b>	<b>24.3%</b>

### H2/2022

In July to December, the Group's net sales increased by 6% to EUR 37.5 million. During the second half of 2022, the net sales increased in 4 out of 5 end-industries and in all geographical areas, with the strongest growth in APAC.

Nordic Lights continued to see strong demand especially in agriculture, where new business has been successfully ramped up during the year. Robust growth in the construction industry continued to be driven by the infrastructure business and projects in the energy sector, including renewables. Forestry and material handling businesses developed as expected. The decreases in mining net sales were driven by customers' efforts to optimize their stock levels following large orders placed during the first half of 2022. Overall, despite seasonality, we continued to see good underlying development in the mining industry.

As communicated earlier, the business impact of our exit from Russia has remained limited, and mostly affected the mining business. Similarly, the impacts of the continued COVID-19 pandemic in China have been successfully mitigated and remained very limited.

### Full year 2022

In FY 2022, the net sales increased by 24% to EUR 82.4 million. The net sales increased in all end-industries, especially in agriculture, and in all regions.

Overall, approximately 70% of our sales typically come from OEM key accounts, while the aftermarket represents around 30% of net sales. Nordic Lights' customer base is diverse and spans across four continents, serving various end-industries, including leading OEMs and small-to-medium-sized OEMs and distributors. Over the past five years, the company has gained new key accounts and significantly grown its market share. Additionally, a significant portion of Nordic Lights' net sales are of recurring nature, while project-based sales make up a relatively small portion of overall net sales.

## Profitability

Gross margin increased in H2 2022 with 34% and totaled EUR 13.4 million (10.0). Gross margin in % of net sales increased with 7.4%-units to 35.7% compared to previous year's H2. For FY 2022 gross margin increased with 34% and totaled EUR 28.7 million (21.4). Gross margin in % of net sales increased with 2.5%-units to 34.8% compared to FY 2021

Nordic Lights gross 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 various supply chain measures were implemented, with a positive effect during 2022. Activities to compensate the impact from cost inflation will continue in 2023.

Adjusted EBITA increased in H2 2022 with 83% and totaled EUR 5.9 million (3.2). Adjusted EBITA margin in % of net sales increased with 6.6%-units to 15.7% compared to previous year's H2. For FY 2022 adjusted EBITA margin increased with 50% and totaled EUR 13.4 million (8.9). Adjusted EBITA margin in % of net sales increased with 2.8%-units to 16.3% compared to FY 2021

The increase in net sales in combination with the improved gross margin are the reasons for the improved adjusted EBITA margins.

Nordic Lights' financial expenses for FY 2022 amounted to EUR 1.9 million (2.3) and included listing costs of EUR 1.1 million in FY 2022.

Profit before taxes in FY 2022 was EUR 7.1 million (3.0) and net profit for the period was EUR 4.6 million (1.6).

The total listing cost amounted to EUR 2.8 million, out of which EUR 0.5 million affected 2021 year's result and EUR 2.3 million H1 2022 result. Out of the EUR 2.3 million, EUR 1.2 million is included in other operating expenses and EUR 1.1 million in financial expenses.

### **Further potential for profitability improvement**

Nordic Lights will continue to focus on operational excellence, improve profitability and increase efficiency with the aim of progressing towards the medium and long-term target, an adjusted EBITA margin of 18 percent.

The company sees opportunities to further automate assembly and testing to increase production efficiency and speed up deliveries. By optimizing supply chain management and



procurement practices as well as by increasing the share of local procurement, the company may increase its negotiating power, shorten its supply chains, and reduce transport costs.

## Financial position and cash flow

The balance sheet totaled at the end of the review period EUR 73.8 million (63.7), of which equity constituted EUR 37.4 million (18.0).

The company received EUR 15.1 million gross proceeds from the offering, of which EUR 5.0 million was used to repay non-current debt. As a result the Group's net debt was at December end EUR 3.8 million (26.6). Interest-bearing liabilities were 22.1 million (29.5)

During the period July – December 2022, the Group's net cash flow from operating activities amounted to EUR 4.8 million (-2.1). During the period January – December 2022, the Group's net cash flow from operating activities amounted to EUR 11.3 million (-2.1). Cash and cash equivalents amounted to EUR 18.3 million (2.9) at the end of the year

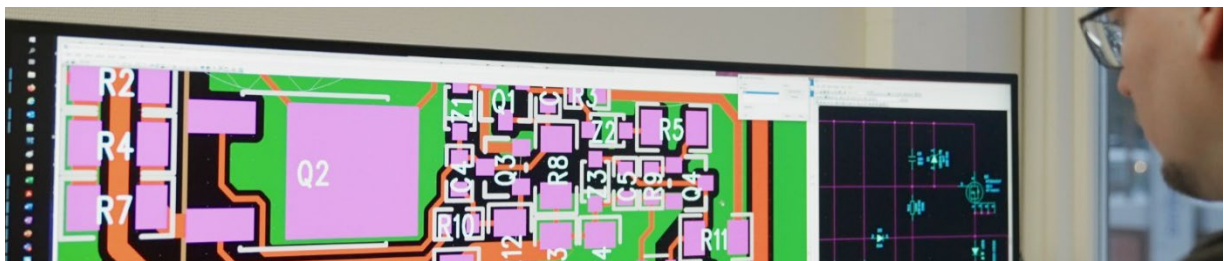
The strong cash flow is a result of a strong profit in combination with a decrease of net working capital.

Net debt/adjusted EBITDA was 0.2x. 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 50.7% (28.2). Adjusted return on capital employed (ROCE) was 62.8% (44.2).

## Investments

Nordic Lights' investments during January – December amounted to EUR 1.9 million (3.6) and were mainly related to production machinery and tooling and R&D capitalization.



## Research and development

R&D expenditure in January - December totaled EUR 2.9 million (2.3), of which EUR 0.5 million (0.4) was capitalized as development costs in intangible assets. R&D costs accounted for 3.5% (3.5) 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 recent years, Nordic Lights has taken measures with regards to development of smart lighting solutions, increased energy efficiency of lights and development of more environmentally friendly products. Continuous research for cost-effective product design with increased technical performance, such as optimized lighting properties has high priority. In Q4, Nordic Lights expanded its offering of driving lights with new LED technology (Sculptor 2). LED penetration has recently increased also in the driving lights category, which represents an opportunity for Nordic Lights.

## Personnel

At the end of the review period, Nordic Lights had 271 employees (excluding rental employees). Since beginning of 2021 the number of personnel has increased with 81 people.

## Management team

On 31 December 2022, the Management Team consisted of the following persons:

- Tom Nordström, CEO
- Ann-Louise Brännback, CFO
- Helen Dahl, HR Manager
- Matti Leipälä, Operational Excellence Manager
- Jyrki Mikkola, Research & Development Director
- Tomas Skott, Production & Supply Chain Director
- Antti Turja, Sales and Marketing Director

## SHARES AND SHAREHOLDERS

Trading of the shares of Nordic Lights Group Corporation commenced on Nasdaq First North Growth Market Finland on 5 July 2022. 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. The trading code is NORDLIG and the ISIN code is FI4000518345.

NORDLIG	31.12.2022
No. of shares and votes	20,957,962
Share turnover, EUR million (5.7.2022-31.12.2022)	23.7
Market value, EUR million	91.0
Number of shareholders, excl. nominee reg.	1,210
Foreign ownership, %	9%

Share price, EUR	5.7.2022- 31.12.2022
Highest	5.30
Lowest	3.72
Closing	4.34
Average price, volume-weighted	4.86

## Shareholders

Major registered shareholders, as of 31 December 2022	% of shares
Sponsor Fund IV Ky	36.57
Elo Mutual Pension Insurance Company	10.32
Purmo Autic Oy Ab	7.03
Ilmarinen Mutual Pension Insurance Company	4.47
Danske Invest Finnish Equity Fund	3.30
Evli Finland Select Fund	2.48
Thomasset Oy	2.38
Veritas Pension Insurance Company Ltd.	1.91
Varma Mutual Pension Insurance Company	1,91
Tiuraniemi Reijo	1.90
Oy Wedeco Ab	1.90

## SHORT-TERM RISKS AND BUSINESS UNCERTAINTIES

The uncertainty in the global markets, overall geopolitical tension and the general cost increase might have a negative impact on the global economic. This might affect the investments in new equipment in several end-user segments.

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.

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 enable the safe and efficient use of heavy-duty machinery. Sustainability – taking care of the environment, people and business – is part of this mission. We have an impact on society through our upstream supply chain, our own factories and our lights. We want to stand out in our industry by providing lights that have a small negative impact and a large positive impact on the environment and people.

We accelerated our sustainability work in 2022. We defined the most material sustainability topics for our business, set goals, created a plan of action, and took steps towards more sustainable lighting solutions. Nordic Lights' sustainability is based on UN's Sustainable Development Goals

- 3. Good health and well-being,
- 9. Industry, innovation and infrastructure,
- 12. Responsible consumption and production.

These three goals guide our sustainability actions.

Most of our lights use LED technology, which is much more energy efficient and longer lasting compared to halogen bulbs. We actively develop our products by using sustainable materials and components that are higher in quality and last longer.

It is essential that lights are used where they are needed. Optimal lighting means reducing unnecessary light pollution and glare. This is possible with our well-aimed lighting.

The majority of our own carbon emissions come from our factories. We calculate the carbon footprint of our factories annually, and we aim for the carbon neutrality of our Finnish factory by 2024. This is based on the Greenhouse Gas Protocol scopes 1 and 2. We also aim to improve energy efficiency of the factory. The energy used is carbon neutral, which is one step towards our carbon neutrality goals.

In addition to environmental sustainability, we take care of our people and develop the working conditions in our factories. We improve the health and safety of our employees by risk monitoring, risk assessments and safety trainings. In 2023, we will adopt the ISO 45001 standard, which will guide us in creating a management system that fosters safe and healthy workplaces. All our employees are committed to our Code of Conduct.

Our sustainability is not only limited to our own actions. Instead, we work closely with our suppliers to improve their sustainability. Every new supplier is required to sign the Supplier Code of Conduct.

## THE BOARD'S PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The parent company's distributable equity on 31 December 2022 is EUR 17,878,042 of which the profit for the financial year is EUR 2,867,081.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.12 per share be paid from the parent company's profit for the financial year and the remainder of the profit be transferred to retained earnings. According to the proposal, a total of EUR 2,514,955 would be paid in dividend.

## EVENTS AFTER THE REVIEW PERIOD

There have not been any material events after the review period.

## WEBCAST

A live broadcast on the H2 and full year 2022 results will be held on 16 February 2023 at 11:00 a.m. (EET). It will be held in English and can be followed at:

<https://nordiclights.videosync.fi/h2-2022>

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

## FINANCIAL CALENDAR IN 2023

Nordic Lights will publish its financial reports in 2023 as follows:

- 24 May 2023 Business Review for January-March 2023
- 24 August 2023 Half Year Financial Review for January-June 2023
- 1 November 2023 Business Review for January-September 2023

The Annual Report for 2022 will be published during the week starting on March 13, 2023 (week 11) at the latest. The Annual Report will be available at <https://investors.nordiclights.com/en/reports-and-presentations/>.

Nordic Lights' Annual General Meeting is planned to be held on Thursday, April 20, 2023. Nordic Lights' Board of Directors will summon the meeting later.

Pietarsaari 16 February 2023

NORDIC LIGHTS GROUP CORPORATION

Board of Directors

## Further enquiries

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## Nordic Lights Group Corporation

### Financial information for the period 1.1.-31.12.2022

#### CONSOLIDATED INCOME STATEMENT

(EUR thousand)	7-12/2022	Carve-out 7-12/2021	1-12/2022	Carve-out 1-12/2021
<b>Net sales</b>	<b>37,514</b>	<b>35,405</b>	<b>82,448</b>	<b>66,337</b>
Change in stocks of finished and work-in-progress products (+/-)	628	354	64	885
Other operating income	0	13	8	14
Materials and services	-21,635	-23,145	-47,178	-41,224
Personnel expenses	-7,197	-6,583	-14,967	-12,021
Depreciation, amortization and impairment	-2,646	-2,468	-5,311	-4,677
Other operating expenses	-2,506	-2,453	-6,103	-3,965
<b>OPERATING PROFIT / LOSS</b>	<b>4,157</b>	<b>1,123</b>	<b>8,962</b>	<b>5,320</b>
Financial income and expenses	-222	-1,262	-1,870	-2,320
<b>PROFIT / LOSS BEFORE APPROPRIATIONS AND TAXES</b>	<b>3,935</b>	<b>-139</b>	<b>7,092</b>	<b>2,999</b>
Income taxes	-1,697	-758	-2,527	-1,359
<b>PROFIT / LOSS FOR THE PERIOD</b>	<b>2,238</b>	<b>-897</b>	<b>4,565</b>	<b>1,640</b>

## CONSOLIDATED BALANCE SHEET

<b>ASSETS</b> (EUR thousand)	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Fixed assets</b>		
Intangible assets	21,754	24,340
Tangible assets	9,393	10,191
Investments	98	111
<b>Total fixed assets</b>	<b>31,245</b>	<b>34,642</b>
<b>Current assets</b>		
Inventories	10,468	11,637
Short-term receivables	13,753	14,552
Cash and cash equivalents	18,315	2,861
<b>Total current assets</b>	<b>42,536</b>	<b>29,050</b>
<b>TOTAL ASSETS</b>	<b>73,781</b>	<b>63,692</b>
<b>EQUITY AND LIABILITIES</b> (EUR thousand)	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Total equity</b>	<b>37,427</b>	<b>17,992</b>
<b>Liabilities</b>		
Non-current liabilities	20,149	26,850
Current liabilities	16,205	18,849
<b>Total liabilities</b>	<b>36,354</b>	<b>45,699</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>73,781</b>	<b>63,692</b>



## CONSOLIDATED CASH FLOW STATEMENT

(EUR thousand)	7-12/2022	Carve-out 7-12/2021	1-12/2022	Carve-out 1-12/2021
<b>Cash flow from operating activities</b>				
Profit / loss before appropriations and taxes	3,935	-139	7,092	2,999
Adjustments for				
Depreciation and amortization according to plan	2,646	2,468	5,311	4,677
Financial income and expenses	114	1,210	1,870	2,377
Other adjustments	-208	325	-246	112
Cash flow before working capital changes	6,487	3,865	14,027	10,165
Working capital changes	709	-1,244	1,524	-5,558
Operating cash flow before financing items and taxes	7,197	2,620	15,550	4,607
Interests and other financial expenses paid relating to operating activities	-1,490	-4,736	-2,029	-5,063
Interests received relating to operating activities	136	61	136	61
Income taxes paid	-1,088	-30	-2,334	-1,665
<b>Net cash flow from operating activities</b>	<b>4,755</b>	<b>-2,085</b>	<b>11,323</b>	<b>-2,060</b>
<b>Cash flow from investing activities</b>				
Purchase of tangible and intangible assets	-746	-1,924	-1,899	-3,632
Purchase of other investments	-	-13	13	-13
Proceeds from repayment of loans	-	2,085	-	3,735
Adjustment to purchase price of subsidiaries	-	-130	-1,778	-130
<b>Net cash flow from investing activities</b>	<b>-746</b>	<b>18</b>	<b>-3,664</b>	<b>-40</b>
<b>Cash flow from financing activities</b>				
<b>Proceeds from paid in capital</b>	15,113	-	15,113	-
Proceeds from long-term loans	-	30,750	-	30,750
Repayment of long-term loans	-6,019	-36,968	-7,319	-38,001
<b>Net cash flow from financing activities</b>	<b>9,095</b>	<b>-6,218</b>	<b>7,795</b>	<b>-7,251</b>
<b>Net increase (+)/ decrease (-) in cash and cash equivalents</b>	<b>13,103</b>	<b>-8,285</b>	<b>15,454</b>	<b>-9,351</b>
Cash and cash equivalents at the beginning of period	5,211	11,146	2,861	12,212
Cash and cash equivalents at the end of period	18,315	2,861	18,315	2,861

## ACCOUNTING POLICIES

Finnish accounting Principles ('FAS') have been applied in the preparation of financial information for 1.1-31.12.2022.

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 Sponfyrd 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)	31.12.2022	31.12.2021
<b>Restricted equity</b>		
Share capital 1.1	12,663	12,663
Share capital 31.12	12,663	12,663
<b>Total restricted equity</b>	<b>12,663</b>	<b>12,663</b>
<b>Non-restricted equity</b>		
Reserve for invested non-restricted equity 1.1 Additions	15,113	
<b>Reserve for invested non-restricted equity 31.12</b>	<b>15,113</b>	
Retained earnings 1.1	5,328	3,632
Translation differences	-216	102
Other corrections	-27	-46
<b>Retained earnings 31.12</b>	<b>5,086</b>	<b>3,689</b>
<b>Profit of the period</b>	<b>4,565</b>	<b>1,640</b>
<b>Total non-restricted equity</b>	<b>24,764</b>	<b>5,329</b>
<b>Total equity</b>	<b>37,427</b>	<b>17,992</b>

## GUARANTEES AND OFF-BALANCE SHEET LIABILITIES

(EUR thousand)	31.12.2022	31.12.2021
<b>Liabilities and other obligations for with pledges were given</b>		
Loans from financial institutions	22,131	29,450
Agreed overdraft limit	3,000	3,000
Overdraft limit in use	-	-
<b>Registered mortgages</b>		
Corporate mortgages	167,700	167,700
Real estate mortgages	10,584	10,584
<b>Total mortgages</b>	<b>178,284</b>	<b>178,284</b>
<b>Released mortgages</b>		

Corporate mortgages	167,700
Real estate mortgages	10,584
<b>Total mortgages</b>	<b>178,284</b>

**Mortgages given for loans to financial institutions**

Corporate mortgages	167,700
Real estate mortgages	10,584
<b>Total mortgages</b>	<b>178,284</b>

<b>(EUR thousand)</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Leasing liabilities</b>		
Payables during the following financial year	120	185
Payables in later years	131	231
<b>Total</b>	<b>250</b>	<b>416</b>
<b>Other commitments</b>	100	100
<b>Rental liabilities</b>	35	36

## KEY PERFORMANCE INDICATORS

<b>(EUR thousand)</b>	<b>7-12/2022</b>	<b>7-12/2021</b>	<b>1-12/2022</b>	<b>1-12/2021</b>
Net sales	37,514	35,406	82,448	66,337 <sup>(1)</sup>
Change in net sales (%)	6.0		24.3	51.9
Gross margin	13,384	10,009	28,652	21,374
Gross margin, % of net sales	35.7	28.3	34.8	32.2
EBITDA	6,803	3,591	14,272	9,996
EBITDA margin (%)	18.1	10.1	17.3	15.1
Adjusted EBITDA	6,861	4,141	15,463	10,555
Adjusted EBITDA margin (%)	18.3	11.7	18.8	15.9
EBITA	5,815	2,652	12,238	8,378
EBITA margin (%)	15.5	7.5	14.8	12.6
Adjusted EBITA	5,873	3,202	13,428	8,937
Adjusted EBITA margin (%)	15.7	9.0	16.3	13.5
Operating profit	4,157	1,123	8,962	5,320 <sup>(1)</sup>
Operating profit margin (%)	11.1	3.2	10.9	8.0
Adjusted operating profit	4,214	1,673	10,152	5,878
Adjusted operating profit margin (%)	11.2	4.7	12.3	8.9
EPS	0.11	-0.05	0.23	0.09
Number of shares on average	20,957,962	17,940,430	19,449,196	17,940,430
Return on capital employed (ROCE) (%)			21.3	12.4
Adjusted return on capital employed (ROCE) (%)			62.8	44.2
Research and development expenses	1,472	1,231	2,863	2,332
Research and development expenses, % of net sales (%)	3.9	3.5	3.5	3.5
Gross capital expenditure	759	1,937	1,899	3,645
Gross capital expenditure, % of net sales	2.0	5.5	2.3	5.5
<b>Balance sheet and solvency</b>				
Capital employed	41,243	44,581	41,243	44,581
Adjusted capital employed	21,329	21,419	21,329	21,419
Net interest-bearing debt	3,816	26,589	3,816	26,589
Net interest-bearing debt/Adjusted EBITDA (ratio)			0.2	2.5
Equity ratio (%)			50.7	28.2
Net gearing (%)			10	148
<b>Personnel</b>				
Personnel, average	289	254	296	237
Personnel, at the end of the period	271	275	271	275

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) (%)	$\frac{\text{Adjusted EBITA (rolling 12 months)}}{\text{Equity + net interest-bearing debt - goodwill, average of the financial period}} \times 100$	

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>7-12/2022</b>	<b>7-12/2021</b>	<b>1-12/2022</b>	<b>1-12/2021</b>
EBITDA	6,803	3,591	14,272	9,996
EBITDA margin (%)	18.1	10.1	17.3	15.1
Listing costs	57	491	1190	491
Company re-arrangement	0	59	0	68
Adjusted EBITDA	6,861	4,141	15,463	10,555
Adjusted EBITDA margin (%)	18.3	11.7	18.8	15.9

<b>(EUR thousand)</b>	<b>7-12/2022</b>	<b>7-12/2021</b>	<b>1-12/2022</b>	<b>1-12/2021</b>
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Adjusted EBITA margin (%)	15.7	9.0	16.3	13.5

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Operating profit	4,157	1,123	8,962	5,320
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