

# Nordic Lights Group Corporation's Financial Statements Release 2022: Net sales land at the high end of guidance with good profitability

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**Nordic Lights Group Corporation Company release 16 February 2023 at 09:00 a.m. EET**

**Nordic Lights Group Corporation's Financial Statements Release 2022: Net sales land at the high end of guidance with good profitability**

This release is a summary of the Nordic Lights Group Corporation's Financial Statements Release report for January-December 2022 published today. The complete financial report with tables is attached to this release as a pdf-file. It is also available at <https://investors.nordiclights.com/en/reports-and-presentations/>. Investors should not rely on summaries of the report only, but should review the complete Financial Statement report with tables.

## **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.

## **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.

## **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 in 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**

<b>(EUR million)</b>	<b>7-12/2022</b>	<b>7-12/2021</b>	<b>Change</b>	<b>1-12/2022</b>	<b>1-12/2021</b>	<b>Change</b>
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

## 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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### **About Nordic Lights**

Nordic Lights, based in Pietarsaari, Finland, has paved its way as a global premium supplier of high-quality lighting solutions for heavy-duty equipment in several demanding industrial sectors. Nordic Lights' mission is to enable the safe and efficient use of equipment. With three decades of experience Nordic Lights works with the most demanding manufacturers of machinery from design to production and aftermarket support. Nordic Lights' revenue in 2022 was EUR 82 million. The company employs around 300 employees globally. Nordic Lights' share is listed on Nasdaq Helsinki's First North marketplace. [www.nordiclights.com](http://www.nordiclights.com)

### **Attachments**

- [Download announcement as PDF.pdf](#)
- [Nordic Lights Group Corporation H2 2022 Report.pdf](#)