

LICO

# *Company report*

2023



## LICO shortly

LICO Oy is an international manufacturer of reinforced plastic components. Responsibility and customer needs are at the core of the company's operations. LICO manufactures customized composite solutions for products manufactured by its customers. Customers include global vehicle, rolling stock and machinery manufacturers, as well as the shipyards.

### Turnover

8.1 M€

### EBITDA

1.2 M€

### Share of Turnover

Rolling Stock 31.5 %

Vehicle 53.1 %

Marine 10.9 %

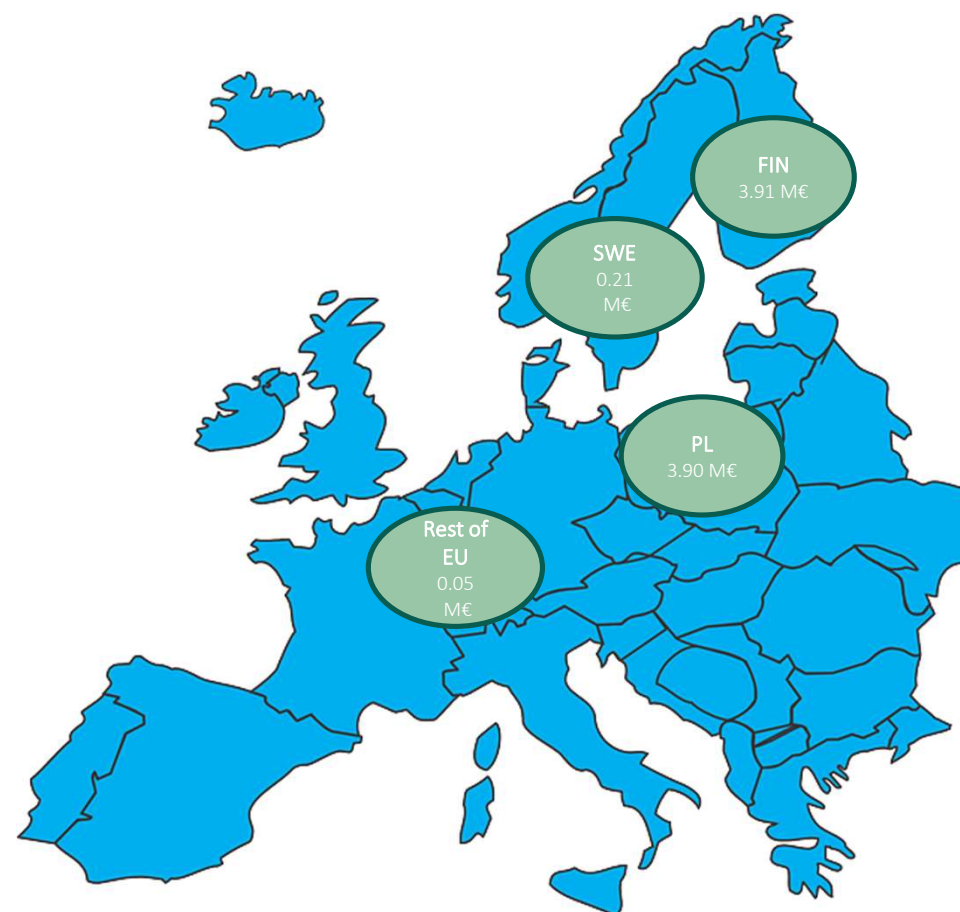
Other 4.5 %

### EBIT

0.9 M€

### Labour

~70 pers.



## Year 2023 shortly

- Turnover, EBITDA and EBIT improved significantly compared to the previous year. The structural and operational changes made during the previous year started to impact.
- To geting the better profit from business and meeting the better to customer demandings, LICO focused to make demanding laminated parts by glass reinforced plastic.
- LICO Oy's Board of Directors focused on supporting the executive management in the changing business environment. The most important task of the Board of Directors became the preparation of negotiation strategies.
- During 2023, LICO Oy signed an export promotion agreement together with Export Maker Oy. LICO also signed a marketing-related cooperation agreement with ILKKA Oyj.

### Key figures / comparison

Years	2023	2022	Change %
NET SALES k€	8098	4367	+46 %
EBITDA k€	1139	-529	+308 %
EBIT k€	891	-847	+211 %
Chash flow k€	1059	-407	+360 %



## Review of CEO

### Dear representatives of partners,

In 2023, we continued to successfully implement our renewed strategy in a very challenging operating environment. Our net sales developed well during the year and our net sales and EBITDA grew according to our plans. We are very satisfied with our own actions and the resulting result. The company's cash position grew significantly and remained positive throughout the year.

The flexibility of our personnel and commitment to our goals ensured a solid foundation for our development. The ability of our entire personnel to adapt to changes in the operating environment has contributed to ensuring good service and delivery capability, despite the challenges. Despite the conditions and development of cost, we could manage our supply chain at our own operations and secure our own production and deliveries to our customers.

As the situation in Ukraine has dragged on, it has increased general market uncertainty, challenges in material availability and had a strong impact on logistics costs in particular. The highest volatility in energy markets is currently calming down, but the situation must continue to be actively monitored and reacted to if necessary.

The competence, expertise and motivation of our personnel are essential factors for us as a contract manufacturer. Our industry is personnel-intensive, so investments in resourcing, employee well-being and competence will have a significant impact on the company's success also in the future. In this regard, we work systematically every day by investing in supervisor work, well-being and safety at work. Due to a job well done, the number of accidents has dropped to a third from previous years. However, the company's goal is to continue to have 0 accidents.

LICO Oy's strategy period 2021–2024 is already coming to an end. In the period, our planned actions in terms of Turnover and EBITDA did not exactly go like estimated, caused by crisis of Ukraine.

For this reason, the company has actively updated its strategy, creating a new strategy for the period 2024-2027.

We want to continue invests in development of service, building to close partnerships with our customers, but also responsibility and skilled personnel.

I would like to thank our personnel for their commitment and strong contribution during the strong growth of last year, as well as our customers, and all other stakeholders for good cooperation and trust. From this place is a good to continue together Forward in 2024 as well.

**Arto Pitkämä**  
CEO of LICO Oy



## Board report

### Business

LICO Oy is a Finnish plastic products company that is Finland's leading contract manufacturer of customised composite products. LICO Oy has almost 30 years of experience in composites manufacturing, method design, product development and various manufacturing techniques and their development. All of the company's operations are located in Finland. LICO's business model is built on long-term customer relationships. The company's customers are global technology companies. LICO's production is focused on serving customers flexibly, especially in short and medium-sized production series. The wide range of production covers sizes ranging from the size of a postcard up to 20 m<sup>2</sup>, with volumes ranging from 20 pieces per year up to 2000 pieces per year. In LICO's value chain, value is mainly created during the end products production, when LICO customers are able to manufacture long-lasting end products.

### Summary of events in 2023

LICO Oy's Board of Directors convened 13 times for the Annual Meeting and 10 times for the CEO's sparring in various business situations.

Turnover, EBITDA and market share continued to grow throughout the year in a challenging operating environment thanks to increased delivery volumes and own development measures.

The situation in Ukraine increased the general uncertainty in the market, challenges in the availability of materials and cost development, and had a strong impact on transport prices. The situation also affected LICO's customer prices.

In autumn 2023, LICO Oy's Board of Directors decided to start cooperation with Export Maker Oy in order to increase the company's export business and selectively grow the company's customer portfolio. At the same time, a project to increase the company's NATO eligibility was launched for 2024 with the aim of finding new channels of cooperation with European NATO countries.





## Board report

### REVENUE

#### Earns by market area

X1000€	2023	2022
Finland	3910	2633
Poland	3900	1688
Sweden	201	29
Others	50	22

Turnover increased by 45.7% to 8.1 M€ (4.4 M€). The increase in net sales was due to growth in the bus market in Europe and increased volumes of new rail investments. Sales prices negotiated in all business areas Producer Price Index Linked.

EBITDA improved by 308 % to 1.14 M€ ' (-0.5 M€). The EBITDA improvement was due to net sales growth and the impact of own development measures on the amount of fixed expenses. While depreciation remains at the previous year's level.

EBIT improved by 211 % to 0.89 M€ (-0.8 M€).

### Balance sheet and financing

Balance sheet total	2.6 M€ (2.1 M€).
Equity	0.19 M€ (0.14 M€).
Subordinated loans	0.74 M€ (1.35 M€)
Short-term liabilities	2.0 M€ (1.5 M€)
Long-term liabilities	0.4 M€ (0.5 M€)

### Employees

X1000€	2023	2022
Cost	-2514	-1487
Labour	45	37
Rent labour.	25	10

At the beginning of the financial year, the company faced major challenges in finding skilled workforce. This contributed to the temporary delay in deliveries. In the second quarter, the availability of labour eased and the company was able to conclude subcontracting agreements to catch up on production.

### Responsibility and environment

Responsible operations and sustainable development are part of LICO's day-to-day business. The company's strategy and values – safety, honesty, openness, respect and well-being – as well as operating methods lay the foundation for the company's responsible operations.

LICO recognizes the impact of its business operations on the surrounding society and its stakeholders. In the company's line of business, responsibility for the environment and taking care of personnel are particularly emphasized. LICO respects the rights of its employees, freedom of association and the right to collective bargaining and conducts its business in safe working conditions.



## Board report

### Principles of operation

LICO's Code of Conduct describes the company's operating methods and generally accepted practices, as well as LICO's commitment to complying with laws and regulations. The Code of Conduct applies to the entire personnel of the company, regardless of their position or duties. It is the duty of every LICO employee to promote the principles contained in the Code. In subcontractor relationships, LICO requires at least the same level of attitude towards ethical issues as defined in LICO's own guidelines.

LICO's quality, environmental, health and safety policy guides the company's operations. LICO has quality, environmental and occupational health and safety systems certified by third parties.

### Environmental responsibility

The most significant environmental impacts of LICO's own operations are mainly related to energy consumption in production, glass fibre waste and dust from production, as well as possible emissions from the operations of production units. The introduction of new technology and changes in production methods can have a positive impact on, among other things, the use of energy and raw materials, as well as emissions.

In addition to preventing emissions, LICO's main objectives in terms of environmental responsibility are energy efficiency and

reduction of energy use, as well as waste generation reduction and recovery. LICO Oy has signed an agreement with REVISOL Oy on the company's waste treatment. The glass fibre waste generated by the company's production is utilised in a cement kiln to replace coal used as an energy source. The quartz sand remaining after combustion is used as a raw material for cement.

LICO Oy is strongly involved in developing next-generation materials for the manufacture of reinforced plastics. Research into various bio-based materials, together with research institutes and various material suppliers, enables the utilisation of new raw materials in future components.

### Social responsibility and employee issues

LICO's social responsibility management is based on HR policy, management principles and company values. In accordance with the company's HR policy, competence, experience and motivation are emphasised in personnel selections in connection with recruitment. Remuneration systems are fair, clear and competitive. In accordance with LICO's personnel policy, everyone is treated equally and in accordance with the principles of equality.





## FUTURE

### Future: From space to everyday mobility – composite applications extend everywhere

A composite is a combination of two or more materials in which they work together. But are not dissolved or fused with each other. The method is easy to use, enables light but durable end products and gives great freedom to design. This is evidenced by the most imaginative uses of composites, from regular cars to racing cars and from amusement park rides to spaceships.

Composites have become much more common over the past decade and are also encountered in much more mundane matters than the space shuttle. The prevalence of composites may even come as a surprise. For example, skis, poles and skates are made from them, and bicycle frames are often already made of composite. The construction products industry also uses composites quite a lot, so there may be plenty of solutions can find from them in public spaces, workplaces and even at home.

One of the most common uses of composites is various means of transport, such as cars, trains, airplanes, boats and ships.

#### Composite lasts and protects

The lightness, strength and formability of composite materials offer diverse simultaneous benefits, but depending on the application, certain properties are often emphasized.

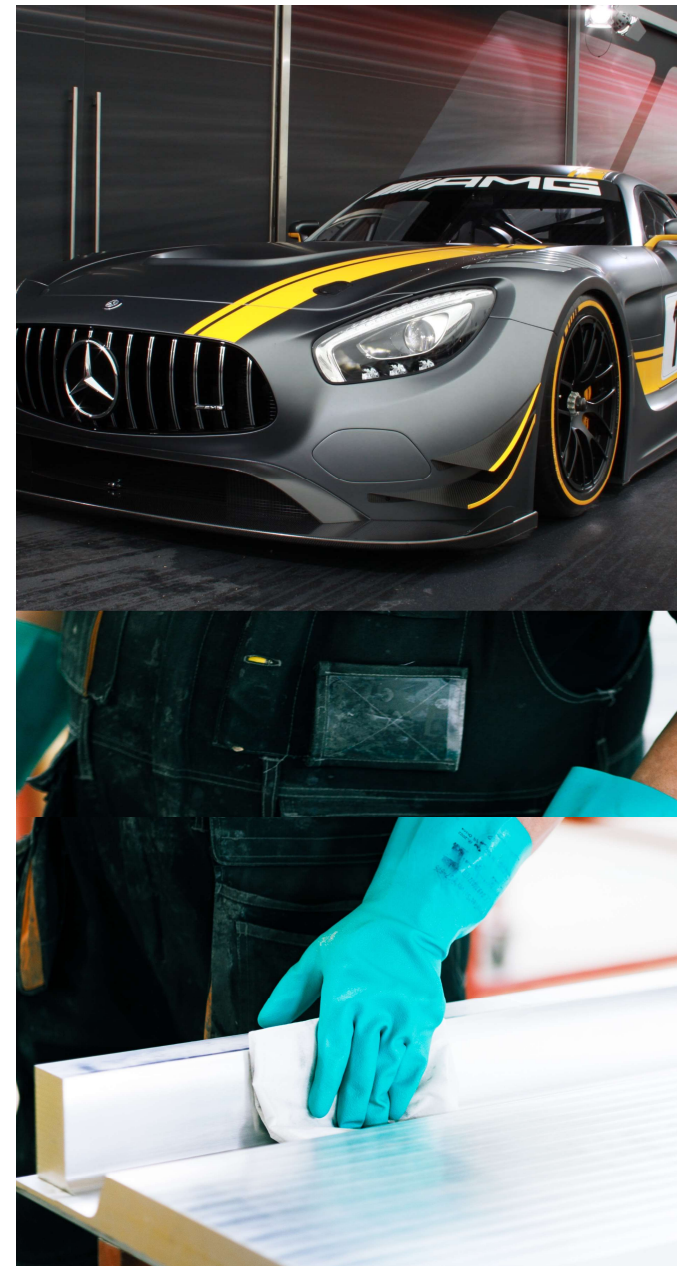
Especially when transporting large numbers of people, the safety of composite materials also comes into focus.

In terms of safety, we can mention the good insulating capacity of composite sites, which is becoming increasingly important in ever-electrifying traffic. Since all metal-derived components conduct electricity, replacement composite solutions can reduce short circuits and frame-to-hull conduction and better meet the needs of the changing automotive industry.

#### LICO considers composite applications now and in the future

LICO is constantly developing both materials and methods. For example, products where coating technology and material choices can already affect the hygiene of surfaces. Ecology also plays an essential role, such as research related to plant-based reinforcements and matrix resins. LICO is aware of the stigma associated with plastic, but also recognises its strength.

Although plastics are usually used in composites, glass-fibre reinforced plastic has such a long-life cycle and sparse need for renewal that, depending on the application, it may be more ecological than a biodegradable solution.





# Company decision makers

## Board of Directors 2023:

Jari Saari,	Chairman
Sami Sivuranta,	Member
Mika Mettalo,	Member from 24.5.2023
Arto Pitkämö,	Member until 24.5.2023,

## Executive Team 2023:

Arto Pitkämö	Chairman
CEO	
Suvi Blomback,	Member
COO	
Jari Turunen,	Member
Engineering & Project Manager	

