

Nordic Lights Group Corporation's half-year financial report January-June 2023 : Net sales and profitability developed as expected, tender offer process being finalized

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Nordic Lights Group Corporation's Half-year financial report January-June 2023 : Net sales and profitability developed as expected, tender offer process being finalized

This release is a summary of Nordic Lights Group Corporation's half-year financial report for January-June 2023. 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/>.

APRIL - JUNE 2023 IN BRIEF (Q2)

- Net sales decreased by 7% and totaled EUR 21.2 million (22.7)
- EBITA decreased by 10% and totaled EUR 2.8 million (3.1)
- EBITA margin was 13.3% (13.8%)
- Adjusted EBITA decreased by 10% and totaled EUR 3.7 million (4.2)
- Adjusted EBITA margin was 17.5% (18.3%)
- Operating profit decreased by 14% and totaled EUR 2.0 million (2.3)
- Operating profit margin was 9.4% (10.2%)
- Net cash flow from operating activities were EUR 1.3 million (4.2)

JANUARY - JUNE 2023 IN BRIEF (H1)

- Net sales decreased by 7% and totaled EUR 41.7 million (44.9)
- EBITA decreased by 23% and totaled EUR 4.9 million (6.4)
- EBITA margin was 11.8% (14.3%)
- Adjusted EBITA decreased by 16% and totaled EUR 6.3 million (7.6)
- Adjusted EBITA margin was 15.1% (16.8%)
- Operating profit decreased by 32% and totaled EUR 3.3 million (4.8)
- Operating profit margin was 7.8% (10.7%)
- Net cash flow from operating activities were EUR 2.4 million (6.6)

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 (UNCHANGED)

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 on 16 February 2023 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:

During the second quarter, Nordic Lights' business continued to develop in line with our expectations. Our quarterly net sales have increased sequentially since year end, but due to the previously highlighted challenging comparison period, net sales remained slightly lower than during 2022. The first half of the previous year was positively impacted by distributors increasing inventory levels and at the same time we were able to deliver all old backlog and reduce delivery times. Overall, in Q2/2023 our net sales decreased by 7 percent from the previous year to EUR 21.2 million. In H1/2023, net sales decreased by 7 percent to EUR 41.7 million.

Adjusted EBITA totaled EUR 3.7 million (4.2) or 17.5 percent (18.3%) of net sales for Q2/2023, and EUR 6.3 million (7.6) or 15.1 percent (16.8%) of net sales for H1/2023. Similar to Q1, the lower margin was due to the lower level of net sales and slightly higher costs.

During the summer, the public tender offer process has continued according to plan, with the necessary procedural steps being taken for the redemption of remaining minority shares. We anticipate a timely conclusion for the process, and continue to aim for delisting Nordic Lights from Nasdaq First North Growth Market Finland during Q3/2023.

As we prepare to enter this new phase for Nordic Lights, market uncertainty has increased especially in South America and APAC. Our diverse business in different geographical areas and industries continues to balance the expected cyclicity and seasonality that is part of the industry.

KEY PERFORMANCE INDICATORS

(EUR million)	4-6/2023	4-6/2022	Change	1-6/2023	1-6/2022	Change	1-12/2022
Net sales	21.2	22.7	-6.6%	41.7	44.9	-7.2%	82.4 ⁽¹⁾
Gross margin	7.7	8.3	-7.6%	14.3	15.3	-6.5%	28.7
Gross margin, % of net sales	36.1%	36.5%		34.2%	34.0%		34.8%
EBITDA	3.3	3.7	-9.1%	5.9	7.5	-21.0%	14.3
EBITDA margin (%)	15.7%	16.1%		14.1%	16.6%		17.3%
Items affecting comparability in other operating expenses	0.9	1.0		1.4	1.1		1.2
Adjusted EBITDA	4.2	4.7	-9.9%	7.3	8.6	-15.2%	15.5
Adjusted EBITDA margin (%)	19.9%	20.6%		17.5%	19.1%		18.8%
EBITA	2.8	3.1	-9.8%	4.9	6.4	-23.5%	12.2
EBITA margin (%)	13.3%	13.8%		11.8%	14.3%		14.8%
Adjusted EBITA	3.7	4.2	-10.5%	6.3	7.6	-16.5%	13.4
Adjusted EBITA margin (%)	17.5%	18.3%		15.1%	16.8%		16.3%
Operating profit	2.0	2.3	-14.1%	3.3	4.8	-32.2%	9.0 ⁽¹⁾
Operating profit margin (%)	9.4%	10.2%		7.8%	10.7%		10.9%
Adjusted operating profit	2.9	3.3	-13.6%	4.7	5.9	-21.6%	10.2
Adjusted operating profit margin (%)	13.6%	14.7%		11.2%	13.2%		12.3%
EPS	0.05	0.04	24.6%	0.08	0.13	-34.7%	0.23
Number of shares on average	20,957,962	17,940,430		20,957,962	17,940,430		19,449,196
Net cashflow from operating activities	1.3	4.2	-69.8%	2.4	6.6	-64.2%	11.3
Gross capital expenditure	0.4	0.4		1.2	1.1		1.9
Gross capital expenditure, % of net sales	1.8%	2.0%		2.9%	2.5%		2.3%
Net interest-bearing debt/Adjusted EBITDA (ratio)	0.4	1.8		0.4	1.8		0.2

Personnel, at the end of the period	287	315		287	315		271
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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.

TENDER OFFER

On 25 May 2023, Montana BidCo Oy ("Montana") initiated redemption proceedings for the minority shares of Nordic Lights, pursuant to the Finnish Companies Act. As a result, the Redemption Board of the Finland Chamber of Commerce sought the District Court of Pohjanmaa to appoint a trustee to supervise the interests of Nordic Lights' minority shareholders during the redemption process. Subsequently, Professor Jukka Mähönen was appointed as trustee.

On 30 June 2023, Nordic Lights announced that the Redemption Board of the Finland Chamber of Commerce had appointed an arbitral tribunal consisting of one member for the arbitration proceedings concerning the redemption of the minority shares in Nordic Lights and appointed attorney-at-law Niklas Lindström as the sole member of this tribunal.

Montana BidCo's intention is to acquire all shares and apply for the shares in Nordic Lights to be delisted from Nasdaq First North Growth Market Finland during Q3/2023.

FINANCIAL CALENDAR IN 2023

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

- 30 November 2023 Business Review for January-September 2023

Pietarsaari 31 August 2023

NORDIC LIGHTS GROUP CORPORATION

Board of Directors

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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

Attachments

- [Download announcement as PDF.pdf](#)
- [Nordic Lights Group Corporation_EN_H1-2023_Report.pdf](#)